REVIEW OF
AMERICAN RECOVERY AND REINVESTMENT ACT
PURCHASE OF VEHICLES
REPORT NUMBER A090164/Q/5/P10012
SEPTEMBER 23, 2010

U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

DATE: September 23, 2010

REPLY TO
ATTN. OF: Regional Inspector General for Auditing
Great Lakes Region (JA-5)

SUBJECT: American Recovery and Reinvestment Act
Purchase of Vehicles
Report Number A090164/Q/5/P10012

TO: Commissioner (Q)

This report presents the results of the Office of Inspector General's review of the purchase and sale of the Fleet vehicles in accordance with the American Recovery and Reinvestment Act of 2009 (Recovery Act).

INTRODUCTION

Background

The Recovery Act provides the General Services Administration (GSA) with $300 million to replace portions of the federal fleet with motor vehicles that have higher fuel economy and lower emissions, including hybrid vehicles, electric vehicles, and commercially available plug-in hybrids. The GSA Fleet program provides vehicles to 55 agencies and has an inventory of over 213,000 vehicles. GSA's Federal Acquisition Service (FAS) developed and carried out a plan to use the funds in accordance with the Recovery Act's directives.

Objectives, Scope and Methodology

The objectives of our review were to determine whether FAS (1) met the Recovery Act's mandate to replace portions of the federal fleet with higher fuel economy, lower emissions vehicles and (2) efficiently sold the replaced vehicles at market prices.

To accomplish our objectives we:

- Met with FAS personnel responsible for developing and overseeing the plan;
- Reviewed documentation and data used to support the plan;
- Reviewed purchase contracts and order placement;
- Conducted on-site reviews of the marshalling facilities and FAS's exchange of Recovery Act vehicles for replaced vehicles;

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- Reviewed the procedures used to sell replaced vehicles and conducted on-site reviews of auctions used to carry out the sales; and
- Conducted an on-site review of the procedures used to reconcile sale and finance records.

We conducted this review from April 2009 through April 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS OF REVIEW

FAS effectively carried out the replacement of federal fleet vehicles in accordance with the Recovery Act's goals and directives. FAS was also efficient and effective in selling the replaced vehicles at market prices. We noted, however, that FAS did not publicize modifications to its replacement plan, thereby limiting the public's knowledge of how Recovery Act funds were spent. Although of minimal impact, the lack of publication of changes to FAS's expenditures on motor vehicles for the federal fleet did not appear to fully support the Recovery Act's and management's objective that they be highly transparent.

Replacement of Fleet Vehicles

FAS's original plan, publicized on GSA's website, called for limiting replacement vehicles to sub-compacts, compacts (gasoline only and hybrids), midsize, small 2-wheel drive sport utility vehicles (SUVs) (gasoline only and hybrids), and advanced technology vehicles. However, FAS expanded the vehicle categories in its plan to include light and medium duty pickups, passenger and cargo minivans, and small two and four wheel drive SUVs because it did not initially receive the number of requests it needed to use the funds provided by the Recovery Act. By broadening the categories of allowable vehicles, FAS received the number of requests it needed to carry out the program. The total expenditure in the additional categories was about $93,000,000.

By September 30, 2009, FAS obligated the balance of the $300 million, ordering 35 hybrid buses using existing contracts, and 5 CNG transit buses under a newly issued definite quantity contract. The addition of pickup trucks, SUVs and vans to the categories of replacement vehicles, and the issuance of a new contract for the CNG buses rather than acquiring them through an existing contract, appeared necessary and advantageous, but FAS did not publicize either action.

Sale of Replaced Vehicles

Our visits to vehicle exchange locations showed the process was well organized and proceeded well. FAS also sold the replaced vehicles at commercial sales facilities it uses to sell GSA vehicles. The contractors and FAS personnel were familiar with each other's processes, and sales proceeded quickly and efficiently. As of March 31, 2010, 17,204 of 17,206 non-bus vehicles had been delivered, 17,202 exchanged for replacement vehicles, and 16,924 of the replaced vehicles sold for a total of $49,527,992.

The replacement of the vehicles resulted in an increase in mileage per vehicle that ranged from a low of one mile per gallon (mpg), or 2.2 percent, to a high of 23 mpg, or 255.6 percent. At the low end was a replacement of a 1999 Chevrolet Malibu (23 mpg) with a 2009 Jeep Patriot (24 mpg). At the high end was a replacement of a 1997 Dodge Ram (9 mpg) with a 2009 Ford Escape (32 mpg). The average increase was 7.25 mpg or 42.5 percent, well exceeding the ten percent goal in the ARRA plan.

The planning and execution of the program was carried out with a high degree of speed and efficiency. However, not publicizing its actions appears to be contrary to the stated intent of GSA management, and the stated and implied intent of the Act.

This report is advisory, and does not require an action plan or formal response.

Sincerely,

John Langeland
Audit Manager
Great Lakes Region (JA-5)

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