

**Government of Guam
Vehicle Fleet Inventory**

**Performance Audit
As of October 31, 2006**

**OPA Report No. 07-12
October 2007**

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OFFICE OF THE PUBLIC AUDITOR

EXECUTIVE SUMMARY

Government of Guam Vehicle Fleet Inventory
Report No. 07-12, October 2007

The Office of the Public Auditor (OPA) initiated a performance audit of the government of Guam general purpose vehicle inventory to verify the accuracy of the inventory and to monitor compliance with Public Law (P.L.) 28-90, which requires that government vehicles be publicly identified. General purpose vehicles are typically sedans, sport utility vehicles, and light-heavy duty trucks that are used in the transportation of people and cargo. Specialty vehicles, such as fire trucks, school buses, motorcycles, heavy equipment, trailers, and ambulances were excluded from our review.

No Complete and Accurate Record of the Government’s General Purpose Vehicle Inventory

5 G.C.A. § 57102 mandated the Department of Public Works (DPW) to maintain an inventory of all motor vehicles owned and operated by the government of Guam, its various departments and agencies, whether autonomous or semi-autonomous. Our audit found that DPW does not maintain a current, accurate, and complete general purpose vehicle inventory for the government of Guam.

Government of Guam Spends Millions Annually to Replace and Maintain Their Vehicle Fleet

From September 1988 through October 2006, \$18.4 million was reportedly spent to purchase or lease 1,060 government vehicles for 69 government agencies. Of vehicles owned or leased by line agencies, DOA reported that nearly \$1 million was spent on new purchases in fiscal year (FY) 2005-2006¹ alone; \$619,000 was spent in FY 2005 and \$333,000 in FY 2006. An additional \$5.8 million was spent on gasoline consumption from FY 2005 to FY 2006. Of the 69 agencies, 38 did not report information for 323 vehicles due to the unavailability of cost information. The government of Guam spends millions of dollars annually to replace and maintain their vehicle fleet, but has not adequately managed their vehicle inventory nor is able to provide information needed to improve the efficiency, effectiveness, and economy of the government’s fleet operations.

Duplicate Records of Government Vehicles Maintained and Unreconciled

DPW, the Department of Revenue and Taxation (DRT), the Department of Administration (DOA), and the government’s individual agencies all maintain vehicle records under separate directives. Each wastes resources by unnecessarily duplicating staff time to input vehicle records into separate, incompatible databases. DPW’s inventory records do not match the vehicle records independently maintained by the other three agencies and the efforts to reconcile these records has discontinued because each entity has significant differences in their inventory count. See Table 1 for a comparison of totals.

Table 1. Comparative Vehicle Count – All Agencies

Government Agency / Department	Vehicles Reported
Department of Public Works	2,269
Department of Revenue & Taxation	3,109
As Reported by Agencies	1,383 ²
Department of Administration	1,242 ³

DPW, DRT, and DOA stated that no reconciliation efforts currently exist to have their respective inventories reconcile with one another. DRT reported the highest number vehicles, as DRT maintains historical records of all vehicles processed for license registration. However, no archive function exists

¹ FY 2005-2006 also includes all costs for October 2006 as this month is a part of the audit scope.

² There were 1,383 vehicles reported to OPA. However, four agencies did not report their vehicle inventories.

³ DOA’s records maintain vehicles of line agencies only.

in DRT's current vehicle records system. We found surveyed vehicles⁴ as old as 1953 models still included in DRT's vehicle records. DOA keeps records of Executive Branch line agency vehicles data only. Autonomous agencies maintain their own records and are subject to independent audits.

DPW Utilizes Antiquated Software to Track the Government's Vehicle Inventory

DPW utilizes REFLEX software that is supported by an aged Microsoft Disk Operating System or MS DOS. As a result, the software cannot be electronically read and cannot interface with software used by DRT or DOA. DRT and DOA maintain separate records under their own AS400 systems, which do not interface as well.

Required Public Identification of Government Vehicles Not Implemented

P.L. 28-90 requires that all government vehicles, leased or owned, display an agency logo or name. Vehicles used for judges and/or justices of the court, security or law enforcement activities, and the Governor or Lieutenant Governor and the Speaker of the Legislature are exempt from these requirements. DPW is the designated agency responsible for carrying out P.L. 28-90. Of the 40 vehicles we physically inspected, 26 vehicles or 65% did not have any agency logo or name and the reasons offered for non-compliance were not supported by law.

Other Matters of Concern

During our audit, OPA received 89 hotline tips, from October 2006 through August 2007, that report vehicles with either no logo, have personal stickers, parked in residential or commercial areas outside the regular work hours, or used for personal errands. We did not quantify such possible abuse and misuse of government vehicles as this was beyond the scope of this audit.

Importance of An Effective Fleet Inventory Management System

An effective inventory management system is important in order to provide a framework and guide that managers can use to improve the accuracy and reliability of the government's inventory and related property data. Overarching all of these factors is management's commitment to an environment that promotes sound inventory control. The characteristics of management commitment include an advocacy to change, performance measures aligned with agency goals, and an investment in updated and reliable technology systems. See Appendices 4 and 5 for suggested best practices for a sound fleet inventory management.

Recommendations

We recommend DPW, DOA, and DRT establish a joint Memorandum of Understanding (MOU), signed by the Governor, to (1) create a common link among each agency's database so that electronic vehicle records can interface, are compatible, and are able to reconcile; and (2) enforce the policies and procedures for the receiving, registration, renewal, transfer, survey, and identification of government vehicles to ensure a current, accurate, and complete vehicle inventory for the government of Guam. Other recommendations include the procurement of a new fleet maintenance and tracking system for DPW, the enhancement of DRT's vehicle records database to include an appropriate archive system, and an annual reporting requirement wherein all agencies shall submit a report of all vehicles purchased, leased, authorized for 24-hour use, and disposed, along with all costs related to maintenance and gasoline consumption to the Governor and the Legislature.



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Public Auditor

⁴ Surveyed vehicles are vehicles that are no longer roadworthy. Once a vehicle is surveyed, these vehicles are sent to DOA's General Service Agency (GSA) for repair or resale and are to be taken out of the vehicle inventory list.



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Introduction

This report represents the results of our audit of the government of Guam's vehicle inventory.

The objectives of our audit were to determine whether or not:

- The Department of Public Works (DPW) has maintained a current, accurate, and complete inventory of all motor vehicles owned and leased by the government of Guam as required by Title 5, Section (§) 57102 of the Guam Code Annotated (G.C.A.).
- All motor vehicles, owned or leased by the government of Guam, are publicly identified or marked as mandated by Public Law (P.L.) 28-90.

The scope, methodology, and prior audit coverage are detailed in Appendices 1 and 2. Our audit was limited to general purpose vehicles which comprise sedans, sport utility vehicles, and light-heavy duty trucks generally used to transport people and cargo. We excluded specialty vehicles such as fire trucks, school buses, heavy equipment, trailers, flat beds, trucks with motor-powered lifts, and ambulances.

Background



Image 1. DPW compound holding surveyed vehicles. Surveyed vehicles have completed their useful life cycle and should no longer be included in the government's vehicle inventory.

Creating and maintaining an accurate, effective, and cost-efficient government of Guam vehicle inventory is a public expectation in regards to accountability over government assets. Vehicle inventory represents a significant portion of assets in the government of Guam and is one of the major areas where reliable and prompt data are still generally not available.

The enactment of P.L. 16-57, known as the "Vehicle Maintenance and Repair Act of 1981" and the provisions of 5 G.C.A. § 57102, assign the Director of DPW the task of maintaining an accurate inventory of all motor vehicles owned by the government of Guam, and its various departments and agencies, including autonomous or semi-autonomous agencies.

In December 2005, P.L. 28-90 (4 G.C.A. § 1103.3) required that all government vehicles be publicly identified. The law mandated that all government vehicles, whether leased or owned, display a distinguishing word, letter, symbol, or logo indicating which agency or department the vehicle is assigned. DPW is the designated agency responsible for carrying out P.L. 28-90. 4 G.C.A. § 1103.1 exempts specific government vehicles from being publicly identified. Exempted vehicles include those used (a) in transferring Justices or Judges of the Supreme or Superior Courts of Guam; (b) for security or undercover purposes by instrumentalities of the government of Guam involved in law enforcement activities; and (c) in transferring the Governor or Lieutenant Governor of Guam and the Speaker of the Guam Legislature.

Results of Audit

We found that DPW did not maintain a current, accurate, and complete vehicle inventory for the government of Guam as DPW has not:

- Reconciled their master inventory with records kept by other entities; nor
- Fully monitored the complete process and documentation to support acquisitions, transfers, and survey or disposal of government vehicles.

We found significant differences in vehicle inventory counts maintained independently by DPW, the Department of Administration (DOA), the Department of Revenue and Taxation (DRT), and individual government agencies. Each of these four agencies maintains separate vehicle records under separate directives tracking similar information that cannot reconcile. This reflects ineffective and unreliable inventory management as duplicative and expensive staff resources are utilized unnecessarily. DOA, DPW, and DRT have all stated that no reconciliation efforts have been made to have their respective inventories reconcile with one another. Specifically, vehicle counts were 3,109 for DRT, 2,269 for DPW, 1,242 for DOA, and 1,383 for the 69 individual agencies.

Without an adequately managed vehicle inventory system, information needed to improve efficiency and reduce the costs of the government's fleet operations cannot be produced.

- Of the 1,383 government vehicles reported as owned or leased by 69 agencies, approximately \$18.4 million was spent for 1,060 vehicles purchased or leased over an eighteen year period through October 2006.
- Of the 69 agencies, 38 did not report purchase information for 323 vehicles. These 38 agencies include 13 of the 19 Mayoral Offices and 25 government agencies.
- A majority of the 38 agencies did not provide any explanation for the unavailability of cost information. Four agencies indicated that several vehicles were acquired through seizures, donations, and transfers.
- Of vehicles owned or leased by line agencies, \$6.8 million was spent on gasoline consumption and the purchase or lease of vehicles in fiscal years (FY) 2005 – 2006¹; nearly \$1 million for the purchase and lease of government vehicles and \$5.8 million on gasoline consumption.

By law, the responsibility for maintaining an accurate and complete vehicle inventory rests primarily with the DPW; however, there are no coordinated efforts to reconcile DPW's records with those of DOA, DRT, and the individual agencies. We also found that DPW also utilizes antiquated software to track the government's vehicle inventory. DPW utilizes REFLEX software that is supported by an aged Microsoft Disk Operating System or MS DOS. As a result, the software cannot be electronically read and cannot interface with software used by DRT or DOA. DRT and DOA maintain separate records under their own AS400 systems, which also do not interface.

¹ FY 2005-2006 also includes all costs for October 2006 as this month is a part of the audit scope.

Additionally, DPW did not provide adequate oversight to ensure that government vehicles are publicly identified. Of the 40 vehicles we physically inspected, 26 or 65% did not have any agency logo to identify which government agencies the vehicles were assigned. Additionally, OPA received 89 hotline tips, from October 2006 – August 2007, that reported vehicles with personal stickers, vehicles parked in residential or commercial areas outside the regular work hours, and vehicles used for personal errands.

No Reconciliation of Government Vehicle Inventory Records

Our audit found that DPW failed to maintain a current, accurate, and complete inventory of general purpose motor vehicles owned by the government of Guam as mandated. This was due in part to DPW's lack of reconciliation to update their vehicle inventory with records kept by other entities.

Duplicate Records of Government Vehicles Maintained and Not Reconciled

DPW, DRT, DOA, and individual line or autonomous agencies independently maintain records of government vehicles under separate directives. DRT's Motor Vehicle Division is the designated keeper of all vehicle registration records and is responsible for the issuance of government license plates. DOA's Appropriations Branch and Fixed Assets² Division issue purchase orders for vehicles purchased by the General Fund and maintain a fixed asset database exclusive to line entities. Finally, autonomous and line entities independently keep record of their vehicle inventory.

Each entity has a minimum of two staff that input data into their inventory records software and are responsible for the entity's exclusive vehicle inventory data. All four systems should contain common information that is accessible and reconcilable, in order to facilitate a much needed reconciliation process. We found that general vehicle record information, such as vehicle make, model, vehicle identification number (VIN), license plate numbers, and cost information are duplicated among these four systems which cannot be shared or transferred electronically.

DPW utilizes REFLEX software to track the government's fixed assets purchases, disposals and transfers. This software is supported under an aged computer software system known as Microsoft Disk Operating System or MS DOS. As a result, the software cannot be electronically read or transferred onto the software used by DRT and DOA. DRT and DOA maintain their vehicle records under their own budget and accounting computerized information systems, also known as the AS400 system, which do not interface. Additionally, DRT's vehicle records are comprised of vehicle registration records and tax records. Its database remains separate due to the tax confidentiality issues invoked by DRT.

Four databases tracking similar information, that cannot reconcile, result in ineffective and unreliable inventory management as well as duplicative and expensive staff resources utilized unnecessarily. As the designated agency assigned the responsibility of maintaining the government of Guam vehicle inventory, per 5 G.C.A. §57102, it is incumbent on DPW to initiate the effort to assimilate data from the various agencies to reconcile their master vehicle inventory to ensure their records are current, accurate, and complete.

In a meeting with agency managers and IT personnel from DPW, DOA, and DRT, we concluded that a common link could be established to create a system which eliminates duplicate entry by designating a single point of entry. For instance, if DRT is exclusively responsible to add license plate and registration information to the linked database, then the system could be designed to isolate DRT as the only "point of entry" for this task. However, agency managers expressed concerns before such a system could be created. First, money would be required "to enable the

² Fixed assets are tangible properties which are used in the daily operation of a business or government such as buildings, machinery, fixtures, furniture, and equipment. It does not include items normally consumed in the course of business operation or production. -www.bitpipe.com

technology.” Second, DRT’s vehicle database would have to be accessible and “partitioned or segregated” from the main tax record database due to confidentiality factors. As of August 2007, DRT managers approved the partition, but funding has not been remitted to DRT to pay the contractor hired to complete the partitioning.

We recommend that (1) DRT isolate the government vehicle data from private vehicle data to permit an independent review of government vehicles; (2) DPW

procure a new fleet maintenance and tracking system; and (3) DPW, DRT, and DOA create a joint Memorandum of Understanding (MOU), signed by the Governor, to establish a common link among their

agencies so vehicle records can reconcile and each system will become compatible. This link will allow a single report to be produced of government vehicles records.



Image 2. Department of Public Works antiquated fleet management system using REFLEX software.

DOA Independently Conducts Physical Inventory

DOA cannot rely on the vehicle records kept by DPW as they are not current, accurate, or complete. As a result, DOA includes a physical inspection of vehicles within its comprehensive fixed assets inventory processes.

In fiscal year (FY) 2005, DOA began aggressively implementing a comprehensive inventory of its fixed assets, which facilitated better record keeping. This action was prompted by audit report qualifications resulting from a scope limitation related to the government’s fixed asset records. Independent auditors from FY 2002 - 2004 were unable to ensure the physical presence of recorded fixed assets.³ Specifically, no comprehensive physical inventory was performed and the acquisition and disposal of fixed assets and equipment had not been entered into the fixed assets software system.

Had DPW maintained an accurate and current fleet inventory, DOA’s resources would not have been expended toward inspection, recordation, and a separate database of these assets. These duties have resulted in duplicative and unnecessary work pulling staff away from other priority tasks. Although the task has been performed by DOA’s Division of Accounts, it has only recently been coordinated with DPW.

Importance of Effective Fleet Inventory Management

Absent an accurate and complete vehicle listing, agency managers and policymakers are unable to make effective budget projections and informed decisions to monitor cumulative fleet costs. These include costs for repair and maintenance and for the number of vehicles purchased to support the transportation needs of individual agencies. Although we did not audit the fleets of individual agencies to determine if they are the right size or composition, we found that:

³ Fixed assets are tangible properties which are used in the daily operation of a business or government such as buildings, machinery, fixtures, furniture, and equipment. It does not include items normally consumed in the course of business operation or production. –www.bitpipe.com

- With regards to the 1,383 vehicles reported as leased or owned by 69 government agencies, \$18.4 million was spent for 1,060 vehicles. These purchases were made from September 1988 through October 2006.
- Of the 69 agencies, 38 did not report purchase information for 323 vehicles. A majority of the 38 agencies did not provide any explanation for the unavailability of cost information. Only four of the 38 agencies cited that several vehicles were acquired through seizures, donations, and transfers.
- Of the vehicles owned or leased by line agencies, nearly \$1 million was spent on new purchases from FY 2005 - 2006; \$619,000 was spent on 27 new vehicles in FY 2005, and \$333,000 was spent on 17 vehicles in FY 2006.
- Of the vehicles owned or leased by line agencies, \$5.8 million was spent on gasoline consumption from FY 2005 – FY 2006.⁴

Without an adequately managed vehicle inventory, information needed to improve the efficiency and fleet operations within the government of Guam cannot be produced. Management must be committed to an environment that promotes sound inventory control. Various best practices of fleet inventory management as documented in Appendices 4 and 5 were retrieved from the Federal Fleet Management review checklists, the City of Albuquerque, New Mexico inventory policies, the U.S. House of Representatives’ internal controls over equipment inventory, and the U.S. Government Accountability Office on achieving consistent, accurate, and timely inventory and related property.

We recommend DOA, DPW, and DRT draft a joint MOU, signed by the Governor, to require all entities to submit an annual report of their vehicle inventories, along with all costs related to new purchases, leased vehicles, maintenance, and gasoline consumption. This report should be submitted to the Governor and the Legislature and should also include a list of all vehicles designated for 24-hour use. Managers and other decision makers need to know the makeup of the vehicle inventory, where it is located, and how much it costs, in order to make effective budgeting, operating, and financial decisions needed to create a government that works better and costs less.

Accurate Count of Government Fleet Unknown

An effective inventory management is important in order to provide a framework and guide that managers can use to improve the accuracy and reliability of the government’s inventory and related property data. Of the total number of vehicles reported by DPW, DRT, DOA and the individual agencies, we found significant differences. See Table 1.

Table 1. Comparative Vehicle Count - All Agencies

Government Agency	Vehicles Reported
DPW	2,269
DRT	3,109
DOA	1,242 ⁵
Agency Reports	1,383

⁴ FY 2005-2006 also includes all costs for October 2006 as this month is a part of the audit scope.

⁵ DOA’s records only maintain vehicles of line agencies.

DRT reported the largest count of government vehicles at 3,109. DRT explained that once vehicles are entered into their registration database, they are not removed. They are kept for historical records and no archive function exists. This results in an unwieldy review process as we found vehicles registered for more than 50 years that remain in the system. We recommend DRT to enhance its records systems to develop an appropriate archive function.

DOA's records reported 1,242 government vehicles; however, DOA does not monitor or report the vehicle inventory of the autonomous entities. Of 69 autonomous and line agencies and Mayoral offices, which own or lease government vehicles, a total of 1,383 vehicles were reported. Four agencies did not submit their vehicle listings to OPA: the Ancestral Land Commission, the Commission on Decolonization, and the Asan-Maina and Umatac Mayor Offices. See Appendix 3 for a detailed count of general purpose vehicles reported by each agency and Mayoral office in comparison to the overall totals provided by DPW, DOA, and DRT.

DPW, the keeper of the government's vehicle inventory, reported 2,269 vehicles. DPW's count was nearly double the count of 1,383 reported by the 69 government autonomous and line agencies and the Mayoral offices. The DPW Transportation and Maintenance Superintendent offered several reasons for the large variances. These include:

- Agencies fail to submit the proper "survey⁶ and registration documents" to DPW to ensure that a vehicle is properly processed into or removed from the master vehicle inventory listing. Specifically, DPW is unable to take account of and monitor autonomous agencies as they independently survey, purchase, sell, and dispose of government vehicles without regularly submitting documentation to DPW.
- Donated vehicles from local vendors and purchased vehicles using federal government funds are not always routed to DPW for processing and are therefore excluded from DPW's master inventory list.
- Some government agencies go directly to DRT to register or transfer their government vehicles without processing through DPW, as required.
- Agency contacts of specific personnel responsible for respective fleet management are not maintained so continuity, follow-up, and compliance become difficult to enforce.

In a meeting with the DPW Transportation Superintendent, documents were submitted to OPA to illustrate DPW's effort to correct the problems of maintaining a correct inventory of the government's fleet. For instance, DPW attempted to reconcile and update their lists with all government agencies in 2001. The attempt was unsuccessful as a number of agencies did not respond to DPW's requests and DPW did not follow through. When DPW contacted many agencies in 2001, they stated that no single individual or division was assigned to handle the fleet management of their department.

As DPW is assigned the responsibility of maintaining the government of Guam vehicle inventory it is imperative that they capture any removal or addition to an agency's fleet in their master vehicle inventory.

⁶ To survey a vehicle is to formally remove or dispose of the asset from records and the agency's physical inventory.

We recommend DPW coordinate with DOA and DRT to create a joint MOU, signed by the Governor, to enforce the policies and procedures for the receiving, registration, renewal, transfer, and survey of vehicles for all government entities.

In response to our recommendation, DPW has recently drafted a joint MOU with DOA and DRT to work cooperatively with government line and autonomous agencies and all Mayoral offices to enforce the policies and procedures relating to vehicle inventory. Specifically, the MOU provides guidance for the proper routing of documents related to new, used, leased, transferred, and surveyed vehicles/equipment. See Appendix 6 for a copy of the draft joint MOU.

Physical Inspections Confirm Inaccurate Records

We sampled inventory data of 40 government vehicles, and conducted physical inspections for five line agencies to determine if documentation provided by the entities would reconcile with DPW, DRT, and DOA records. The line agencies visited were:

- Department of Agriculture and Wildlife Refuge (DAWR)
- Department of Corrections (DOC)
- Department of Public Health and Social Services (DPHSS)
- Department of Youth Affairs (DYA)
- Guam Police Department (GPD)

The total inventory provided by all five agencies did not match with DPW, DRT, or DOA records. See Table 2. Additionally, of the 40 vehicles we physically inspected, 23 vehicles or 58% did not match with the DPW records, 11 vehicles or 28% did not match the DRT records and 28 vehicles or 70% did not match the DOA records.

Table 2. Comparative Vehicle Count – Five Line Agencies Tested

Agencies Visited	Per DPW	Per DRT	Per DOA	Per Agency
DAWR	111	134	84	55
DOC	68	103	53	46
DPHSS	67	93	35	63
DYA	18	23	54	27
GPD	179	440	340	125
TOTAL	443	793	566	316

We also found:

- Three vehicles operated by DOC, DAWR, and DPHSS incorrectly registered with DRT. The vehicles operated by DOC and DAWR were registered to GPD and DPHSS, respectively, while the vehicle operated by DPHSS was registered to the Guam Telephone Authority, a former government entity.
- A majority of the vehicles not recorded with DPW belonged to GPD. GPD officials confirmed that a majority of newly purchased vehicles are inspected and processed through DPW, as required, but admitted that they do not communicate with DPW each time a change is made to their vehicle inventory. Officers explained that forfeited vehicles, acquired through criminal seizures, are registered directly with DRT as they are

often used for undercover work, and most paperwork involving vehicle transfers or surveys are not transmitted to DPW on a regular basis.

- A vehicle operated by DAWR not present during the physical inspection, since it was out for repair. After requesting maintenance documents, we found that the vehicle had been in the repair shop for over a year. In this time, the Purchase Order and funding provided to repair the vehicle lapsed and no work was completed.
- A vehicle donated from the U.S. Forestry Service and registered with DAWR, was not routed to DOA because no purchase was necessary. Donated vehicles and purchased vehicles using federal government funds are not always routed to DPW for processing or to DOA for inclusion in the government's fixed asset database. These vehicles are often excluded in master vehicle inventory records.

As evidenced by the records above, it is difficult to reconcile the records kept with individual agencies that maintain their own inventory with those kept by DPW, DOA, and DRT.

A recent fixed asset inspection by DOA dated June 2007 also found that a vehicle and other equipment purchased by the Barrigada Mayor's Office was in the possession of the Yona Mayor's Office. Such transfers between offices were done without proper documentation or transfer forms as required per established DPW procedures. Again, DPW was not a participant in this transfer process. Based on the above observations, the accuracy of data maintained by DPW is questionable, and therefore, we could not accurately determine how many vehicles the government of Guam maintains.

Old Vehicles Not Surveyed Remain in DPW Inventory Records



Image 3. Government vehicle with License Plate 2784 in the DAWR "graveyard" still listed under DPW, DAWR, and DOA's vehicle inventory.

In accordance with the provisions of P.L. 16-57, DPW's vehicle listing should indicate when a government vehicle has been surveyed or removed from the inventory and the reason for removal. Three of the five agencies selected for physical inspection admitted that they failed to submit the proper "survey documents" to DPW to ensure that a vehicle is properly removed from DPW's vehicle inventory.

We found that DPW has allowed these and other agencies to maintain their own "vehicle graveyards" to store old, unroadworthy, and/or

fully depreciated vehicles. In these graveyards, we found vehicles that have not been properly surveyed. For instance, a DAWR vehicle with license plate No. 2784 was found sitting in a

small graveyard of DAWR vehicles surrounded by overgrown vegetation. The vehicle was listed as active under DAWR, DPW, and DOA's vehicle inventory. See Image 3. Additionally, a used police car with license plate No. 4055 was reported on GPD's inventory as active, but we found this vehicle in the DOC compound being cannibalized for parts. See Image 4.

Agency maintenance staff confirmed that parts are often cannibalized from one vehicle to make another vehicle whole and roadworthy. This practice is normally condoned due to lack of

funding to secure additional vehicles needed for agency operations; however, the process of allowing agencies to maintain their own “vehicle graveyards” encourages non-reporting of surveyed vehicles to DPW.

We also found the reverse to be true, as DPW’s inventory still lists vehicles which have been correctly surveyed and disposed. A Toyota Hilux pick-up with license plate no. 740 was listed as registered under DAWR in DPW’s records. DRT records showed this same vehicle in its system, registered as a 1982 model. This vehicle was not listed or present in our physical inspection of DAWR’s inventory. Agency officials confirmed that it was surveyed and removed.



Image 4. Government vehicle registered to GPD with license plate no. 4055 found in the DOC compound but still listed as active under the DPW and GPD vehicle inventory.

Inaccurate DPW Inventory of Leased Government Vehicles

The government of Guam often times resorts to leasing vehicles when it is determined to be a more economical option over purchase. In our audit, we found that DPW’s listing of leased government vehicles was inaccurate. For example, DPW records reflect two leased sedans under the Department of Labor (DOL); however, DOL confirmed that the agency does not have leased vehicles. The head of DPW’s Transportation and Maintenance Division confirmed that not all agencies submit their survey documents of leased vehicles upon termination of lease contracts. Such documents are needed in order for DPW to maintain an accurate listing of leased vehicles. We recommend that DPW coordinate the flow of documents from the various agencies to ensure that leased vehicles later assumed by the government be included in the inventory and perform a complete follow-up with the agency when the proper flow of documents does not occur.

Decentralized Processes Allowed for Autonomous Entities

DPW’s Transportation and Maintenance Division also confirmed that autonomous agencies have a decentralized process of registering, transferring, and surveying (disposing) vehicles. These agencies independently manage their fleet inventories, but should still report the acquisition and removal of government vehicles to DPW. DPW has allowed this decentralization to occur due to staff shortages within the Transportation and Maintenance Division to carry out these processes. DPW states that autonomous agencies are better equipped in ensuring that their respective vehicles are properly registered, transferred, or surveyed, but must communicate with DPW to ensure that DPW’s master vehicle inventory is current, accurate, and complete.

Government Vehicles Not Publicly Identified

P.L. 28-90 mandated that all government vehicles, whether leased or owned, display a distinguishing word, letter, symbol, or logo indicating the agency or department the vehicle is assigned which shall be affixed to the sides of the driver and passenger doors. If the agency or department does not have a logo, the agency or department’s complete proper name must be used to meet the requirement of this provision. The Department of Public Works is the designated agency responsible for implementing P.L. 28-90.

Exempted from this logo requirement are the following: (a) vehicles utilized for transferring Judges of the Supreme and Superior Courts of Guam; (b) vehicles utilized for security, undercover, or other law enforcement activities; and (c) vehicles utilized for transferring the Governor or Lieutenant Governor of Guam and the Speaker of the Guam Legislature.

We sampled 40 vehicles, belonging to five entities, for physical inspections to determine compliance with the public identification requirements. The entities visited were DAWR, GPD, DYA, DPHSS, and DOC. Of the 40 vehicles we physically inspected, 26 vehicles or 65% with both government and private plates did not display a word, letter, and/or symbol indicating which agency or department the vehicle was assigned.

In our physical inspections, only GPD was in full compliance with the public identification requirements. The remaining four agencies, who each had government vehicles with government plates, offered various reasons for noncompliance, such as the sensitive and confidential nature of passengers being transported who include at-risk adults and/or adolescents with terminal medical and/or social conditions. However, none of these reasons allow public vehicles to be unmarked pursuant to P.L. 28-90. We also found:

- Four government vehicles cited with private plates and no agency logo operated by DOC. In our correspondence with DOC they did not identify any legislation authorizing the use of private plates for these four vehicles.
- Three government vehicles registered with DPHSS, DOC, and DYA with general “Government of Guam for Official Use Only” markings absent any agency names posted.⁷
- A single government vehicle registered with DAWR with an agency logo on a single side of the vehicle.⁸



Image 5. Government vehicles registered to DPHSS pictured with government plates and no agency logo.



Image 6. Government vehicle registered to DOC pictured with private plate and no agency logo.

⁷ OPA excluded these from the list of vehicles considered compliant, despite DPW allowing this for agencies that do not have sufficient funding for agency logos.

From October 2006 through August 2007, 89 government vehicles were also reported to OPA, as they were seen without any agency logo or name affixed to the vehicle. We recommend that DPW enforce the requirements of P.L. 28-90 and give agencies a reasonable timeline to conform to the mandatory requirements of marking government vehicles.

Other Concerns

Other matters came to our attention that do not directly relate to the objectives of our audit . We suggest DPW address these concerns when implementing its vehicle inventory guidelines and processes. Such guidelines and processes should protect the government from abuse and misuse of government vehicles.

GSA Has Yet to Designate Common Area to House Surveyed Vehicles

We observed that the vehicles contained in the DPW graveyard had visible “GSA” markings on their body. These markings indicate that the vehicles have been surveyed and are now the responsibility of GSA. The physical condition of most of the vehicles appears to have greatly diminished, thus they may no longer be functional. Larger vehicles and equipment appear to have been in the compound for much longer than a year due to the thick growth of vegetation around and sometimes within the body of the vehicle. See Image 8.



Image 7. DPW’s graveyard with a non-functional and unsecured gate.

The State Surplus Division of GSA is responsible for all obsolete or nonexpendable supplies that have completed their useful life cycle, including government vehicles. GSA is responsible for the sale, lease, or disposal of government vehicles through the appropriate procurement method. GSA has not designated a site to transfer vehicles already surveyed by DPW. Hence, the surveyed vehicles remain in DPW’s site until such time as GSA is ready to make the transfer. Judging from the physical conditions of the vehicles and equipment, GSA and DPW appear to have exerted minimal effort to protect the physical condition of the vehicles stored in the compound. GSA Surplus State Administrator confirmed that they no longer have adequate storage to accommodate surveyed vehicles. GSA further confirmed that plans to designate a permanent site are on hold due to funding shortages.

Because GSA has not made an attempt to retrieve the vehicles after survey for possible sale to the public, DPW is burdened with storing and safekeeping of surveyed vehicles that are the responsibility of GSA. See Image 1 and Image 8. The DPW compounds are not set up to permanently store these vehicles; rather, they serve as a temporary holding area until GSA is ready to transfer them into its own site. As such, DPW did not plan on augmenting the compound facilities to be more secure from any loss or wear from outside forces. Any costs to secure these surveyed vehicles for GSA are not budgeted for under DPW. Upon discussion with

⁸ Vehicles marked on a single side are still cited as “unmarked” since a citizen may only view the unmarked side of vehicle while driving.

GSA officials, this process has been tolerated due to the unavailability of space for GSA to store surveyed vehicles, which are to be re-sold or destroyed.



Image 8. Surveyed vehicles stored within the DPW graveyard with heavy vegetation around and within the body of the vehicles.

Use of Personalized Stickers

We noted that some government vehicles have decals other than the government agency's logo. For instance, one was seen with a personal sticker "Semper Fi" across the vehicle's body.⁹ Public Law is specific in the logo requirements for government vehicles and does not permit the use of personal stickers.

Non-Government Related Business Use of Government Vehicles

Of the 89 vehicles reported to the OPA through its hotline, 15 vehicles were spotted in places where there were no apparent government business activity. Some of these

instances or personal use include possible transporting of family and children; parking in malls, video stores, school, banks, and bakery; overnight residential parking; parking around activity area of non-profit organizations; and attending funeral lunches in residential homes.

A restriction exists on the home use of government of Guam vehicles. Except where expressly permitted by 4 G.C.A., §1103(c), no government of Guam owned, leased, or rented vehicles may be driven home by an employee unless such employee is on call as an emergency first responder.

The OPA continues to receive similar incident reports through phone calls and through its hotline. We encourage the general public to continue the effort of reporting misuse or abuse of government property through our website at www.guamopa.org. We did not quantify such possible abuse and misuse of government vehicles as this was beyond the scope of this audit.

⁹ Toyota 4Runner with License Plate No. 4408 registered under Guam Public School System.

Conclusion

In achieving the goal of creating and maintaining an accurate, effective and cost-efficient fleet inventory system, changes in the current practice must occur to require government agencies to produce more useful, reliable, complete, and timely information that can be used daily by managers and their decision makers.

We concluded that DPW, the overseeing agency, has failed to maintain a current, accurate, and complete vehicle inventory of motor vehicles owned or leased by the government of Guam, including its various departments and agencies, whether autonomous or semiautonomous, and has failed to coordinate the reconciliation of records among DOA, DRT, and individual agencies.

Records Maintenance

Four different entities, namely DPW, DOA, DRT and individual agencies, maintain independent Vehicle records without efforts to reconcile to each other. DPW, the designated keeper of all vehicle records, has not strictly required agencies to transmit documents to DPW for proper recording of the registration, transfers, and survey (disposal) of their vehicles. Due to this lack of coordination, the government of Guam vehicle inventory continues to remain incomplete and unreliable. Four unreconciled databases continue to track similar information, resulting in ineffective and unreliable inventory management as well as duplicative and expensive staff resources utilized unnecessarily.

Vehicle Identification Requirements

Numerous government of Guam vehicles are in service without any logo, decal or marking indicating their assigned government agency. This practice is contrary to the public identification requirements of government owned vehicles as provided under 4 G.C.A. § 1103.3 or P.L. 28-90. Although the legislation has exclusively exempted vehicles involved in law enforcement practices from being marked, a number of government agencies who are not exempt from the logo requirements continue to operate their vehicles without any logo or some form of agency identification.

Recommendations

We have identified basic areas where DPW should implement immediate changes to ensure its vehicle inventory management can be more accurate and efficient and to ensure there is strict compliance with P.L. 28-90 on government vehicle identification.

- Strict implementation of guidelines of vehicle inventory management, including periodic physical inventory and reconciliation of vehicle listings with other governmental agencies. Appendices 4 and 5 presents some best practices in this area.
- Integration of a fixed assets management system among the various government agencies.
- Implementation of a mechanism to make agencies accountable for noncompliance with guidelines of vehicle inventory management and public identification requirements.

We recommend the Department of Public Works, the Department of Administration, and the Department of Revenue and Taxation:

1. Establish a joint MOU, signed by the Governor, to (1) enforce the policies and procedures for the receiving, registration, renewal, transfer, survey, and identification or appropriate markings of vehicles for all government entities and (2) to establish a common link among each agency's database, so that records are compatible and can reconcile.
2. Establish a joint MOU, signed by the Governor, to require all entities to submit an annual report of their vehicle inventories along with all costs related to new purchases, leased vehicles, maintenance, and gasoline consumption. This report should be submitted to the Governor and the Legislature and should also include a list of all vehicles designated for 24-hour use.

We recommend the Department of Public Works:

3. Procure a new Fleet Maintenance and Tracking System that has the ability to share vehicle inventory data with DOA and DRT.
4. Establish a timeline to require all agencies to conform to the logo or identification requirements for government vehicles.

We recommend the Department of Revenue and Taxation:

5. Isolate the vehicle data from public tax records to permit a cost-effective and efficient review and reconciliation process.
6. Enhance vehicle records database to include an appropriate archive system.

Management Response and OPA Reply

A draft report was transmitted to DPW, DRT, and DOA on September 18, 2007 for their official response. On October 1, 2007, OPA met with the management of DPW, DRT, and DOA to discuss the findings and recommendations in our report.

Each agency provided feedback on specific actions that need to occur within their department to immediately carryout corrective measures based on OPA's recommendations. All three agencies generally concurred with our recommendations and agreed to ensure a smooth transition in implementing changes to correct and improve the current vehicle inventory system. All three agencies also agreed that it is necessary to work with a single database to ease reconciliation processes among their departments. As the primary agency responsible for maintaining the government's vehicle inventory, DPW confirmed to take the lead in drafting and finalizing the joint MOU. DOA will take the lead in issuing a Circular to all line agencies in regards to the requirements of PL 29-02. P.L. 29-02 restricts government employees from taking government vehicles home, unless such employee is on call as an emergency first responder.

On October 2, 2007, the DPW Director submitted a formal response indicating concurrence with our recommendations. See Appendix 7.

On October 3, 2007 the DRT Director submitted a formal response indicating concurrence with our recommendations. See Appendix 8.

On October 4, 2007 the DOA Director submitted a formal response indicating concurrence with our recommendations. See Appendix 9.

The legislation creating the Office of the Public Auditor requires agencies to prepare a corrective action plan to implement audit recommendations, to document the progress in implementing the recommendations, and to endeavor to have implementation completed no later than the beginning of the next fiscal year. Accordingly, we will be contacting the Department of Public Works, the Department of Administration, and the Department of Revenue and Taxation to provide the target date and title of the official(s) responsible for implementing the recommendation.

We appreciate the cooperation shown by the Department of Public Works, Department of Administration, Department of Revenue and Taxation, and the various government agencies that assisted us in this engagement.

Senseramente,



Doris Flores Brooks, CPA, CGFM
Public Auditor

Scope and Methodology

The scope of our engagement included all government general purpose vehicles, whether owned or leased, as of October 31, 2006. General purpose vehicles audited included sedans, sport utility vehicles, and light-heavy duty trucks. We excluded specialty vehicles such as fire trucks, school buses, ambulances, and heavy-duty equipment. Although the scope of our audit was limited to general purpose vehicles, the basic management principles discussed in the report can be applied to all fleet assets.

The audit methodology included gaining an understanding of the policies, procedures, applicable laws and regulations pertaining to the government of Guam's vehicle inventory. To understand these policies, we interviewed the DPW Transportation Superintendent, the DOA Fixed Assets Supervisor, the State Surplus Administrator of GSA, and the Motor Vehicle Supervisor of DRT. Further, we visited the DPW Transportation and Maintenance Division, the DOA Division of Accounts Fixed Assets Division and the DRT Motor Vehicle Branch to physically observe their handling of the government's vehicle inventory data and vehicles.

All government agencies were requested to submit reports of their physical vehicle inventory as of October 31, 2006. These reports were used to ascertain whether DPW had a complete list of all vehicles held under each government agency/department and to determine if each agency coordinates its records with DPW. A summary inventory of vehicles as reported per agency is contained in Appendix 3. We focused our audit on the accuracy and completeness of the government of Guam general purpose vehicle inventory maintained under DPW and compliance with P.L. 28-90 in regards to vehicle logo requirements.

We judgmentally selected 40 vehicles from five line agencies (DPW, DYA, DAWR, DPHSS, and DOC) to conduct physical inspections of the respective agency's vehicle pools. Vehicle data audited included the vehicle identification number, the government plate number, and the vehicle make and model. We also matched the inventory list(s) provided to us by each agency against the listings of the DRT, DOA, and DPW. In our physical inspections, we also examined each vehicle to determine if the department logo or agency name was properly affixed for public identification, as mandated by law. In performing this engagement, other guidance on Fleet Management Operations¹⁰ and other tests of records were also considered, as necessary under the circumstances.

Our audit was conducted in accordance with the standards for performance audits in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and 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.

¹⁰ Fleet Management Operations, U.S. Department of Interior, Report No. C-IN-MOA-0042-2003.

Prior Audit Coverage

Basic Financial Statements, Additional Information and Independent Auditors' Reports**Audits through FY2003 :**

Capital assets prior to FY 1987 and disposals since FY 1987 have not been recorded. Additionally, fixed asset acquisitions for fiscal years 1999 to 2002 have not been recorded in the detail fixed asset listing of DOA and financial auditors were not able to determine the composition of this detail through alternative auditing procedures. Independent auditors were unable to ensure the physical presence of recorded assets and the government of Guam has not performed a comprehensive inventory of its fixed assets or of its land holdings. Capital assets balance has not been depreciated and the potential impact of this matter on the government-wide financial statements is unknown.

During FY 2002, the government of Guam implemented Government Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements for State and Local governments (GASB 34)*. Due to the adoption of GASB 34, net assets of the governmental activities were restated, to include among other things, capital assets and the related accumulated depreciation, forcing compliance on DOA to update and maintain a Fixed Assets System.

During FY 2003, the government of Guam's Fixed Assets System has yet to be updated to reflect a more accurate and reliable inventory.¹¹ The audit opinion continued to be qualified.¹²

FY 2004 Audit:

Findings in the FY 2002 through FY 2004 Single Audits revealed that the government of Guam has struggled to keep an inventory of its fixed assets. From FY 2002 – 20004 (and times earlier) independent auditors were unable to ensure the physical presence of recorded fixed assets as (1) no comprehensive physical inventory was performed and (2) the acquisition and disposal of capital assets and equipment had not been inputted into the fixed assets module.

The potential impact of this condition on the Government-wide statements could not be measured. This lead to several material weaknesses concerning property management and fixed assets, and also added to the list of causes which contributed to the continuous qualification of the FY 2002 – 2004 single audit reports.

¹¹ Finding No. 28-Fixed Assets, government of Guam Management Letter Comments, September 30, 2003.

¹² FY ended September 30, 2003 Independent Auditors' Report, government of Guam Basic Financial Statements.

Agency Reported – Vehicle Inventory

Government Agency / Department	No. of Vehicles Reported*	Government Agency / Department	No. of Vehicles Reported*
1 Guam Power Authority	170	20 Port Authority of Guam	14
2 Department of Public Works	133	21 Guam Community College	12
3 Guam Police Department	123	22 Guam Housing Corporation	10
4 Guam Waterworks Authority	121	23 Department of Administration	9
5 Guam Public School System	100	24 Department of Labor	9
6 Department of Public Health and Social Services	63	25 Civil Defense / Homeland Security	8
7 University of Guam	60	26 Department of Revenue and Taxation	8
8 Department of Agriculture and Wildlife Refuge	55	27 Department of Integrated Services	7
9 Customs and Quarantine Agency	50	28 Department of Land Management	6
10 Department of Corrections	46	29 Guam Memorial Hospital Authority	5
11 Guam Housing and Urban Renewal Authority	45	30 Bureau of Statistics and Plans	4
12 Guam International Airport Authority	40	31 Chamorro Land Trust Commission	4
13 Guam Judiciary	34	32 Department of Chamorro Affairs	4
14 Guam Fire Department	31	33 Guam Education and Telecommunications (KGTF)	4
15 Department of Youth Affairs	27	34 Department of Military Affairs	2
16 Department of Parks and Recreation	22	35 Governor's Office ¹³	2
17 Department of Mental Health and Substance Abuse	22	36 Guam Economic Development and Commerce Authority	2
18 Guam Environmental Protection Agency	21	37 Guam Public Library System	2
19 Office of the Attorney General	20	38 Office of the Public Auditor	2

* Our audit was limited to general purpose vehicles which comprised of sedans, sport utility vehicles, and light-heavy duty trucks. Although reported, we excluded specialty vehicles such as fire trucks, school buses, heavy equipment, trailers, flat beds, trucks with motor powered lifts, ambulances, motorcycles, and ATV's from the counts presented.

¹³ The Governor's Office reported two vehicles in their inventory but stated that one vehicle had been transferred to DPW in June 2005 as it was experiencing several deficiencies.

Agency Reported – Vehicle Inventory

Government Agency / Department		No. of Vehicles Reported*	Mayor	No. of Vehicles Reported*	
39	Veterans Affairs Office	2	57	Dededo Mayor	5
40	Guam Energy Office	2	58	Inarajan Mayor	5
41	Mayors' Council of Guam	2	59	Yona Mayor	5
42	GPD/ Lt. Governor's Office ¹⁴	2	60	Hagatna Mayor	4
43	Government of Guam Retirement Fund	1	61	Mangilao Mayor	4
44	Guam Council on the Arts and Humanities	1	62	Agana Heights Mayor	3
45	Bureau of Budget and Management Research	0	63	Chalan Pago - Ordot Mayor	3
46	Guam Election Commission	0	64	Piti Mayor	3
47	Guam Legislature	0	65	Merizo Mayor	2
48	Guam Visitor's Bureau	0	66	Mongmong-Toto-Maite Mayor	2
49	Hagatna Restoration and Re-development Authority	0	67	Sinajana Mayor	2
50	Public Defender Service Corporation	0	68	Talofofa Mayor	2
51	Guam State Clearinghouse	0	69	Barrigada Mayor	10
52	Civil Service Commission	0			
	Mayor			AGENCY TOTAL	1,383
53	Yigo Mayor	10		DPW TOTAL	2,269
54	Tamuning-Tumon-Harmon Mayor	6		DRT TOTAL	3,109
55	Santa Rita Mayor	5		DOA TOTAL	1,242
56	Agat Mayor	5			

* Our audit was limited to general purpose vehicles which comprise of sedans, sport utility vehicles, and light-heavy duty trucks. Although reported, we excluded specialty vehicles such as fire trucks, school buses, heavy equipment, trailers, flat beds, trucks with motor powered lifts, ambulances, motorcycles, and ATV's from the counts presented.

¹⁴ Two GPD vehicles were reported for the Office of the Lt. Governor

Inventory and Related Property Best Practices

We reviewed various best practices of fleet inventory management from the Federal Fleet Management review checklists, the City of Albuquerque, New Mexico inventory policies, procedures, and controls, the U.S. House of Representatives internal controls over equipment inventory, and the U.S. Government Accountability Office on achieving consistent, accurate, and timely inventory and related property.

Internal Controls over Inventory

To provide greater assurance that assets are identified, accounted for, secured, and valued properly, the following controls are suggested to ensure that an entity's inventory system is in accordance with sound management principles:

- The equipment data in numerous systems need to provide a consistency with one another and should contain complete and compatible information.
- Policies and procedures necessary to ensure a reliable inventory system should be consistently implemented and applied.
- Inventory records should be timely reviewed and updated.
- Physical security should be adequate to safeguard the assets.

Complete Fleet Management Review

A complete fleet management review will allow agencies to have a more effective and efficient management program. This will assist agencies "right size" their fleets to ensure they have the numbers and types of vehicles they need to successfully complete their missions. Evaluating an agency's fleet operations will enable the agency to look for "targets of opportunity" to reduce fleet costs and if needed, downsize the fleet. The following are suggested:

- Eliminate vehicles from the fleet that not properly utilized or are unnecessary to meet the agency's mission. Consider not only the vehicle's monthly mileage, but also the time a vehicle is used.
- Encourage the use of local modes of transportation such as taxis, public transit, shuttle services and rental vehicles.
- Downsize to smaller or lighter vehicles that will still enable drivers to perform their duties. The acquisition of a sport utility vehicle should be carefully analyzed to investigate whether or not a smaller vehicle may be more appropriate.
- Justify maintaining medium and heavy vehicles that have very low utilization (time and mileage). Consider pooling these vehicles for centralized use or partner with other agencies to lease the equipment on an as needed basis.

Refer to Appendix 5 for a comprehensive template of the Federal Fleet Review Checklist.

Best Practices in Achieving Consistent, Accurate Physical Counts of Inventory

The Government Accountability Offices' *Best Practices in Achieving Consistent, Accurate Physical counts of Inventory* suggested 12 key factors to continuously improve practices and controls over inventory and related property:

Inventory and Related Property Best Practices

1) Establish accountability.

- a) Set inventory record accuracy goals.
- b) Set other performance expectations.
- c) Establish accountability and responsibility for the overall physical count.

2) Establish written policies.

- a) Document policies and procedures for the entire physical count process.
- b) Regularly review and update established policies and procedures.

3) Select an approach.

- a) Cycle count operational and financial needs of the organization.
- b) In selecting the best physical count approach, management should consider 1) the objective or purpose of the count and the timing issues involved; 2) the capabilities of the inventory system; 3) the existing control environment over the inventory system and processes; and 4) the characteristics of the inventory.

4) Determine frequency of counts.

- a) Determine which items to count and how frequently.
- b) Choose a method of selecting individual items or locations for count.

5) Maintain segregation of duties.

- a) Segregate the duties for physical custody, for processing and recording, and for approval of transactions.
- b) Consider mitigating controls like blind counts, increased supervision, and two-member count teams.

6) Enlist knowledgeable staff.

- a) Consider well-trained counters to handle inventory items and count processes.

7) Provide adequate supervision.

- a) Provide instructions and training.
- b) Assign count team and responsibilities.
- c) Review count sheets.
- d) Ensure that all items are counted.

Inventory and Related Property Best Practices

8) Perform blind counts.

- a) Assign task to personnel with no prior knowledge of on-hand balances.
- b) Consider personnel with limited or no access to inventory system.

9) Ensure completeness of count.

- a) Consider cut-off procedures, pre-inventory count activities, and control methods for count completion.

10) Execute physical count.

- a) Communicate information to the counter.
- b) Verify item data and quantity.
- c) Capture and compare the physical count.
- d) Perform requisite number of counts.
- e) Complete counts in timely manner.

11) Perform research.

- a) Perform and complete required research in a timely manner.
- b) Refer variances to management and security for approval and investigation.

12) Evaluate count results.

- a) Measure the results of the physical count using performance measures.
- b) Communicate the results of the physical count to counters, management, and warehouse personnel.
- c) Modify policies and procedures to address necessary changes in the physical count process.

Overarching all of these factors is top management's commitment to an environment that promotes sound inventory control. The characteristics of strong management commitment include top management advocating change and empowering employees to make changes; performance measures that are aligned with agency goals; technology and systems are invested in and realize a return.

Fleet Management Review Checklist

The following is a property management template formulated to aid in reviewing the efficiency of fleet operations. It offers a forum designed to help recognize areas where an agency can reduce fleet costs, and if necessary, successfully “right size” its fleet inventory. We suggest DPW consider those areas applicable to the environment of the government of Guam.

I. Agency Profile

- a) Agency
- b) Agency Fleet Manager
- c) Address, Phone Number, E-mail, Website
- d) What is your agency’s mission?
- e) How many employees does your agency employ?

II. Agency Fleet Size and Fleet Composition

- a) Do you have a complete inventory of your vehicle fleet?
- b) List the number of vehicles by type for each category:

	Sedans Station Wagons	4 x 2 Light Trucks	4 x 4 Light Trucks	Medium Trucks	Heavy Trucks	Buses	Ambulances	Special Purpose
Agency Owned								
Commercial Leased								
GSA Fleet Leased								

III. Fleet Management Operations

- a) As the Agency Fleet Manager, what are your objectives/goals for your operation? What are your agency’s goals, objectives, and missions? Do you have a copy of your agency’s organization chart?
- b) Does your agency have any written policies and procedures for fleet management including manuals, driver guides, and handbooks?
- c) What internal controls are in place for managing your fleet?
- d) Do you have a centralized or decentralized fleet?
- e) Do you periodically review your fleet operations?
- f) When was your last review and do you have a copy of the findings?

IV. Fleet Management Systems

- a) Do you have an inventory management system?
- b) Is it a system designed specifically for fleets or a general agency-wide property management system?
- c) What processing controls are in place to ensure the integrity of the data? Input/ output.

Fleet Management Review Checklist

- d) Is data file access restricted to users based on responsibility?
- e) Does data interface with other agency records? If so, is a reconciliation process done on a regular basis?

V. Vehicle Acquisition, Determination of Need, Fleet Composition

- a) How do you acquire vehicles? Who makes the decisions on acquiring and/or retaining vehicles?
- b) Do you have a written vehicle replacement policy? How often is it updated?
- c) What methods are in place to determine if a vehicle should be purchased or leased?
- d) Are vehicles replaced with vehicles of equal or smaller size? Who approves requests?
- e) How do you select the type of vehicle to purchase? How do you match the right vehicle for particular uses?
- f) What criteria are used when acquiring a sport utility vehicle?
- g) Does your agency have a policy regarding the purchase of popular optional equipment such as larger engines, power seats, CD players, navigational systems, 4x4's etc.?
- h) Who ensures that your agency acquires vehicles that are energy efficient for the mission to be performed while complying with alternative fuel mandates?

VI. Maintenance Programs

- a) Do you use any indicators such as maintenance cost per mile by vehicle or by vehicle types?
- b) Are actual maintenance costs assigned to each vehicle? What controls are in place to verify repair invoices?
- c) Do you use indicators such as maintenance cost per mile by vehicle or by vehicle types?
- d) Do you maintain repair histories on all your vehicles?
- e) Does your agency have a central maintenance control center?

VII. Fuel Programs

- a) Does your agency have in-house fueling facilities?
- b) Does your agency use fuel charge cards? Are they assigned to individuals or vehicles?
- c) Have you established a dollar limit for the cards?
- d) Do you have a waste, fraud, and abuse program for fuel cards?
- e) Do you have established goals for reducing your fuel consumption?

VIII. Vehicle Replacements and Disposal

- a) Does your agency follow specific guidelines for replacing a vehicle?
- b) Do you periodically evaluate your replacement cycles?
- c) If a vehicle is no longer needed, but does not meet the minimum replacement guidelines, how is the vehicle disposed of?
- d) Is it reported as excess to GSA or your agency's internal property management office?
- e) How does your agency dispose of vehicles? Commercial or in-house auctions? GSA auctions?

Draft of DPW, DRT, and DOA Joint MOU

MEMORANDUM

TO: All Department Heads

FROM: Directors
Department of Public Works
Department of Revenue & Taxation
Department of Administration

SUBJECT: Government of Guam Motor Vehicle Inventory Policies and Procedures

P.L. 16-57 "Vehicle Maintenance and Repair" states that "The director of Public Works shall maintain an inventory of all motor vehicles owned by the government of Guam, its various agencies, including autonomous or semi-autonomous agencies."

A memorandum by the Governor Joseph Ada dated January 8, 1993 "Government of Guam Vehicle License and Registration" appointed the Department of Public Works, Division of Transportation Maintenance as the central receiving point for all Government of Guam vehicle and equipment license and registration requirements.

A memorandum dated June 1993 "Government of Guam Vehicle License & Registration" By then former Director of Department of Public Works Benigno M. Palomo, list several requirements in order for the Transportation Maintenance License & Registration Section to perform their task. The only changes on this memorandum will be the contact persons which are listed below.

Attach are these documents for your review and dissemination to your perspective section that will be handling your department/agencies vehicle fleet.

The Department of Public Works Transportation Maintenance License & Registration Section, Department of Revenue and Taxation Motor Vehicle Registration Section and the Department of Administration jointly will be strictly enforcing these policies and procedure.

Draft of DPW, DRT, and DOA Joint MOU

Since the Department of Public Works has been designated as the central receiving point any one deviating from the mentioned policy and procedures shall be redirected back to Department of Public Works Transportation Maintenance License & Registration Section for instruction on the proper routing procedures.

Reminder this pertains to new, used, lease and transferred vehicle/equipment including GSA and DRMO property. The only exception will be the yearly registration renewal. Department/agency will be allowed to proceed to Department of Revenue & Taxation Motor Vehicle Registration Section, without processing through DPW Transportation Maintenance License & Registration Section. Department of Revenue & Taxation Motor Vehicle Registration personnel will provide DPW with a renewal copy

In addition to the above mention policy and procedures will be the survey of Government officials.

Once the vehicle has met its life time expectancy and or is considered beyond economical repair vehicle shall be surveyed. A copy of the Report of Survey form shall be routed to Department of Public Works Transportation Maintenance License & Registration Section together with the vehicles license plate. The original Report of Survey form shall be acknowledged by the Transportation Maintenance License & Registration Section prior to department/agency forwarding it to the Department of Administration General Service Agency and Accounting Division Fixed Assets. If the form is not acknowledged by DPW the respective agency will be routed back to DPW Transportation Maintenance License & Registration Section. Once DPW Transportation Maintenance License & Registration Section clears the Report of Survey form a copy and the license plate will then be forwarded to Department of Revenue & Taxation Motor Vehicle Registration Section.

Contact personnel:

Department of Public Works Transportation Maintenance License & Registration Section- Mr. Todd Gillan or Mr. Jesse Duenas at 646-3149

Department of Revenue & Taxation Motor Vehicle registration Section- Steve Aguon and Lou Borja

Department of Administration General Service Agency- Ray Bamba- 475-1729
Accounting Division Fixed Assets- John Aguon - 475-1150
Controller DOA- Kathrine Kagigi- 475-1226

Thank you in advance for your cooperation and understanding.

DPW Management Response



The Honorable
Felix P. Camacho
Governor

The Honorable
Michael W. Cruz, M.D.
Lieutenant Governor



DIPATTAMTON CHE'CHO' PUPLEKO
Lawrence P. Perez
Director
Andrew S. Leon Guerrero
Deputy Director

*as of
cc pl*

September 27, 2007

MEMORANDUM

To: Doris Flores Brooks, CPA, CGFM
Public Auditor

From: *[Signature]*
Lawrence P. Perez
DPW, Director

Subject: Government of Guam Vehicle Inventory Audit

The Department of Public Works concurs with the Office of the Public Auditor's Vehicle Inventory Audit as well as its recommendations. The shortfalls were addressed in a meeting held on August 1, 2007 with the Office of Public Auditor, Department of Public Works, Department of Revenue & Taxation, and Department of Administration.

However, instead of a Memorandum of Understanding, Department of Public Works has taken the lead in drafting a joint memorandum between DPW, DRT and DOA. In the memo, policies and procedures are stated for all Government of Guam Agencies to follow. Department of Public Works is currently researching into a new fleet management and tracking system. Be advised that funding for this system will be an issue. DPW will also work closely with DOA in setting up a compatible single database in order to maintain an accurate vehicle listing of all Government of Guam Agencies. In the interim, in order to reconcile our vehicle listing, DPW will be sending a separate memorandum to the department/agencies.

If you need more information, please feel free to contact me at 646-3131.

RECEIVED
OFFICE OF THE PUBLIC AUDITOR

DATE: 10/1/07

TIME: 10:05 AM

BY: *[Signature]*

DRT Management Response

Oct-03-07 03:57pm From-REVENUE AND TAXATION

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Dipattamenton Kontribusion yan Adu'ana
DEPARTMENT OF

REVENUE AND TAXATION
GOVERNMENT OF GUAM Gubetnamenton Guahan

FELIX P. CAMACHO, Governor Maga'lahi
MICHAEL W. CRUZ, M.D., Lt. Governor Tinanta Gubohadora

ARTEMIO B. ILAGAN, Director
Direktot
JOHN P. CAMACHO, Deputy Director
Segundo Direktot

October 2, 2007

Ms. Doris Flores Brooks, CPA, CGFM
Public Auditor
Suite 401, Pacific News Building
238 Archbishop Flores Street,
Hagatna, Guam 96910

Re: Government of Guam Vehicle Inventory Audit

Dear Ms. Brooks:

This serves as the Department's agreement with your office's audit recommendations. Your audit recommendations highlight needed upgrades in our programming that require funding to implement. With the recently passed 2008 budget, it will be challenging to ensure the funding is available to accomplish these upgrades. But I understand the necessity for creating a better system of inventory for all government vehicles because it promotes accountability for how taxpayer money is spent. This being said, I thank you and your staff for providing a starting point to correct the deficiencies in the system and I will concentrate my effort on identifying a funding source to comply with your recommendations.

Sincerely,

Artemio B. Ilagan
ARTEMIO B. ILAGAN
Director

cc: Office of the Deputy Director
Acting Administrator, Motor Vehicle Division

DOA Management Response

OCT-04-2007 10:10 FROM:GOU GUAM DOA ACCTNG 6714728483

TO:472 7951

P.1/1



Felix P. Camacho
Governor
Michael W. Cruz, M.D.
Lieutenant Governor

Department of Administration
(DIPATTAMENTON ATEMENSTRASION)
DIRECTOR'S OFFICE
(UFISINAN DIREKTOT)

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Lourdes M. Perez
Director
Joseph C. Manibu
Deputy Director

OCT 04 2007

Ms. Doris Flores Brooks, CPA, CGFM
Public Auditor
Office of the Public Auditor
238 Archbishop Flores Street, Suite 401
Hagatna, GU 96910

Re: Performance Audit; Vehicle Inventory

Dear Public Auditor Brooks:

Hafa Adai! I would like to thank you once again, for this opportunity to response to the above-noted draft audit. I also would like to commend your staff for its completion.

Base on your review, my office would like to formally concur with your recommendations contained therein as pertaining to Department of Administration (DOA) in establishing a Memorandum of Understanding (MOU) approved by the Governor between the Department of Public Works, the Department of Administration, and the Department of Revenue & Taxation.

We look forward to work together collectively as a team with these two agencies to have a uniform Government of Guam Vehicle Inventory.

Should you have any questions relating to this matter, please contact my office or the Acting Controller, Ms. Kathy Kakigi 475-1169/1260.

Si Yu'os Ma'ase!

Sincerely,

Lourdes M. Perez
LOURDES M. PEREZ
Director of Administration

Do you suspect fraud, waste, or abuse in a government agency or department? Contact the Office of the Public Auditor:



- Call our HOTLINE at 47AUDIT (472-8348);
- Visit our website at www.guamopa.org;
- Call our office at 475-0390;
- Fax our office at 472-7951;
- Or visit us at the PNB Building, Suite 401
In Hagåtña

All information will be held in strict confidence.