

**FEDERAL ELECTION COMMISSION**

**OFFICE OF INSPECTOR GENERAL**



**FINAL REPORT**

**AUDIT OF THE COMMISSION'S  
PROPERTY MANAGEMENT CONTROLS**

**March 2010**

**AUDIT ASSIGNMENT OIG-09-02**

# OFFICE OF INSPECTOR GENERAL

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## EXECUTIVE SUMMARY

Internal controls of FEC programs continue to be the focus of the Federal Election Commission (FEC) Office of Inspector General (OIG) audit activities. Programs for managing assets at highest risk for abuse, such as personal communication devices (PCDs) (Blackberry devices and cellular telephones), fleet vehicles, and fleet charge cards require adequate control processes to ensure they are not subject to fraud, waste and abuse. In fact, the FEC has documented instances of employee abuse of these programs and the agency has sustained additional expenses because of those abuses.

The *Federal Managers' Financial Integrity Act of 1982* (FMFIA) requires the Government Accountability Office (GAO) to issue standards for internal control in government. Agency management is responsible for complying with the *Standards for Internal Control in the Federal Government* issued by GAO (November 1999) by establishing and maintaining a positive attitude and culture of internal control, assessing program risk, designing internal control activities linked to program directives and policies, and documenting program activity and management's review of the activity. In general, we found that improved internal controls are required for PCDs, fleet vehicles and fleet charge cards to ensure the programs are not subject to fraud, waste and abuse. Additional controls are also required to ensure the agency minimizes program costs, maximizes program objectives, and complies with federal regulations governing those programs.

In the November 2009 Baseline magazine article, *Minding Your Mobile Assets*<sup>1</sup>, Samuel Greengard describes a number of best practices to ensure organizations receive the most value from their mobile technology (PCD) investments. Mr. Greengard acknowledges that while “software applications can handle the mechanics of keeping track of devices, they do nothing to help an organization develop a coherent strategy for purchasing, issuing, and overseeing the technology and the way it will be used.” The article provides sound advice that on first glance seems like basic common sense, but after further consideration, reads as a checklist for the FEC personal communication device program assessment. Some of the basic guidance includes:

- *“Consolidate if you can” but also “consider more than one cellular service provider to meet needs of users with different devices”;*
- *“Make sure that employees don't have phones they don't need and features they don't use. For example, not every worker requires an unlimited dialing plan or multimedia messaging service (MMS)”;*
- *Management needs to “understand organizational roles and usage patterns so that the organization does not overspend on devices, calling plans and data plans”;* and
- *“Too often organizations set up systems and then neglect to re-examine them or make needed changes.”*

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<sup>1</sup> Greengard, Samuel. “The Fusion of Business and Technology: Minding Your Mobile Assets.” *Baseline* November 2009: 23+.

Mr. Greengard's advice can be applied to both public and private sector organizations. The key to applying the guidance effectively lays in adopting a philosophy of program management with one individual responsible for managing and monitoring program performance. The OIG's PCD audit testing results described below and in the body of this report indicate that the Information Technology Division (ITD) only takes responsibility for asset purchases, distribution, and destruction, but does not research and evaluate alternate service providers, assess employee needs, or evaluate agency PCD device usage levels. As a result, this reduces the potential benefits to the agency and increases program costs. The strongest internal control for this program would be to assign responsibility and accountability for overall program management to one individual in a single business area. It is understood that other business areas such as the Contracting Office, as well as managers requesting devices for their employees, and all employees issued devices, play a role in effectively managing the program to minimize costs and maximize value.

The OIG documented five (5) findings and made 36 recommendations to address internal control weaknesses for FEC PCDs, fleet vehicles, and fleet charge cards. A table listing the findings and recommendations is included as Attachment 1 on page 52 of this report. The following sections describe audit scope and testing results for the two programs.

### ***Audit Scope***

The FEC OIG conducted an audit of the controls over FEC property, to include personal communication devices (PCDs) (Blackberry devices and cellular telephones), FEC vehicles and fleet charge cards. Selection of this audit was based upon an OIG developed strategic audit plan for the agency and previously reported abuse of FEC property. The audit was performed in accordance with generally accepted government auditing standards.

The scope of this audit included a review of Commission internal controls over FEC property from fiscal year (FY) 2007 to 2010. The specific audit activities included documenting and reviewing the adequacy of:

- policies and procedures for managing the assets;
- business processes used to manage the assets; and
- management control activities used to detect and correct potential fraud, waste and abuse of the assets.

### ***Personal Communication Device Testing Results***

Due to the limited availability of electronic PCD data, detailed audit testing was conducted for the period May 2008 to August 2009. Detailed testing of FEC employees' Blackberry use was conducted on a sample of 56 employees to determine whether the employees complied with FEC policies and procedures. The testing results showed that some employees use agency issued Blackberry devices for personal use. In addition, an OIG survey of 116 FEC employees issued PCDs as of December 2009 was conducted to:

- verify which device models were issued to FEC employees;
- gain an understanding of FEC employee use of PCDs; and
- determine whether FEC employees were adequately informed about the service plan/costs associated with their PCD.

The survey response rate was 97 percent and employees provided candid comments and suggestions to maximize benefits and minimize the costs of agency issued PCDs. A summary of the employee survey results is included on page 15 of this report.

Audit fieldwork was conducted between September 1, 2009 and January 22, 2010. The audit results revealed that for PCDs, the agency has two different policies with conflicting standards on employee personal use of the devices. Further, the policies are not followed nor enforced, and neither incorporates Internal Revenue Service regulations governing personal use of devices by employees and the potential fringe benefit tax implications. Also, program management roles and responsibilities are not clearly defined in the policies. In addition, program management does not periodically review the service plans offered by their current provider or conduct market research of other potential vendors to decrease program costs.

Audit testing of the internal controls of PCDs also highlighted that a better assessment of employee business needs, and more active program management and monitoring could lead to significant financial savings for the agency. For the audit testing period May 2008 through August 2009, the following potential cost savings were identified:

- Researching other Blackberry service providers and selecting a similar service plan from a competitor could have saved up to \$52,698 in FY 2010 compared to projected service costs of the FEC's current provider, AT&T. Converting to another provider would also allow the agency to receive mobile devices at no cost to the agency;
- Converting Blackberry users with little or no voice use to data only plans could have saved \$32,359, or 22 percent of the total program service costs, for the 16 month period reviewed;
- Terminating service plans in a more timely manner for employees who leave the agency could have saved \$8,614;
- Providing International add-on plans only to employees who travel internationally and limiting the add-on service to only the periods of travel could have saved \$6,329; and
- Eliminating spare devices with active service plans could have saved \$643. The FEC currently has two spare devices that cost the agency \$158 per month.

Testing also showed that the Information Technology Division (ITD) is not in compliance with Commission Bulletin 2006-04 for tracking PCDs. ITD does not maintain inventory records of the PCDs in the FEC's Fixed Asset System (FAS) and FEC property bar codes are not assigned to mobile devices, as required. Instead, ITD maintains asset listings in an Excel spreadsheet and the OIG's comparison of the various asset listings provided by ITD during the audit showed the listings were incomplete and required updates to reflect FEC's current

PCD inventory. Based on the asset listings, it appears some devices are missing or not accurately reflected in the asset schedules. For more information on PCDs, refer to the background section of this report, page 5, and the detailed findings and recommendations beginning on page 17.

### ***Fleet Vehicles and Fleet Charge Cards Testing Results***

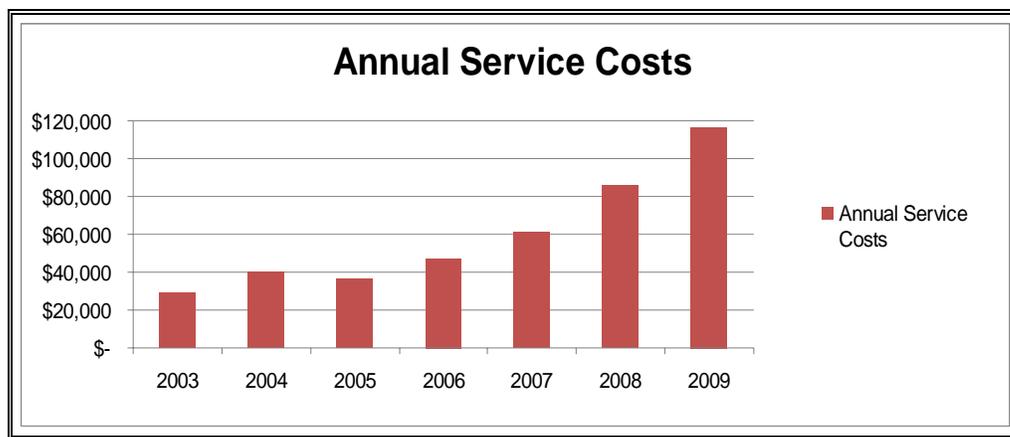
Audit testing also showed there are insufficient management controls in place to detect or prevent employee fraud, waste and abuse of agency fleet vehicles and fleet charge cards, despite known prior abuse by one or more FEC employees. Further, the FEC lacks sufficient controls to detect and correct mileage reporting errors by agency staff or billing errors by the General Services Administration (GSA) Fleet Services. The FEC lacks policies and procedures to ensure proper internal controls and compliance with federal regulations for operating government leased vehicles and the use of fleet charge cards. The FEC also does not have business processes or written guidance in place to ensure that FEC's drivers of FEC vehicles are both qualified and authorized to operate those vehicles in accordance with federal regulations. As a result, the FEC is not compliant with federal regulations and is exposed to an increased risk of litigation if an employee deemed unqualified operates an FEC vehicle and is involved in an accident. For more information on fleet vehicles and charge cards, refer to the background section of this report, page 5, and the detailed findings and recommendations beginning on page 42.

# BACKGROUND

## *Personal Communication Devices*

### **Annual Service Costs**

Beginning in fiscal year (FY) 2003, the agency began transitioning from standard cellular telephones and pagers to Blackberry communication devices which allowed employees to make and receive telephone calls as well as access their FEC e-mail. Since then, annual program service costs have increased from \$29,017 in FY 2003 to \$116,654 in FY 2009, an increase of more than 300 percent. The annual cost increases are attributed to the higher cost of service plans for Blackberry devices compared with standard cellular phones or pagers, as well as an increase in the number of employees issued Blackberry devices. For example, in FY 2006, FEC's monthly invoices showed service charges for an average of 82 devices, compared to an average of 124 devices in FY 2009. The typical monthly cost for a Blackberry with voice and data was \$43.25<sup>2</sup> in FY 2006, compared to \$77.49 in FY 2009. The table below illustrates the actual annual service costs for each fiscal year.



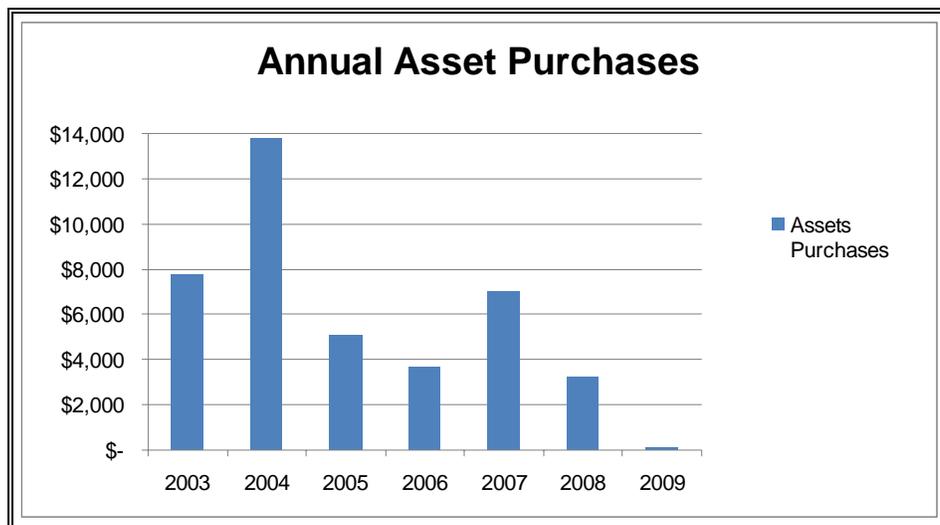
For FY 2010, the FEC has obligated \$152,000 to cover the monthly service fees and asset purchases of PCDs. The monthly cost of service plans for FY 2010 is \$90 and some devices have service plans with special features that increase service costs to more than \$102 per month.

<sup>2</sup> Values are net of government discounts.

## Annual Asset Costs

In FY 2004, the FEC purchased and distributed Blackberry models 6280, 7280 and 7290. In FY 2005, the agency continued to transition employees with pagers to Blackberry devices. In February 2006, the agency purchased five (5) Palm Treos and associated monthly service plans for use by ITD staff. The Palm Treos were purchased in case Research in Motion (RIM), the maker of Blackberry mobile devices, lost a lawsuit on patent infringement and was forced to suspend service. The lawsuit, which was initiated in 2004, reached a tentative settlement agreement in March 2005 and final settlement on March 3, 2006. After the lawsuit was settled, another ten (10) Palm Treo devices were purchased for ITD staff member use and one of the ten devices was reserved as a spare. The Palm Treos were used by ITD staff members from February 2006 to February 2007. Total asset and service costs for the Palm Treo plan was \$13,795.

In FY 2007, the FEC began upgrading older devices with Blackberry 8100 and 8700c device models. Many of the 8700c models were received free of charge from AT&T under service plan upgrade options. In FY 2008, the agency continued to purchase devices for new users as well as mobile broadband air cards for laptop computers. The air cards allow select employees to connect their laptops to the internet when traveling within the AT&T network. In FY 2009, the agency received 28 Blackberry devices free of charge under service plan upgrades and purchased two (2) additional air cards. The effort to research and obtain devices free, under upgrade offers, saved the agency thousands of dollars in FY 2009. The table below shows the total annual spending for Blackberry and Palm devices, as well as air cards for fiscal years 2003 through 2009.



According to ITD's Blackberry asset listings, eleven (11) devices have been lost, four (4) were stolen, and forty-nine (49) have been destroyed. The FEC currently holds seventeen (17) devices as spares available to be issued to new users or as replacements for devices that break. There are fifty-two (52) devices held in storage, most of which ITD considers broken or obsolete, but many are still serviceable.

## Program Management

Two policies govern personal communication device management at the FEC. Commission Bulletin 2001-11A, Policies and Procedures for Issuance of Cell Phones and Pagers, updated March 20, 2002, details the policies and procedures for employee use of cellular telephones and pagers and FEC Policy 58-4.4, Personal Communication Devices Security Policy, updated July 11, 2008, which applies to all personal communication devices “to include personal digital assistants (PDA), cellular telephones, laptop wireless cards and pagers.” During the audit the OIG discussed the policy disparity with management and according to ITD staff members, Commission Bulletin 2001-11A has been superseded by FEC Policy 58-4.4. Policy 58-4.4 restricts the issuance of PCDs “to personnel who need to conduct immediate, critical FEC business” taking into account that “distribution of the various technological devices must be limited to persons for whom the productivity gained is appropriate in relation to the costs incurred.” Section 2(b) of the policy identifies the following offices and personnel groups as the “core group”<sup>3</sup> users who may obtain personal communication devices or authorize their staff to receive devices:

- Commissioners,
- Commission Office staff,
- Staff Director,
- Deputy Staff Directors,
- Office of Inspector General,
- Office of the Chief Financial Officer,
- General Counsel, and
- Associate General Counsels.

According to ITD’s policy,

*“All requests to obtain a FEC PCD from staff other than those specified in section 2(a) must be submitted in writing to the appropriate Deputy Staff Director, or Associate General Counsel for approval. Employees of the Offices of Inspector General and Chief Financial Officer should submit their request to their appropriate manager. Any request must contain justification demonstrating how a FEC PCD is essential to performance of the requestor’s duties. Approved requests are to be submitted to the Chief Information Officer (CIO) for processing.”*

The actual business process observed during the audit involves a written PCD request sent to the Deputy Chief Information Officer for Operations by anyone identified as a core group user or an FEC supervisor. The requests that are sent to the Deputy Chief Information Officer do not always contain a business justification. Based on the request; the Management Assistant for the Configuration Management team updates the asset listing to reflect the employee’s name, as well as the model number and serial number of device

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<sup>3</sup> Program management has also used the term “base group” users when referring to this listing and makes a subtle distinction between base and core groups. Refer to Finding 1 on page 20 of this report.

assigned. The Management Assistant also updates the AT&T Premier on-line customer account records by inputting the employee's name against the assigned telephone number. This process helps to ensure that the monthly review of AT&T invoices allows the Management Assistant to trace device usage and any overage charges to a specific employee. The device is then distributed to the employee by the Management Assistant.

According to ITD, broken and obsolete PCD devices are destroyed locally by removing the subscriber identification module (SIM) card, breaking the asset with a hammer, and placing the broken pieces in a trash receptacle.

### **Cingular/AT&T Service Plans**

The agency initially used Cingular as the mobile telephone service provider for standard cellular telephones and pagers. The FEC continued contracted services with Cingular when the agency transitioned to Blackberry devices in FY 2003. Other providers such as T-Mobile also offered Blackberry devices and service plans in 2003. AT&T and Cingular merged in October 2004; the agency continues to procure mobile telephone and data services from AT&T.

When the FEC transitioned from the standard cellular telephones and pagers to Blackberry devices, program management selected the Nation 450 plan. Under the plan, employees received 450 "anytime" minutes per month to be used between 6:00 am and 9:00 pm daily, unlimited nights and weekends, unlimited domestic messaging and internet, and unlimited mobile to mobile minutes. In addition, the FEC purchased air cards with unlimited air card connectivity. If an employee used more than 450 minutes in a month (exclusive of nights and weekends use), the overage was charged at a maximum rate of \$0.25 per minute. For each device, unused minutes were "rolled-over" to the next month and accrued for future use. Additional fees were charged for directory assistance (\$1.79), roaming for areas with no Cingular/AT&T coverage, and texting (\$0.20 per text). In April 2009, AT&T provided unlimited texting under the Nation 450 plan at no additional cost.

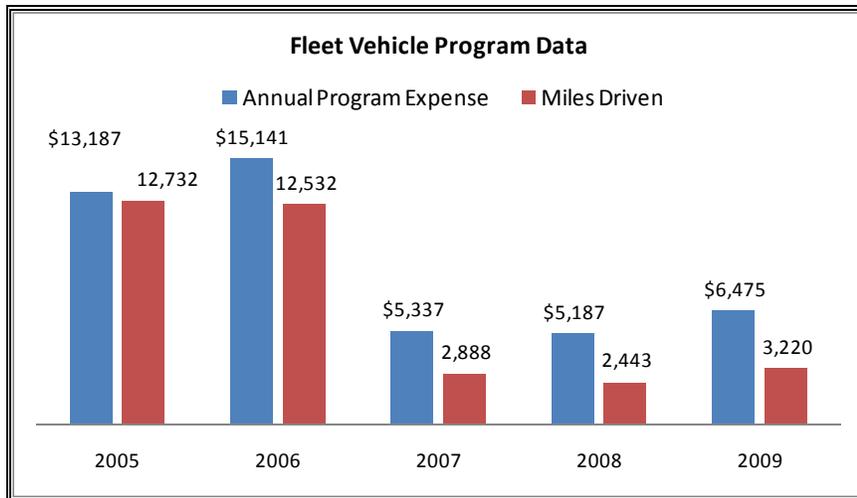
In November 2009, the agency transitioned to new AT&T service plans, the GOV Nation Pooled plan 100 and 200. The GOV Nation Pooled plans reduced the number of minutes per device to either 100 or 200 minutes, but allowed the minutes for all devices to be pooled and shared among all users, totaling 12,900 shared minutes per month. The pooled minutes do not roll over at the end of each month for future use by employees. The GOV Nation Pooled plan provided either 100 or 200 anytime minutes per month, 5,000 minutes per user for nights and weekends, unlimited mobile to mobile, and unlimited data. Calls that exceed the pooled minutes for the agency in a month are charged at \$0.25 per minute. The pooled plan did not include unlimited texting. The texting feature increases monthly charges by \$20.00 per user for unlimited texting. Immediately after changing to the pooled 100 and 200 plans, the FEC experienced unexpected service charges of \$20 per user, per month, for texting. As a result, the agreement with AT&T was renegotiated and the agency converted all 100 minute plans to the 200 minute plans in January 2010. This change now provides 23,800 total pooled minutes per month while also providing unlimited texting. For the current GOV Nation Pooled plans and prior Nation 450 plan, the FEC has the ability to add or remove features and services.

## *Fleet Vehicles and Fuel Charge Cards*

In 2006, FEC maintained four government leased vehicles. During that time period, FEC Administrative Services Division (Admin) management was alerted to possible employee abuse of agency leased fleet vehicles. After conducting a review, program management determined an employee used agency vehicles for personal use. The employee subsequently resigned from the FEC. Two of the four leased vehicles were returned to General Services Administration (GSA) in October and November 2006, after management determined the vehicles were no longer needed. In addition, abuse of fleet charge cards was suspected but not proven because the abuse could not be directly associated with one or more individuals. The FEC currently leases two vehicles from GSA for official government use; a sedan primarily made available to the Office of General Counsel (OGC) investigators, and a van for Administrative Services use. The van is routinely used to make:

- daily trips to various locations on Capitol Hill, such as the Senate and House of Representatives office buildings, Government Printing Office, Government Accountability Office, etc.;
- twice monthly trips to the FEC's contractor that supplies agency employee and contractor HSPD-12 security badges;
- ad hoc trips to other federal locations such as the National Archives and Records Administration facilities in College Park and Suitland, Maryland;
- trips to perform fleet vehicle maintenance and fueling; and
- ad hoc trips to transport agency staff to local meetings and conferences.

The sedan is available to the OGC investigators to conduct investigations or transport witnesses. When not used by the investigators, the sedan is made available to Admin Services staff to perform official FEC transportation duties. The table on the following page shows program costs and miles driven for FEC leased vehicles in the last five fiscal years.



*The agency returned one of four vehicles in September 2006. Another vehicle was returned November 2006.*

In FY 2005, the FEC was billed \$1,562.26 by GSA for a transmission replacement on a vehicle. The cost of the transmission replacement was billed to the agency because the vehicle did not have transmission fluid levels adequately maintained. The FEC was also billed \$3,439.75 in FY 2006 for vehicle repairs resulting from an automobile accident. The agency was billed for repair costs because the FEC employee was determined to be at fault<sup>4</sup>. The repair costs are included in the annual program expenses reported in the table above. Returning the two vehicles in 2006 decreased total miles driven per year by approximately 75 percent and reduced the annual program costs more than six thousand dollars per year, after reducing the two prior year's annual costs for the additional accident and maintenance charges.

GSA provides a fleet charge card for each vehicle leased. The charge card is used for:

- fuel and routine maintenance, such as car washes and oil changes;
- minor repairs and maintenance, such as wiper blades, flat tires, and alignments; and
- major maintenance, such as brake replacement, engine, or transmission repair.

Any maintenance or repairs over \$100 require prior approval by GSA. Failure to receive approval may result in the agency being charged for the maintenance. Charges made on the fleet charge cards by FEC staff are paid directly by GSA. In turn, GSA recovers the costs of fleet vehicle fuel and maintenance through monthly lease charges to the agency. Fleet costs are based on a monthly fixed lease rate, plus fixed mileage rate times the miles driven per month. The monthly lease rate and mileage rates change annually. For FY 2010, the mileage rate decreased to 17 and 18.5 cents per mile and the monthly lease rates decreased from \$233 to \$224 (sedan) and \$215 to \$207 (van) per month. GSA also charges a fuel surcharge aimed at recovering the additional costs of fleet vehicles equipped for flexible

<sup>4</sup> The federal government is self-insured with respect to automobile accident coverage. If a federal employee driving a government owned vehicle is involved in an accident and determined at fault, the cost of repairs is recovered from the agency.

fuels<sup>5</sup>, and to adjust fleet costs during periods of fluctuating fuel prices. In periods of declining fuel prices, GSA does not impose a surcharge and may even provide fuel surcharge credits. The current fuel surcharge is a flat rate of \$14 per month, per vehicle. FEC Admin Services staff provides GSA information on the miles driven each month for each vehicle, using the Dial-a-Mile telephone reporting system. Odometer readings for each vehicle are due by the 21st of each month so that invoices can be generated by GSA for payment. Because actual mileage data is required to generate the invoice, GSA bills agencies in arrears. For instance, the miles driven between September 22 and October 21 are included in the November monthly invoice.

The FEC pays for fleet vehicle leases using the Intra-Governmental Payment and Collection System (IPAC). The IPAC system allows automatic electronic funds transfer between federal agencies. Payment is initiated by GSA Fleet Services by submitting an electronic invoice for payment to GSA Financial Services group, the FEC's outsourced financial service provider. The invoice is submitted before mid-month and payment is made by journal entries and funds transferred between the FEC Treasury account and GSA Treasury account. The FEC Finance Office receives a paper invoice after the 21st of each month and provides the invoice to Admin Services for review and payment authorization, even though payment has already occurred. Any discrepancies in odometer reading or invoiced amounts must be corrected in a subsequent month, because payment is made to GSA prior to the FEC receiving the invoice.

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<sup>5</sup> Flexible fuel vehicles (FFVs) are designed to run on gasoline or a blend of up to 85% ethanol (E85).

## OBJECTIVES, SCOPE AND METHODOLOGY

The objectives of the audit of the Commission's property management controls were to determine if the Federal Election Commission (FEC) has sufficient property management controls over the FEC's: 1) personal communication devices (PCDs); 2) government leased vehicles; and 3) fleet charge cards. The scope of the audit included a review of the Commission's internal controls over FEC property from fiscal year (FY) 2007 to 2010. The audit was performed in accordance with generally accepted government auditing standards.

To accomplish the audit objectives, the OIG performed the following procedures:

- Reviewed Commission Bulletins 2001-11A and 2004-06, and the Information Technology Division's (ITD) Policy Number 58.4-4 regarding the policies and procedures for PCDs. *Refer finding #1 on page 17, section Personal Communication Device Policies and Procedures Need Improvement.*
- Conducted interviews and held meetings with ITD program staff regarding PCDs in order to verify policies and procedures are consistently followed; document any program violations; ensure compliance with federal laws and regulations; gain an understanding of internal control procedures; and identify any internal control weaknesses. *Refer findings #1, #2, and #3 relating to PCDs on pages 17, 25 and 35 respectively.*
- Conducted telephone interviews with FEC's AT&T service representative to gain an understanding of service plan details of FEC's prior Nation 450 plan and current Government Pooled service plans.
- Retrieved electronic billing information from the AT&T on-line Premier website to review detailed voice and data activity for FEC PCD users. However, due to the limited availability of electronic information, the OIG could only download the most recent 16 months of voice and data activity, May 2008 to August 2009.
- Reviewed copies of FEC's monthly AT&T summary invoices for the scope of the audit. Selected the summary invoices from May 2008 to August 2009 based on the available electronic data from AT&T and developed an Excel spreadsheet of all summary data to conduct detail testing.
- Reviewed the detailed activity of 56 FEC PCD users to determine if the level of personal use of PCDs was in compliance with FEC's policies and procedures. *Refer finding #1 on page 23, section Personal Use & Internal Revenue Service Regulations.*
- Inquired with ITD staff if FEC adheres to Internal Revenue Service tax code regarding substantiation of personal use for cell phones provided by the agency to the

employees for official use. *Refer finding #1 on page 23, section Personal Use & Internal Revenue Service Regulations.*

- Reviewed PCD requests sent to ITD from various FEC staff to determine if the PCD requests adhered to the policies and procedures in ITD's PCD Policy 58.4-4 regarding the process for requesting, authorizing, and approving PCDs requests. *Refer finding #1 on page 17, Personal Communication Device Policies and Procedures Need Improvement.*
- Reviewed FEC invoices to ensure that the correct FEC employee was assigned to the active PCD telephone line indicated on agency records. *Refer finding #2 on page 29, section Inadequate Records.*
- To determine if FEC is effectively and efficiently managing PCDs to reduce and/or control program cost, the OIG reviewed PCD telephone accounts for:
  - the period in which termination of service occurred for employees who left the agency;
  - devices that were transferred from one FEC employee to another;
  - no voice and/or data activity on PCDs that are active and issued to FEC employees; and
  - active spares that are maintained by ITD.

*Refer finding #2 on page 25, section Excessive Service Plan Costs.*

- Reviewed PCD telephone line accounts that were charged extra fees for services outside of the standard voice and data plan. *Refer finding #2 on page 30, section Knowledge of Service Plan.*
- Compared the monthly and yearly cost of the AT&T Nation 450 plan with the new Government Pooled 100 & 200 plan to identify the anticipated savings to the agency.
- Compared FEC's AT&T Government Pooled Plan 100 & 200 service plan to similar service plans with Verizon and T-Mobile to identify potential cost savings. *Refer finding #2 on page 32, section Managing Service Plan Features and Costs.*
- Reviewed ITD's official asset listing of active PCDs issued to FEC employees and conducted a stock take of FEC's spare, broken, and old PCD's and compared the results to their appropriate ITD asset listing to account for all assets purchased or ordered. *Refer finding #3 on page 35, section Asset Tracking.*
- Conducted an employee survey of PCDs to verify which mobile devices are issued to FEC employees; gain an understanding of FEC employee use of mobile devices; and

determine whether FEC employees are adequately informed about the service plan associated with their FEC mobile device. Refer *Employee Survey Results* on page 15.

- Interviewed ITD's Management Assistant to gain an understanding of the complete process of how a PCD is ordered, recorded, stored, provided to the employee, returned by the employee, and the disposal process of PCDs. Refer *finding #3* on page 40, *section Segregation of Duties*.
- Conducted interviews and held meetings with the Administrative Services Division (ASD) staff for fleet vehicles and fleet charge cards in order to identify any documented policies and procedures regarding fleet vehicles and fleet charge cards; ensure compliance with federal laws and regulations; gain an understanding of internal control procedures; and identify any internal control weaknesses. Refer *finding #4* on page 42, *Fleet Vehicles and Fleet Charge Card Program Controls*.
- Reviewed the following requested documents submitted by the Administrative Services Division:
  - Transportation requests;
  - Transportation logs;
  - Vehicle repair and maintenance documentation; and
  - Original fleet charge card receipts.

Refer *finding #4* on page 42, *Fleet Vehicles and Fleet Charge Card Program Controls*.

- Conducted telephone interviews with General Services Administration (GSA) account representatives to gain an understanding of the process for leasing a government vehicle; how to use the fleet charge cards; FEC's access to vehicle data and how that data can be retrieved; and how FEC is billed for vehicle use and fuel/charge card transactions.
- Reviewed the GSA detailed electronic data transactions for FEC's fleet charge cards.

Estimated the miles driven for FEC's fleet vehicles based on the routine driving patterns to identify the expected miles per month. Calculated the actual miles per gallon using GSA's fleet charge card transaction. Compared all data to identify any unusual activity for each FEC leased vehicle from November 2006 to December 2009. Refer *finding #4* on page 42, *Fleet Vehicles and Fleet Charge Card Program Controls*.

- Reviewed the list of authorized drivers for FEC's government leased vehicles and reviewed position descriptions for all authorized drivers. Refer *finding #5* on page 47, *Fleet Vehicle Driver Qualification and Verification*.

# EMPLOYEE SURVEY RESULTS

During the audit the OIG conducted an employee survey regarding Personnel Communication Devices (PCDs). The survey was provided to users who were issued a PCD based on agency records as of December 2009. The OIG also received an additional survey response from a PCD user who was not listed on agency records because their device was issued after December 2009. The purpose of the survey was to:

- Identify all the devices currently issued to FEC employees;
- gain an understanding of FEC employee use of mobile devices; and
- determine whether FEC employees are adequately informed about the service plan associated with their FEC mobile device.

The survey asked users to identify their name, mobile telephone number, device model (*i.e. Blackberry 8700c, 8320 Curve, etc.*), and all the features that they regularly use with their device (*i.e. e-mail, voice, text messaging, etc.*). The OIG added pictures of each mobile device next to their associated device model number and included instructions on how to locate the device model number on their mobile device. The users were also asked to identify if: **a)** they used their PCD; **b)** they believed the PCD is necessary to efficiently and effectively perform their FEC duties; and **c)** they were knowledgeable of the service plan details regarding their PCD. The survey also allowed users to provide additional comments on the survey form. The OIG received a 97 percent response rate from the PCD users.

See the table below for the results of questions a, b, and c stated above.

<i>Survey Results</i>	
	<i>PCD Users</i>
a) Employee does not use their FEC issued PCD	7
b) Employee feels device is not necessary to efficiently and effectively perform FEC duties	10
c) Employee is unaware of the service plan details	83

When reviewing the responses to the survey questions, the OIG was able to gather additional information from the PCD users' responses. For instance, when asked to identify their mobile telephone numbers, 10 PCD users could not provide their mobile number and some users provided responses such as:

- *“I really don’t know. I have never given that number to anyone. . . My supervisor contacts me on my personal cellphone when he needs to, which is what I prefer anyway.”*

- “I was told not to use the phone part of the device and I was never given the phone number.”
- “Rarely uses FEC device. Gives personal device number for office use, that is why does not know the FEC phone number assigned.”

Also, when the PCD users identified their device model the OIG compared the PCD user responses to agency records and 20 PCD users’ device models were inaccurate. The OIG identified one active telephone account that was still assigned to a former employee who left the agency in October 2009. Another active telephone line was assigned to an employee who did not have an FEC issued PCD. However, the OIG conducted further analysis and noted the device was issued to another FEC employee.

### ***Additional Survey Information***

Through the additional comments provided by the PCD users on the survey, the OIG became aware of several user issues regarding PCDs. Three users indicated they would have liked to have been provided training on how to use their Blackberry device when the devices were issued. Users also wanted written details of the service plan such as limitations, features that incur additional costs, and any use prohibitions. ITD has purchased *Quick Source for RIM Blackberry* guides for Blackberry models 8700c and 8320 Curve. The guide gives detailed instructions on how to use the device along with all the associated features in a convenient, easy to read fold-out format. These resource guides however, are not provided to users when the device is issued.

Several FEC PCD users also commented that they experience poor reception, device errors, and frequently have to trouble shoot their device. The OIG noted employees with these problems had older devices that may be near the end of their useful life. Based on a survey response provided orally by an FEC office manager, some of their staff who have the older Blackberry models would like to receive the upgraded devices that have been issued to some employees. Others have stated that they rarely used their PCDs, are not inclined to carry the device around, or would prefer to return their FEC issued PCD.

# AUDIT FINDINGS AND RECOMMENDATIONS

## *Personal Communication Devices*

### **1. Personal Communication Device Policy and Procedures Need Improvement**

The FEC currently has two documents that cover policies and procedures regarding FEC issued personal communication devices, Commission Bulletin 2001-11A, *Policies and Procedures for Issuance of Cell Phones and Pagers*, and the Information Technology Division's Policy Number 58-4.4, *Personal Communication Devices (PCD) Security Policy*. Commission Bulletin 2001-11A has not been updated since 2002 and although Policy 58-4.4 was last updated in July 2008, the policy requires substantial improvement. ITD has stated that Policy Number 58-4.4 was intended to supersede the Commission Bulletin 2001-11A; however, Policy Number 58-4.4 does not state that the policies and procedures are intended to supersede those in Commission Bulletin 2001-11A and further, Commission Bulletin 2001-11A has not been removed from the FEC network to indicate that FEC employees should no longer adhere to its policies and procedures.

The two documented policies have insufficient and conflicting policies and procedures regarding the following aspects of the PCD program: **a)** the process for requesting a PCD; **b)** the authority to request PCDs; **c)** approval of PCD requests; and **d)** the policy for personal use of FEC issued PCDs. In addition, the policies for PCDs do not incorporate the Internal Revenue Service (IRS) regulations governing cell phones as a taxable fringe benefit to the employee when used for personal use.

#### *Process for Requesting PCDs*

The policies, as written, are not followed or being enforced. The OIG found that some of the employees who sent requests to ITD are not authorized to request or approve a PCD, according to Policy Number 58-4.4. Despite Commission Bulletin 2001-11A, requiring a form to request a PCD, FEC has not implemented a standard PCD request form. Generally, ITD issues PCDs based on requests received via e-mail from managers in the agency. However, the e-mail requests for PCDs are not always retained for program records. The FEC currently has 122 active PCDs. Out of the 122 PCDs issued, only 21 e-mail requests were maintained by ITD documenting the request of a device.

According to Policy 58-4.4, requests submitted for PCDs should contain adequate business justification to demonstrate how a PCD would be essential to the performance of the employee's official duties. The OIG found that ITD does not require the requestor to provide adequate business justification when submitting a PCD request. The e-mail requests retained and submitted for audit rarely contained adequate business justification demonstrating how a PCD was necessary to support official duties of the employee. Only 10 of the 21 e-mail requests maintained by ITD contained business justifications for the PCD user, and some of the 10 justifications lacked sufficient detail to adequately document the business need for the PCD. There is also no documentation required to verify that a PCD was issued to an FEC

employee following the request. As such, the FEC may incur program costs for PCDs provided to employees with limited or no business need.

## **Recommendations**

- 1a. Maintain one comprehensive personal communication device policy for all PCD users that clearly defines who has the authority to request PCD devices for other staff in their business area.

### **Management Response**

*“Agree with recommendation: Commission Bulletin 2001-11A is outdated and does not reflect updated technology and improvements in telecommunications pricing. This bulletin has been superseded by Policy 58-4.4 and Commission Bulletin 2001-11A will be rescinded. Policy 58-4.4 will be updated to include many of the recommendations of this audit.”*

### **OIG Comment**

Management has agreed to have one comprehensive policy but has not indicated that the revised policy will define who has the authority to request PCD devices for other staff in their business area. We look forward to reviewing the revised policy to ensure it fully addresses this recommendation.

- 1b. Develop and implement a Personal Communication Device Request Form for requesting PCDs that requires an adequate business justification for each PCD user and allows for increased flexibility for managers to select plan options (i.e. voice only or data only).

### **Management Response**

*“Disagree with recommendation. The request for the issuance of a PCD is at the discretion of the senior level managers, who will maintain the business justification for the personnel under their charge in accordance with Policy 58-4.4, and the requirements for disaster recovery and COOP. The method established for requesting is e-mail, no form will be established.”*

### **OIG Comment**

The OIG agrees with management that the issuance of the PCDs is at the discretion of the senior level managers. However, the OIG’s audit testing revealed that senior level management is not adequately informed about the PCD program costs and options in order to make an informed decision to justify and authorize PCDs. Therefore, the OIG continues to believe a standard form documenting the justification at the senior level, and then forwarded to the PCD program office for PCD issuance, is necessary. The form could also serve to inform managers about the PCD costs and options, which could be a factor in the justification process at the division level.

- 1c. Require supervisors/managers to re-justify the business needs of current PCD users via a PCD request form.

**Management Response**

*“Disagree with recommendation: The PCD users do not justify their business needs. The senior management team determines which key personnel requires the use of a PCD. Policy 58-4.4 will be updated to require senior management to re-certify the assigned personnel annually.”*

**OIG Comment**

Based on the documentation reviewed during the audit, we feel management would benefit from the use of a standard form, which could be sent and received electronically, to adequately and consistently document the annual re-certifications performed by senior managers.

- 1d. Issue devices only after adequate justification and formal request has been provided and approved.

**Management Response**

*“Disagree with recommendation: The PCD users do not justify their business needs. The senior management team determines which key personnel requires the use of a PCD. Policy 58-4.4 will be updated to require senior management to re-certify the assigned personnel annually.”*

**OIG Comment**

This recommendation relates to initial request and business justification receipt prior to ITD issuing a device. We recommend ITD issue devices only after adequate justification and formal request has been provided and approved.

- 1e. Maintain all request forms for PCD users in the agency that includes (but not limited to) the make, model, issue date, and FEC property bar code number.

**Management Response**

*“Disagree with recommendation. No request forms will be required, however the email request from senior managers authorized to make such requests shall be maintained on file, until replaced by the annual recertification emails. The assignment of a particular unit to a particular user will be maintained in the master PCD inventory tracking system.”*

**OIG Comment**

The OIG continues to believe management should maintain all request forms to include the initial justification and annual re-certification. Further, we recommend the request for and assignment of a device is linked to physical documentation which indicates the device model, telephone number, and the date that the device was issued to the employee. That information can then be used to support and maintain the master PCD inventory tracking system.

### ***Authority to Request PCDs***

The procedures in Commission Bulletin 2001-11A gives all employees the authority to request a PCD through the submission of a request form. However, according to Policy Number 58-4.4, the only individuals who are authorized to request PCDs for other staff are those identified as “base group” users. The base group users are individuals who are provided a personal communication device based on their position or job duties (no request needed), and have the authority to establish the core group of PCD users for their business area.

The current list of base group users consists only of the following specific job titles and offices in the agency:

- Commissioners;
- Commission Office Staff;
- Staff Director;
- Deputy Staff Directors;
- Office of Inspector General (OIG);
- Office of the Chief Financial Officer (OCFO);
- General Counsel; and
- Associate General Counsels.

Policy 58.4-4 fails to clearly distinguish between **a)** which specific employee positions and/or offices can receive an agency issued PCD without a formal request form and **b)** which employee positions in the agency have the authority to request PCD’s for other staff in their business area.

Among the list of base group users is the entire Commission office staff. The latest revision to Policy 58-4.4 in July 2008 includes the OIG and the OCFO as part of the base group. When adding the offices as a whole (i.e. OCFO, OIG, Commission office staff) to the base group users, the policy indicates that all staff within those specified offices, to include individuals who are not management level or in supervisory positions has full authority to obtain and request PCDs. The policy does not indicate what specific positions in the OIG (i.e. *Inspector General, Deputy IG*) and OCFO (i.e. *CFO, Deputy CFO*) would have the ability to obtain a PCD without formal request due to their position and/or FEC duties.

In some cases, the individuals that are requesting devices from ITD are listed as a base group user. In other cases, ITD accepts PCD requests from individuals who, according to the policy, do not have the authority to request devices for others in their business area. Some of the individuals who do not have authority to submit PCD requests are in supervisory positions. Although ITD allows these individuals in supervisory positions to submit PCD requests, the policy does not identify these individuals as a base group user, which provides authority to submit PCD requests for other staff.

## Recommendation

- 1f. Maintain one comprehensive personal communication device policy that clearly defines what positions and/or offices can receive PCDs without a formal request due to the employees' position and/or required FEC duties (i.e. "base group").

### **Management Response:**

*"Agree with recommendation: Commission Bulletin 2001-11A is outdated and does not reflect updated technology and improvements in telecommunications pricing. This bulletin has been superseded by Policy 58-4.4 Commission Bulletin 2001-11A will be rescinded. Policy 58-4.4 will be updated to include many of the recommendations of this audit."*

### **OIG Comment**

Although management agrees with the recommendation, their response does not address the need for a policy that clearly defines what positions and/or offices can receive PCDs without a formal request. We look forward to reviewing the revised policy to ensure it fully addresses this recommendation.

## *Approval Process*

FEC lacks a formalized approval process for PCD requests. The approval process in Commission Bulletin 2001-11A conflicts with the approval process in Policy Number 58-4.4.

Commission Bulletin 2001-11A states:

*"After supervisory approval is obtained on the request form, employees will be given their new cell phone . . ."*

Policy Number 58-4.4 states:

*"All requests to obtain a FEC PCD from staff . . . must be submitted in writing to the appropriate Deputy Staff Director, or Associate General Counsel for approval. Employees of the Offices of Inspector General and Chief Financial Officer should submit their request to their appropriate manager."*

The procedures in Commission Bulletin 2001-11A allow all supervisors in the agency to approve PCD requests for their staff. However, according to Policy Number 58-4.4, the only approving officials for PCD requests should be the Staff Director and Associate General Counsels, with the exception of the OIG and OCFO. Only 3 of the 21 PCD requests retained by ITD were properly approved to have PCDs according to ITD's Policy Number 58-4.4.

In addition to having conflicting approval processes, ITD has not documented their annual re-authorization process in their current policy. The re-authorization process consists of ITD providing an e-mail to managers in the agency to receive confirmation that the current PCD users in their business areas are still authorized to have a FEC issued PCD. Although ITD is

performing the reauthorization process, the process is not adequate and the most recent reauthorization was incomplete. During the most recent re-authorization of PCD users, ITD only confirmed reauthorization for 86 of 120 PCD users. Out of the 86 PCD users that were re-authorized, 33 were validated as individuals still authorized to be issued a PCD by an employee other than the Staff Director and Associate General Counsel, as required by Policy 58.4-4. The authorizing employee was also not in a managerial or supervisory position as indicated in Commission Bulletin 2001-11A to approve a PCD request.

## **Recommendations**

- 1g. Maintain one comprehensive personal communication device policy that clearly identifies those in the agency with authority to approve PCD requests.

### **Management Response**

*“Agree in part with recommendation: Commission Bulletin 2001-11A is outdated and does not reflect updated technology and improvements in telecommunications pricing. This bulletin has been superseded by Policy 58-4.4 Commission Bulletin 2001-11A will be rescinded. Policy 58-4.4 will be updated to include many of the recommendations of this audit. The revised policy will have to be reviewed after the revision, it is agreed that the present policy must be revised.”*

### **OIG Comment**

Although management agrees with the recommendation, their response does not address the need for a policy that clearly identifies those in the agency with the authority to approve PCD requests. We look forward to reviewing the revised policy to ensure it fully addresses this recommendation.

- 1h. Document the ITD re-authorization process of PCD users in ITD’s Policy 58-4.4.

### **Management Response**

*“Agree with recommendation: Will be included in the update to Policy 58-4.4.”*

### **OIG Comment**

Agency’s planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.

- 1i. Identify who has authority to re-authorize PCD users in ITD’s Policy 58-4.4.

### **Management Response**

*“Agree with recommendation: Will be included in the update to Policy58-4.4.”*

### **OIG Comment**

Agency’s planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.

## ***Personal Use & Internal Revenue Service Regulations***

Currently, PCD users are allowed to adhere to the policy and procedures regarding personal use in Policy Number 58-4.4 Section 2.t which states:

*“PCD’s are issued for FEC business. Personal use should be limited to minimal and incidental use . . .Appropriate discipline may be taken if it is determined that the **rule of minimal personal use** has been abused.”* [Emphasis added]

However, the “rule of minimal personal use” has not been defined and is not communicated to all users to determine what level of personal use is allowed. Management also does not provide policies and procedures to users when issuing devices.

Contrary to Policy Number 58-4.4 Section 2.t, the Commission Bulletin 2001-11A policy prohibits personal use of agency issued cell phones, as follows:

*“No personal calls are to be made on the agency cell phones. The cell phone is for official use only.”*

The OIG identified through audit testing that several employees use their FEC issued PCDs for personal use and the level of personal use for some employees would not adhere to ITD’s “rule of minimal personal use.”

In addition to the rule of personal use, the policies and procedures do not incorporate the Internal Revenue Service (IRS) regulations regarding taxable fringe benefits. The FEC was unaware that personal use of an FEC issued PCD should be included in employee wages as a taxable fringe benefit. Subsequently, the FEC is not compliant with Internal Revenue Code (IRC) 274(d)-Substantiation Requirements.

The IRS tax code (Title 26) requires employees who are issued cell phones by their employer to clearly substantiate their business use from their personal use. The Internal Revenue Code (IRC) 274(d) explains that substantiation is required for any “listed property.” *IRC 280F(d)(4)* identifies any cellular phone (or other similar telecommunications equipment) as a “listed property” which is taxable to the employee as a fringe benefit if the device is used for personal use. The cell phone device is taxable to the employee because “the nature of the property lends itself to personal use.” The *(IRC) 132(d)* explains that business use is excludable from the wages of the employee as a working condition fringe benefit; therefore, “employees are required to account for business and personal use.”

IRC 274(d) notes that “records of business and personal use must be kept by the employee in order to determine whether the value of any of the use is included in the employee’s wages.” Further, if employees do not substantiate their business use from personal use, all use is included in the wages of the employee.

Commission Bulletin 2001-11A Policy section, #2 states “*Cell phone users must sign a receiving report indicating calls and charges incurred are valid and made for official use,*”

however, this policy has not been enforced or incorporated into the PCD security policy and structured to incorporate IRS regulations. Commission Bulletin 2001-11A and Policy Number 58-4.4 also do not indicate who in the agency is responsible for enforcing and monitoring this IRS regulation.

Currently, the IRS is exploring methods to simplify the procedures for substantiating employee's business use of an employer provided cell phone. Until the legislation is changed, IRS tax rulings remain in effect and the FEC should implement reasonable measures to adhere to the requirements.

### **Recommendations**

- 1j. FEC should adhere to the IRS regulations and revise program policies to reflect those regulations.

#### **Management Response**

*“Disagree with recommendation: FEC senior management and Office of General Counsel will review IRS regulations to determine if any apply to the FEC policies regarding PCD use within the agency, and adjust our current policies to reflect current regulations. However, as discussed at the exit meeting, FEC management will hold in abeyance until further guidance issued by Commissioner of the IRS, in accordance with his statement dated 6/16/09”.*

#### **OIG Comment**

Although the Commissioner of the IRS has “requested Congress act to make clear that there will be no tax consequences to employers or employees for personal use of work-related devices such as cell phones provided by employers,” the law is still in effect and management should take reasonable steps to adhere to current IRS requirements. These additional procedures and controls would also help ensure the program expenses were related to business activity rather than personal use.

- 1k. Provide the policies and procedures for the use of PCDs to all PCD users when issuing a device.

#### **Management Response**

*“Neither agree nor disagree here is what we will do: All policies and directives are maintained in a shared folder and is accessible to all FEC personnel. All users will be directed to that folder so they may review applicable directives.”*

#### **OIG Comment**

Agency's planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.

## **2. Personal Communication Device Program Monitoring**

FEC does not effectively monitor and manage the Blackberry program to control and reduce program costs. AT&T has provided FEC with access to *AT&T Premier Online Care*, a website that allows ITD program staff to manage program costs and other features of the FEC's AT&T service plan. By using the Premier website, FEC is able to: update individual user information; make service plan changes; add and remove phone features; manage add-on plans; suspend/reinstate phones; and review billing information. Although the AT&T online tool is provided for effective and efficient management of FEC's AT&T service plan, the overall lack of program monitoring and ineffectively managing the program results in inadequate records and additional cost to the agency.

### ***Excessive Service Plan Costs***

FEC incurs excessive monthly service charges for active spare PCDs and PCDs issued to FEC employees but are not being used. ITD does not suspend or terminate devices in a timely manner when an employee leaves the agency or when employees have been reassigned from a temporary position that required an FEC issued PCD. According to the FEC's AT&T representative, FEC can suspend a phone with a code for "vacation suspension" and the monthly fee will be reduced to \$10 for 180 days. If service is canceled, the AT&T representative can waive the termination fee for government users.

Audit testing showed 19 devices were either not assigned to staff or were assigned to staff who had left the FEC and were inactive for a total of 107 months. If management had suspended the PCD's service, FEC would have been charged a lesser rate of \$10 per month. Instead, FEC retained service for the PCDs and paid full monthly service charges of \$8,614.39 over a 16 month period for inactive accounts. If the service was canceled, FEC would have paid no additional fees as well as no termination fee.

PCD program staff stated that ITD maintains active spare devices in cases of immediate need. However, AT&T's telephone service can be activated within 24 hours of an activation request through the FEC's AT&T representative. Under the FEC's prior Nation 450 service plan from June 2009 through August 2009, FEC was charged \$643.36 for four spare PCDs; these telephone lines were activated in June 2009. Under the current Government Pooled Plan, FEC maintains two active spare devices that are charged \$158 a month collectively for services that are not being used.

### **Recommendations**

- 2a. All unassigned devices should be suspended or service should be terminated if the device can not be immediately transferred to another user (no active spares kept in ITD). ITD retains a minimum of 10 inactive spare devices and a spare SIM. If required, a device could be activated within 24 hours.

### **Management Response**

*"Disagree with recommendation. ITD has in the past allowed too many devices to be at the ready, however there is a real need to maintain a minimum number of devices*

*at the ready for immediate use in the event of a catastrophic or emergency situation and the non availability of personnel that has the authorization to activate a device. ITD will keep a minimum of three devices activated for use by any personnel designated by proper authority at a moments notice. This policy will be incorporated in the updated FEC PCD Policy.”*

**OIG Comment**

The OIG continues to believe ITD should eliminate, or minimize to the maximum extent possible, the number of unassigned active devices. It is important to note the FEC’s recent roll-out of portable netbook computers should help alleviate the need to maintain unnecessary unassigned active devices.

- 2b. Devices assigned to employees based on temporary roles should be recovered when the employee is no longer in the temporary position.

**Management Response**

*“Agreed. Project management personnel will more closely monitor PDC’s that are no longer in use.”*

**OIG Comment**

Agency’s planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.

***Assessment of Business Needs***

Management does not assess the business needs of employees requesting PCD’s to provide the appropriate service plan features and reduce costs to the agency. Instead, employees are provided a device with no discussion or formal assessment of business needs compared to service plan options. Based on our audit testing of employee PCD usage, PCD users are assigned devices with plan features that are not aligned to their specific business needs. Consequently, the FEC pays monthly service charges for phone features that are not used. “It’s important for an organization to thoroughly understand . . . who is using the devices and how they are using them.”<sup>6</sup> OIG discussions with FEC’s AT&T representative revealed that management is able to adjust the standard service plan of voice and data to fit users specific business needs. Management has the ability to assign PCD users a data only plan (i.e. email), as opposed to the bundled data and voice service plan. If the user selects a data plan with no voice feature, AT&T adds a \$5.00 fee to the monthly data plan. For instance, the cost of the standard data plan with a voice feature is \$44.99 per month. When the monthly cost of the voice feature, \$39.99 is included, the total monthly service charge is \$84.98<sup>7</sup>. If the user only has a data plan, the total monthly service cost is only \$5.00 additional to the standard data plan, a total monthly service charge of \$49.99. The OIG’s review of PCD users’ monthly

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<sup>6</sup> Greengard, Samuel. “The Fusion of Business and Technology: Minding Your Mobile Assets.” *Baseline* November 2009: 23+.

<sup>7</sup> Total monthly service charge for the bundled plan does not include FEC’s government discount of \$7.68.

activity showed that several users could reduce their plan to a data only plan and produce substantial cost savings to the agency.

The OIG conducted detailed testing of PCD usage under the Nation 450 plan for the 16 month period, May 2008 through August 2009. The OIG identified a total of 65 PCD users with minimal to no use of their devices. This includes users who had 0 voice minutes used and 0 data usage or only used 10 percent or less of their voice minutes during the time they were assigned the device.

For the 16 month period, May 2008 to August 2009, FEC paid \$77,362.73 or 52 percent of the total program service costs for the period for the 65 PCD users to have a combined data and voice plan. The monthly service charge for a standard bundled plan of voice and data under the Nation 450 plan was \$77.30. When separating the PCD users in the categories of users with no voice or data usage, and users with less than 10 percent of voice minutes used over the 16 month period, FEC paid:

- \$6,909 for 5 users with no voice OR data usage for half or more of the 16 month testing period; and
- \$70,453 for 60 users who only used 10% or less of their voice minutes.

If the 65 users were only charged a data only plan, the monthly service fee would have been reduced to \$49.99 per user and the potential savings to the agency would have been approximately \$32,359 in program costs.

The FEC structured their new Government Pooled plans to give the agency a monthly allowance of 12,900 minutes to be shared among all users. Although the Government Pooled plans are not structured where each individual is assigned to their own monthly minutes, management can still reduce cost to the agency. If management adjusted the service plans of the users with minimal or no voice use, to just a data plan, several service plans would decrease to \$49.99 per month and program costs would be reduced. The employee survey results showed that out of 115 PCD users who responded to the survey, 49 do not use their voice feature, and 10 users feel that the PCD is not necessary to efficiently and effectively perform their FEC duties. Potentially these PCD users could do without the device.

The OIG is aware there are PCD users who may not frequently use their voice feature, but due to their required FEC duties, the voice feature for their service plan is necessary. The OIG also recognizes that the users' managers are ultimately responsible for identifying employees who should be assigned PCDs to effectively perform their job. However, audit testing shows that FEC could significantly reduce program costs by monitoring and providing services that fit users' needs.

## **Recommendations**

- 2c. Review the audit testing results for users with very limited or no usage and determine if an actual business need exists to retain the device. If a valid need exists,

ensure the employee still has the device, it is serviceable, and the employee understands how to use the device.

### **Management Response**

*“Disagree with recommendation. It has been determined by senior FEC management that in order to properly conduct continuous business, while both in the local FEC geographical area, or on travel in the conduct of official or non-official business, or in the event of a disaster, or emergency that certain key personnel are required to be in communication with FEC officials. These key personnel will be identified by the authorizing senior level FEC managers without question from ITD program administrators. Policy 58-4.4 will be updated to reflect the annual certification by senior level management will be used to determine that the persons assigned a PCD, are to continue to be authorized to use FEC PCD. The employees issued PCD’s will be issued them in accordance with Policy 58-4.4, it is up to the individual managers to ensure that the employees understand how to use the device, ITD training personnel are available to assist the managers in this endeavor. The authorization, use, care, and individual accountability for the devices is not the responsibility of the ITD.”*

### **OIG Comment**

The OIG recognizes management’s intention that some employees, no matter the level of use exhibited, will be issued a device based on business continuity need. We also recognize that management may wish to reevaluate the need for some employees based on past use. The OIG believes that a device that is powered off, not carried with employees at all times, or is not serviceable, will never meet FEC management’s intended business need and is a waste of government funds. We recommend management review the historical user activity reports for users with very limited or no usage and determine if an actual business need exists to retain the device. If a valid need exists, ensure the employee still has the device, it is serviceable, and the employee understands how to use the device.

- 2d. Document the requestor’s expected need for a PCD (i.e. e-mail only, phone communication, e-mail and phone) through a request form to determine which plan feature(s) best fit the requestor’s business need (i.e. *data only plan, voice only, or bundled plan*).

### **Management Response**

*Disagree with the recommendation. The FEC has one and only one plan based upon the desires from the senior level management, that all personnel issued a PCD have the capability for voice, data, and text communication. In order to accommodate these criteria, the ITD assisted the contracting officer in plan and device selection. It has been determined by FEC senior management that in order to be able to respond to any catastrophic or emergency situation, that all FEC PCD user’s are able to access or be accessed through voice, data transmission or texting. This approach to emergency preparedness as well as the efficient conduct of daily business*

*transactions has been deemed by senior FEC management to be the most effective use of the agency budget for this type of communication system.*

### **OIG Comment**

The OIG understands that management has one AT&T service plan, however; this plan can be adjusted to add or remove features to best fit the agency's needs and also produce cost savings to the agency. The FEC currently has one PCD user whose plan has been adjusted to a data only plan. The OIG's *Employee Mobile Survey* combined with the OIG's audit testing indicates that the agency pays monthly service costs for several users who do not use their voice feature. We recommend that management provide managers/supervisors with the option to assign their staff with the plan features that best fit the business needs of the agency.

- 2e. Notify managers during the reauthorization process of the ability to revise PCD plan options in the future to appropriately support the PCD user's business need (*i.e. if the user requests a data and voice plan but only uses data, their standard service can be reduced to a data only plan*).

### **Management Response**

**"See response above.** *The FEC has one plan for all users."*

### **OIG Comment**

The OIG understands that management has one AT&T service plan, however; this plan can be adjusted to add or remove features to best fit the agency's needs and also produce cost savings to the agency.

### ***Inadequate Records***

FEC's monthly invoices from AT&T do not always accurately reflect the name of FEC employees that are assigned PCD devices. Based on the OIG's audit testing, ITD program staff continuously failed to update the AT&T Premier website in a timely manner to reflect new PCD users, or PCD users who had left the agency and their device and/or telephone line had been transferred to another user. The FEC has had the ability to access and update account details using the AT&T Premier website since June 2008. As a result of the ITD program staff's failure to update the account details, FEC had 283 instances over the 16 month period where several phone lines on the FEC billing invoices did not reflect the name of the FEC employee assigned to an active telephone line. Further, once ITD program staff was provided the ability to assign the names of PCD users in the AT&T Premier website in June 2008, FEC failed in 141 instances to record the correct FEC employee to their assigned telephone line in the AT&T billing system from June 2008 through August 2009. In addition, ITD's Blackberry asset listing did not reflect four active spares that were obtained in June 2009 in which only two of the four PCDs were then issued to users in October 2009.

All active telephone lines should be recorded as spares or assigned to the correct PCD user for accurate record keeping. Also, adequate records are necessary to properly monitor PCD user's usage for unusual activity levels and improper service charges.

## **Recommendation**

- 2f. PCD user information should be kept up to date and adjusted in a timely manner on the ITD master Blackberry listing and the AT&T Premier website for employee separations and new assignment of devices.

### **Management Response**

*“Agree. User information will be kept up to date in a timelier manner to include the AT&T website. The Policy 58-4.4 will be updated to reflect the monitoring of the information.”*

### **OIG Comment**

Agency’s planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.

## ***Knowledge of Service Plan***

Throughout the 16 month testing period, FEC incurred extra usage charges. ITD fails to provide sufficient information to PCD users regarding plan details and device features that result in additional charges. As stated above in the *Employee Survey Results*, 83 PCD users out of 115 who responded to the survey are unaware of the FEC’s service plan details. Employees and managers are not notified of:

- plan options that can reduce their standard monthly cost (i.e. data only or voice only plans);
- phone features that incur additional cost to the agency (i.e. directory assistance, roaming); and
- the ability to revise plan features in the future to best fit the FEC’s business needs.

For the voice plans, FEC spent \$1,615.63 during the 16 month testing period in usage charges. The usage charges related to directory assistance calls (\$1.79 to \$1.99 per call) and calls made during international travel and outside of AT&T’s network area. FEC’s data plan also incurred usage charges totaling \$2,160.66. The data plan usage charges included texting (20 cents per text), data connectivity/transfer and roaming charges for international travel, or travel to locations not considered in AT&T’s network area. Prior to April 2009, FEC paid 20 cents per text message. ITD program staff identified instances of contacting specific PCD users due to excessive use of the texting feature that caused high dollar service fees.

## **Recommendation**

- 2g. Management should educate PCD users of all features that incur additional cost to the agency, such as roaming charges that result when employees place calls outside

AT&T service areas; texting; directory assistance; and voice use over the pooled plan limits.

### **Management Response**

*“Agreed. Since the beginning of this fiscal year (FY10) the FEC has gone to an all inclusive billing that allows each user 200 minutes of voice, pooled to avoid overage charges, unlimited data and unlimited text. The users will be kept abreast of plan changes.”*

### **OIG Comment**

Although management agrees, it is important that management ensure the users are informed of plan features that incur additional charges, such as: roaming charges that result when employees place calls outside AT&T service areas; directory assistance; and voice use over the pooled plan limits.

### ***Add-on Service Features***

Device features that are not included in the standard service plan are not properly managed by ITD program staff. Some FEC employees have international add-on plans that cost an extra \$20 per month. Other PCD users who travel internationally that do not have an international add-on plan are charged various extra fees per kilobyte for data (amount varies depending on location of travel), and anywhere from \$0.09 to \$3.49 per minute for voice while on international travel. International add-on plans are retained as part of the monthly service plan for several PCD users. The add-on plans are retained for several months after users have returned from travel. The OIG also identified a user who does not travel internationally for business as part of their FEC duties but is assigned an international add-on plan. During the scope of the audit, FEC paid \$8,343.49 in international add-on plans for 15 PCD users in which:

- 6 of the 15 users have no record of travel for the total number of months they were charged for an international add-on plan. This resulted in a total service charge of \$2,620.23;
- 3 of the 15 users have no record of travel during the entire 16 month period reviewed, resulting in service charges totaling \$955.11; and
- the last 6 of the total 15 users where charged for an international add-on plan for several months before or after their actual travel dates which resulted in \$2,754.38 in service charges.

As a result of the above conditions, the FEC overpaid service costs by \$6,329.72 for international add-on plans.

## **Recommendation**

- 2h. Provide the international add-on plan to the standard monthly service for users who frequently travel internationally for business. Require written request for the international add-on plan for PCD users who do not frequently travel internationally for business. This request should include their beginning and ending date of travel. Based on the information, the international service option should be promptly activated and terminated.

### **Management Response**

*“Agree with recommendation. When an authorized user is performing international travel, an e-mail request is submitted to the Blackberry administrator with the period of international travel. The administrator then activates international add-on plan for the period requested. When the traveler returns, an email is sent to terminate the international add-on plan. The email communication is the only communication required, no form will be necessary.”*

### **OIG Comment**

ITD should ensure that the beginning and ending dates of travel are included in every PCD users' e-mail requests to activate international add-on plans. Also, the Management Assistant who is responsible for activating the international add-on plan for users should establish a method that will ensure timely termination of the international add-on plan service when users return from travel.

## ***Managing Service Plan Features and Cost***

Based on the audit testing, the OIG determined there was insufficient communication regarding the details of the PCD contract between ITD and the Office of Procurement. The FEC Contracting Officer recently transitioned the agency from the AT&T Nation 450 plan to the Government Pooled 100 & 200 plans. The decision to change service plans was based solely on an assessment of the minutes used by FEC PCD users, an analysis conducted by an AT&T account representative. The AT&T account representative then provided a quote for the Government Pooled plans to the Contracting Officer based on the assessment. According to the Contracting Officer, the change to the new pooled plan was expected to reduce program costs by 10 to 20 percent annually. The Contracting Officer's decision to switch plans was performed without consultation with the PCD program area staff knowledgeable of employee usage levels (minutes), as well as specific user needs and service features. The FEC's monthly AT&T invoice increased an estimated \$2,260 after changing to the Government Pooled Plan 100 & 200. The increase was due to 113 devices being charged an additional \$20 per month for unlimited texting, a service feature included in the Nation 450 plan at no additional cost. The additional cost for texting was not included in the quote provided by AT&T to the Contracting Officer prior to changing service plans. It is likely that consultation with the PCD program office would have highlighted the discrepancy that the quote for the Government Pooled Plans lacked information on texting, and whether the agency would incur additional charges for the texting feature. The PCD program office does not periodically review the service plans offered by their current provider or conduct market research of other potential vendors to decrease program costs.

During audit testing, the OIG selected T-Mobile and Verizon Wireless from the General Services Administration (GSA) contractor schedule to compare the cost and available minutes to the FEC's AT&T Government Pooled plan. The FEC's Government Pooled 100 and 200 plans give FEC users 12,900 shared anytime minutes, 5,000 nights and weekend minutes, and unlimited mobile to mobile minutes. The FEC retained their unlimited domestic data plan, and unlimited domestic air card service under AT&T. The OIG downloaded T-Mobile and Verizon's GSA pricing schedule and contacted sales representatives to receive cost information regarding their service plan options and hardware (i.e. mobile devices and air cards) that would closely mirror the FEC's current AT&T Government Pooled Plans and hardware.

T-Mobile provided the OIG with a detailed spreadsheet of the estimated annual costs based on the current number of PCDs issued to FEC employees. The OIG included one standard cell phone that is used by investigators, and 9 air cards that the FEC also has with AT&T which is included in the total annual fee of \$114,465 for the AT&T Government Pooled Plans. The plan for T-Mobile that would closely mirror the current FEC AT&T plan would be the Nationwide Enterprise Plan 50 (*GS-35F-0503M*). Under the T-Mobile plan, the agency would receive 50,000 monthly pooled minutes, 50 free lines, free mobile to mobile, unlimited nights and weekends, and 400 text messages per user each month. The plan would also include free Blackberry devices for phone models 8220, 8820, 9700, or 8900, and free air cards. The estimated annual cost to the agency for the T-Mobile plan is \$62,308, which is an annual savings of \$52,158 compared to AT&T's Government Pooled plans. For the Verizon Voice and Data bundle plan (*GS-35F-0119P*), FEC would receive 300 minutes per user each month that can be shared (38,700 pooled minutes), unlimited nights and weekends, unlimited mobile to mobile, and unlimited data and domestic text messaging. Verizon would provide all air cards and Blackberry curve 8830 devices at no cost to the agency. The estimated annual cost to the agency for the Verizon plan is \$79,881, which is an annual savings of \$34,585.

The table on the following page is a summary table of the monthly service costs for comparable service by vendor:

<i>General Services Administration Schedule Pricing</i>			
<i>Monthly Service Fees</i>	<i>AT&amp;T</i>	<i>T-Mobile</i>	<i>Verizon</i>
<i>Voice &amp; Data Plan (119 phones)</i>	\$8,918.82	\$4,566.21	\$5,948.81
<i>Data Only Plan</i>	\$50.00	\$32.80	\$34.99
<i>OGC standard cellular telephone</i>	\$30.00	\$24.59	\$29.99
<i>Air Card Service (9 cards)</i>	\$540.00	\$369.00	\$386.91
<i>Regulatory Charges Estimated 4%</i>	@	\$199.70	\$256.03
<i>Monthly Total</i>	\$9,538.82	\$5,192.30	\$6,656.73

*Price quotes were obtained by the OIG for audit purposes only. The prices stated in the table above are not committed prices by the vendors. Final contract prices may vary. The OIG's calculations for T-Mobile and Verizon reflect the current number of FEC PCD users and air cards as of October 2009. @ The AT&T rates listed in the table above include the regulatory charges in the monthly service fee.*

**Recommendations**

- 2i. ITD's Management Assistant should annually monitor monthly PCD usage to assess if the current plan should be adjusted to appropriately meet user needs.

**Management Response**

*"Agreed. This action is performed by the contracting officer at the time of contract renewal."*

**OIG Comment**

Management's response indicates the assessment is performed at the contract renewal by the contracting officer. The OIG continues to believe the ITD Management Assistant should monitor monthly PCD usage and annually assess if the current plan should be adjusted to appropriately meet agency needs. This person reviews the monthly invoices and is most familiar with the plan features and billing details.

- 2j. Prior to renewing PCD services or switching service plans, the Contracting Office, in consultation with the PCD Program Office, should conduct and document analysis of service plans offered by the current provider and other potential vendors on the GSA schedule to achieve best value for the agency. Further, the Contracting Office should discuss actual plan details and agency use with the PCD program office and ensure any negotiated service options, such as free texting, are included in quotes from potential vendors.

## **Management Response**

*“This action is the responsibility of the contracting officer and is conducted in accordance with the requirements of the FAR. The contracting officer routinely takes this action on each and every contract action he authorizes, as required by law.”*

## **OIG Comment**

The OIG continues to believe it is in the best interest of the agency for the program area (point of contact), working with the Procurement Office, to conduct market research and obtain additional quotes prior to awarding another blanket purchase agreement (BPA) contract for personal communication devices in FY 2011, the year the current contract is scheduled to expire.

According to the FEC’s Procurement Office policies and procedures, *“it is everyone’s responsibility to ensure that market research is performed for all actions that require the expenditure of appropriated funds.”* According to the FEC Procurement Procedures 10, *“the following BPA Review procedures will be coordinated via the Director of Procurement to the appropriate POCs/COTRs<sup>8</sup> through the CFO Internal Control Program on an annual basis. The contracting officer that entered into a BPA shall-*

*A. Ensure each BPA is reviewed annually and, if necessary updated any pertinent contract information at that time; and*

*B. If the BPA is under a GSA schedule ensure that the most recent GSA Schedule for pricing has been distributed to the ordering officials and inserted in the file.*

*C. Maintain awareness of changes in market conditions, sources of supply, and other pertinent factors that may warrant making new arrangements with different suppliers or modifying existing arrangements.*

### **3. Tracking and Managing Personal Communication Devices**

ITD does not keep adequate records regarding FEC PCDs and does not efficiently and effectively manage devices to prevent fraud, waste and abuse. Also, ITD is not in compliance with Commission Bulletin 2006-04 for tracking PCDs. Specifically, ITD does not maintain an inventory of PCDs in the Fixed Asset System (FAS) and FEC property bar codes are not assigned to mobile devices.

#### ***Asset Tracking***

ITD maintains several Excel spreadsheets to keep inventory records of:

- the names of PCD users issued PCDs, including the date the PCD was issued, model number, device serial number, and telephone number associated with the user/device;

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<sup>8</sup> Point of Contact (POC) and Contracting Officer’s Technical Representative (COTR)

- which devices are unassigned (spare devices); and
- devices that have been lost, stolen, broken, or discarded.

At the beginning of the audit, the OIG received an inventory listing of devices held by the agency. The listing provided on August 28, 2009 did not include:

- PCDs no longer in use due to upgrade or breakage, but still retained by the agency in storage;
- 14 Palm Treo 650 models that are in near new condition;
- devices that were lost or stolen;
- devices that were destroyed and disposed of by ITD staff;
- new devices held as spares;
- four service plans that were activated in June 2009; and
- complete details on the date devices were issued to employees. Nine (9) of the 116 listed devices did not have the date issued field completed<sup>9</sup>.

In May 2009, a device was listed as assigned to an FEC employee who never accepted the FEC issued device. Further, the assignment of the device to the user's name was listed on the AT&T monthly invoices through December 2009. In addition, the employee survey results revealed that 20 PCD models assigned to users on the ITD Blackberry listing were incorrect. This may indicate that employees were unable to correctly identify their model number or that the ITD asset listing requires update.

A second PCD listing was provided on January 15, 2010 that included devices disposed of by ITD, older devices no longer in use, lost and stolen items. However, the listing did not include the date devices were issued to employees. Further, most items in the asset listing did not include the date returned by employees even though the asset listing contained a field to capture the data. None of the listings included a field to record the date an item was disposed by the agency. The second asset listing also did not include all devices that had been purchased, used by agency staff, but then replaced by newer devices, such as the Palm Treos procured in fiscal year 2006.

Upon request, a third asset listing was provided on January 15, 2010 with detail of the 15 Palm Treo's purchased for ITD staff use in fiscal year 2006 and 2007. Finally, a fourth asset listing was provided January 20, 2010 by ITD's Management Assistant who is responsible for maintaining the asset listings.

The fourth listing was an Excel workbook with different worksheets for "in service," "unassigned" and "out of service" but did not include older devices held in storage or all new devices received in 2009. The listing did not contain an accurate status of all new devices received prior to January 20, 2010.

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<sup>9</sup> The majority of items not containing a date related to PCDs issued to ITD staff members.

## Recommendations

- 3a. Adhere to Commission Bulletin 2006-04 and track personal communication devices in the Fixed Asset System and apply barcodes to all devices.

### Management Response

*“Since Commission Bulletin 2006-04 address mainly cell phone and pagers, and modern PCD’s it shall be rescinded and replaced with Policy58-4.4. Policy58-4.4 is in processed of being revised to include some of the recommendations contained in this audit, and to provide additional clarity.”*

### OIG Comment

Management’s response does not indicate whether they agree fully with the recommendation or provide explanation of their disagreement.

### *PCD Status and Location*

The current method of tracking PCDs and their status using the Excel spreadsheet is not effective because the spreadsheet does not contain defined fields to document dates issued, returned, and location of assets that are not issued to employees. The current PCD listings reflect a point in time snapshot rather than the life-cycle for each asset. Review of the PCD listings showed 11 devices were reported lost, 4 were reported stolen and 38 are broken. Per ITD’s Policy Number 58.4-4, if a PCD is stolen, the PCD user is responsible for filing a police report as soon as possible. No police reports were available for the items listed as stolen. It is unclear if employees filed a police report but failed to provide a copy to the FEC, or the employee did not file a report as required by the policy. Of the devices listed as broken, one was returned to AT&T under warranty and replaced. Two of the devices listed as broken were not located in the boxes of broken devices provided for stocktaking during the audit.

Obsolete and broken assets held by the FEC in storage were provided to the OIG for stocktaking, as were spare devices. Detail information regarding equipment purchases in monthly invoices show the FEC paid for 13 air cards at \$49.99 each for wireless computer connectivity when employees are on business travel. Three cards were returned and the asset listing provided by ITD listed only 9 wireless devices as issued to FEC staff and no additional devices were presented for stock take or listed as spares. Therefore, the FEC could not account for 1 air card.

The asset listings provided for the audit contained inaccuracies. For instance, one Blackberry 8700c is listed as “out of service” due to a former employee’s failure to return the device when leaving the FEC. The person ceased to have access to an FEC issued communication device in September 2006, and at that time, the FEC only used Blackberry models 6290, 7280, 7290 and Palm Treos. The OIG’s review of agency records show the employee had actually been issued a Blackberry 7290, which is now listed as “discarded” in the asset listings. The FEC upgraded existing telephone lines to Blackberry models 8100 and 8700c beginning in December 2007, more than a year after the employee had access to a device

removed and nine months after the employee resigned. The agency received PCD upgrades for telephone lines but did not always issue the upgraded devices to the person whose telephone line qualified for a free upgrade. In this case, it appears a Blackberry 8700c was received as an upgrade for the telephone line previously assigned to the employee. The loss of the 8700c is incorrectly attributed to the former employee who could not have been issued the device retaining it when he left. Review of monthly invoices showed FEC program management had the telephone assigned as "Supply room" and not to a particular employee. It is unclear whether the new device was ever issued to any FEC employee. The device was not noted among broken or spare devices during stocktaking.

The OIG's review of agency records showed that 15 ITD employees were issued Palm Treos in 2006, and service for those devices was terminated by March 2007. When the Palm Treos were purchased, new telephone numbers were obtained and those numbers were terminated when the service plans for the Palm Treo devices were canceled. New telephone numbers were assigned to the 15 ITD employees along with a new Blackberry 8100 or 8700c device procured as a replacement to the Palm Treos. The monthly invoices show program management reviewed the invoices and wrote the employees' names next to the new telephone number assigned to employees with the Blackberry 8100 and 8700c device models.

Procedures regarding the distribution of PCDs to users are not documented or enforced. According to the Administrative Assistant, who manages the device assignment and distribution processes, employees must return a device in order to receive another device. ITD provided an upgraded device to a user who was not required to return the previously issued device until nearly three (3) months after receiving the upgrade. Specifically, the initial PCD inventory listing provided to the OIG on August 28, 2009 showed an employee was assigned a Palm Treo. The Palm Treo's service was canceled and the model had been replaced in March 2007 by a Blackberry model. The second inventory listing provided by ITD showed the employee had been issued a Blackberry 8700c which was now classified as spare<sup>10</sup>. The Palm Treo assigned to the employee was not located in the boxes of spares and broken devices provided to the OIG for stock take. Instead, the Palm Treo was returned by the employee within a few days of the OIG's request during the audit. Based on the most recent asset listing, the OIG determined the employee received a Blackberry 8320 in October 2009. The 8700c previously assigned to the employee, after the Palm Treo service was canceled, was not listed as assigned to another employee until January 2010. The Palm Treo should have been returned in March 2007, when a subsequent device was issued, or October 2009 at the latest. Therefore, the OIG determined that some users were not required to return their old PCD device prior to obtaining an upgraded device. This practice conflicts with program management's assertion that an employee must return a device in order to receive a new device.

## **Recommendation**

- 3b. Document and enforce the policies and procedures for issuing a new or upgraded device to an FEC PCD user, including return of previously issued device(s).

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<sup>10</sup> The date the 8700c was issued to the employee was not included in the asset listing.

### **Management Response**

*“Policy 58-4.4 is in processed of being revised to include some of the recommendations contained in this audit, and to provide additional clarity.”*

### **OIG Comment**

Management’s response does not indicate whether they agree fully with the recommendation or provide explanation of their disagreement.

### ***Asset Disposal***

PCD inventory listings provided by program management showed 49 devices were rendered unserviceable and discarded by the FEC. Program management did not provide documentation to support when the PCDs were discarded, who performed the destruction, and whether a second person verified the destruction was performed. According to staff, devices are “wiped” prior to destruction to erase the memory and the subscriber identity module (SIM) card is removed. Devices are rendered unserviceable by striking the PCDs with a hammer and disposed of by placing the broken pieces in a trash receptacle.

Program management does not attempt to dispose of working devices through GSA, where the PCDs might be used by other agencies or be sold to the public. We noted that 14 of the 15 Palm devices appeared nearly new and could have been provided to GSA in March 2007 for use by other agencies, or been offered to FEC employees as an option to their PCD. Instead, the Treo devices have remained unused and in storage. Further, while some Blackberry devices have cracked or blemished screens, many others listed as broken appeared serviceable and passed basic functionality tests. The inventory listings did not always include detail of the device malfunction. The OIG contacted one PCD user whose device was labeled broken and was issued an upgraded device, to identify what feature(s) of the device was broken that required a new device. The PCD user stated that the upgrade was not provided due to a broken device, but only because the user had an older model.

Program management does not attempt to use GSA disposal channels to minimize environmental impact, recognizing the PCDs typically contain rechargeable batteries, even though the disposal channel is the same as that currently used for excess FEC computers and furniture.

### **Recommendations**

- 3c. ITD staff coordinate with GSA and implement processes and procedures to ensure:
- devices no longer needed are made available to other government agencies or non-profit organizations; and
  - obsolete or broken devices are disposed in a manner that is not detrimental to public health.

**Management Response**

*“Policy 58-4.4 shall be updated to reflect that all devices that are broken, obsolete, or have reached the end of the FEC service life shall be turned into GSA.”*

**OIG Comment**

Agency’s planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.

- 3d. ITD should implement a form and process, such as the NIST Sample Sanitization Validation Form, to record sanitization (wiping) of devices, disposal and/or destruction, as appropriate.

**Management Response**

*“Preparation for disposal of all PCD’s shall be in accordance with existing provisions of Policy 58.”*

**OIG Comment**

Management’s response does not indicate whether they agree fully with the recommendation or provide explanation of their disagreement.

***Segregation of Duties***

In the past, procurement of PCDs was done via the standard purchasing methods with the associated procurement controls: purchase order request; obligation of funds; subsequent management and budgetary approvals; billing by vendor; and approval for payment once goods were received. Now, however, the AT&T’s on-line client service website Premier allows customers to obtain goods and services directly from the vendor. Currently, the FEC obligates funds annually under a blanket purchase agreement to cover the AT&T monthly service costs and PCD purchases, as needed.

Orders for PCDs are billed to an active account (telephone number) in the monthly AT&T invoices for services. It is not always clear that the monthly invoices include both monthly service costs and costs for PCDs. Only through close review of the summary invoices for an unusually high dollar amount in the “monthly service fee” or “credits, adjustments and other charges” categories, then a review of the detail transaction section of the bill for that telephone number, can a person determine whether a new device was ordered and billed. For PCDs requested and received free of charge under upgrade promotions, it is even more difficult to determine whether devices have been ordered and received. Only through detailed review for nominal shipping fees, retention of device requests (emails), order confirmations (online via the website) and shipping documentation (contained in the box with shipped devices), can it be determined that devices were ordered and received by the FEC.

ITD does not ensure proper segregation of duties and oversight for managing PCDs. Since gaining access to the AT&T Premier website in June 2008, the ITD Management Assistant

who is responsible for managing PCDs, has obtained 60 PCDs, of which 40 were free under upgrade promotion, and purchased 10 air cards. On at least one occasion, the free devices were shipped directly to the ITD Management Assistant, who not only orders the devices, but also records the devices into the Excel spreadsheet used to manage the assets. The Management Assistant is also responsible for storing spare devices and distributing the PCDs to employees, as well as receiving broken or older devices from employees for disposal. According to the ITD Management Assistant, once a number of old or broken devices are accumulated, they are passed to another ITD staff member for destruction. The ITD Management Assistant also reviews and approves the monthly invoices for payment. The ITD Management Assistant's direct supervisor does not review the monthly AT&T invoices to determine whether assets have been ordered, and does not access the Premier website to determine whether mobile devices have been shipped to the FEC. As such, there is inadequate segregation of duties and oversight of asset procurement, recording, distribution, storage and disposal. The lack of segregation of duties and insufficient management oversight creates a risk of asset fraud, waste and abuse. Assets could be obtained without management knowledge and removed from the agency for personal use and/or financial gain.

### **Recommendation**

3e. Segregate the following program functions among three or more ITD staff:

- Purchasing/ordering and recording assets;
- Authorization for purchases, including devices received free under upgrade promotion;
- Receipt, storage, and distributing of assets; and
- Destruction or disposal of surplus PCDs.

### **Management Response**

*"ITD currently has three separate IT staff personnel involved in separate duties, one to authorize purchase, one for the recording of devices, and one to distribute the devices. Policy 58.4-4 will be updated to reflect the staff duties."*

### **OIG Comment**

During the period of audit, the OIG identified weak internal controls regarding the proper segregation of duties for managing the PCDs. ITD's Policy 58-4.4 should be updated to identify the ITD personnel who will be responsible for obtaining PCDs online with AT&T; authorizing purchases, to include free devices under upgrade promotions; receiving, storing, and distributing PCDs; and the disposal and destruction of surplus PCDs.

## **Fleet Vehicles and Fleet Charge Cards**

### **4. Fleet Vehicles and Fleet Charge Card Program Controls**

In 2006, FEC Admin management was alerted to possible employee abuse of agency leased fleet vehicles. After conducting a review, program management determined an employee used agency vehicles for personal use. The employee subsequently resigned from the FEC. Two of the four leased vehicles were returned to GSA after management determined the vehicles were no longer needed. In addition, abuse of fleet charge cards was suspected but not proven because the abuse could not be directly associated with one or more individuals.

Currently, there are not sufficient management controls in place to detect or prevent employee fraud, waste and abuse of fleet vehicles and fleet charge cards. Further, there are not sufficient controls to detect and correct mileage reporting errors by agency staff, or billing errors by GSA Fleet Services. During the audit, the following control weaknesses were noted for the billing periods September 2006 through September 2009:

- Admin staff tasked with driving fleet vehicles maintained trip logs from March to September 2006, but did not record mileage for each trip. Except for logs used for five days in September 2006, the forms used to log driving activity did not contain a field to record mileage per trip, therefore program management could not compare actual miles driven to expected mileage, to detect or prevent employee abuse. According to Admin staff, program management did not review the logs and vehicle trip logs are no longer created or maintained by Admin drivers. Further, the OGC Investigators maintain a trip log but do not record miles driven per trip. The OGC log documents vehicle sign-out by Admin staff who also use the vehicle occasionally to meet agency business needs, but not the trip detail. The OGC log is not provided to Admin management for use in building an expectation of monthly use and comparison to mileage reported to GSA for monthly billing.
- Admin management does not monitor actual miles driven or fuel efficiency results, both of which could highlight employee vehicle abuse. Based on a review of standard driving patterns, expected use for the agency van is approximately 215 miles per month based on 22 business days. The table below shows the expected mpg return for city driving and actual results for the leased vehicles from November 2006 through December 2009, for the period that the vehicle was leased by the agency.

Agency Leased Vehicle	Date Leased	Date Disposed	Expected MPG City Unleaded	Expected MPG City Flex Fuel	Minimum MPG	Maximum MPG	Average MPG
2001 Chevy Cavalier	11	May-08	20	18	15.67	15.85	15.76
2008 Chevy Impala	May 2008	in service	18	14	12.46	18.41	14.82
2000 Dodge Caravan	11	Apr-09	18	n/a	5.18	16.99	11.32
2009 Dodge Caravan	April 2009	in service	17	11	9.84	14.45	12.02

As shown, mpg return varied significantly for the 2000 Dodge Caravan.

- An Administrative staff member, who is also a driver, has responsibility for reporting the mileage driven each month to GSA. Fleet costs are based on a monthly fixed lease rate, plus fixed mileage rate times the miles driven per month, 19 and 20.5 cents per mile for the sedan and van respectively in FY 2009.<sup>12</sup> Program management does not verify the accuracy of the mileage reported to GSA by the drivers or verify that miles reported and billed are within tolerance of expected vehicle use for legitimate business needs. Large errors in mileage reporting for one agency vehicle occurred in July, August and September 2006 as noted in the following table (Ford Taurus sedan tag G11 10857).

Billing Period	Ford Reported Miles Driven	Ford Lease Cost For Month	Total Invoiced All Vehicles
July 2006	-8,697	(\$ 1,550.91)	(\$ 476.54)
August 2006	27	\$ 262.37	\$ 871.20
September 2006	9,738	\$ 1,798.80	\$ 2,516.26

Currently, agency staff uses the telephone to report starting and ending mileage for each vehicle to GSA monthly. Data is input using a telephone key pad and the method does not allow the employee to visually confirm the mileage details input for reasonableness. It is likely that keying errors produced the variances shown above. The reporting errors created billing variances that exceeded standard monthly lease charges by more than 200 percent. The FEC pays for the services under an Intra-Governmental Payment and Collections (IPAC) agreement. Generally, the funds are

<sup>11</sup> Specific dates vehicles were leased is not known and was not needed for audit testing.

<sup>12</sup> Fleet lease rates change annually. For FY 2010, the mileage rate decreased to .17 and .185 per mile, and the monthly lease rates decreased from \$233 to \$224 (sedan) and \$215 to \$207 (van) per month. The fuel surcharge changed to a flat rate of \$14.00 per month per vehicle.

transferred to GSA two to three weeks before the FEC receives an invoice of services. Typically, mileage reporting errors are corrected in the next month when a correct closing mileage value is entered. However, in the 2006 case, the mileage and vehicle costs were not correctly reported until the third month, when the vehicle was returned by the FEC to GSA as a vehicle no longer needed by the agency.

- Admin drivers sign out the fleet charge card and provide receipts for purchases to Admin staff for recordkeeping. OGC drivers maintain the fleet charge cards assigned to the sedan and maintain the receipts for charges. OGC staff does not provide a copy of receipts to Admin staff for recordkeeping, and instead OGC maintains their own file for the fleet vehicle under their control. Admin management does not obtain and review a report of fleet charge card activities from GSA to determine whether all charges to the fleet charge cards are reported by the drivers. Further, Admin management does not use the information available from the fleet charge report to compute mpg return on the vehicles and review for suspicious transactions, such as:
  - charges made at fueling stations far from standard locations in downtown DC,
  - short fueling or fueling vehicle when only half empty,
  - purchases for other than fuel, routine maintenance, or car washes,
  - purchases on nights, weekends or other than standard work hours.

Through the OIG's discussion with GSA account representatives, agencies have access to all fleet data through the GSA Drive-Thru on-line reporting system. Agency management can access data on charge card activity using the "Carry-out" downloadable report features of the GSA website. GSA transitioned from Voyager Fleet Card Services to Write-Express (WEX) as of November 1, 2008. The WEX data includes a field showing the mpg return calculated at each fueling.

Ineffective operating controls increase the likelihood that employee abuse of fleet assets will not be detected and corrected immediately. The *Federal Managers' Financial Integrity Act* of 1982 (FMFIA) requires the Government Accountability Office (GAO) to issue standards for internal control in government. According to the *Standards for Internal Control in the Federal Government* issued by GAO November 1999:

- Management and employees should establish and maintain an environment throughout the organization that sets a positive and supportive attitude toward internal control and conscientious management.
- Internal control should provide for an assessment of the risks the agency faces from both external and internal sources.
- Internal control activities help ensure that management's directives are carried out. The control activities should be effective and efficient in accomplishing the agency's control objectives.
- Internal control and all transactions and other significant events need to be clearly documented, and the documentation should be readily available for examination. The

documentation should appear in management directives, administrative policies, or operating manuals and may be in paper or electronic form. All documentation and records should be properly managed and maintained.

There has been frequent change in program management for the Administrative Division, the business area responsible for managing leased vehicles and the associated fleet charge cards. Management has not implemented effective internal controls and lacks adequate policies and procedures. Current management may not be aware of past program weaknesses and the need to implement a strong control framework to prevent and detect potential abuse in the future. Without adequate internal controls, the program management may not detect fraud, waste and abuse of agency fleet charge cards or leased vehicles.

### **Recommendations**

Admin management should implement the following controls to prevent and detect employee abuse of the fleet vehicles and fleet charge card programs and to ensure accurate vehicle and gas charge card activities.

- 4a. Require drivers to document all use of vehicles through trip logs that record driver name, trip locations, and miles driven for each use of the vehicles, including OGC. Logs should be maintained for each vehicle and periodically reviewed by management.

### **Management Response**

*“Agree with recommendation – Each vehicle will be outfitted with a trip log book to record each trip.”*

### **OIG Comment**

Agency’s planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.

- 4b. Establish an expectation of fleet vehicle use based on agency needs. Review and revise the estimate based on changes in standard routes and frequency of courier runs.

### **Management Response**

*“Disagree with recommendation – It has been determined based upon past history, that 2 fulltime vehicles will satisfy the agency needs to transport VIP’s (Commissioners, Staff Director, OGC, and IG) and their staff in support of agency business needs. This transportation will offset local travel claims (cab expenses, metro fares, bus tokens, etc.). This transportation will also offset investigators local travel expenses, as well as local travel needs of the OIT. The Administrative Services Division will review the usage log books of each vehicle and reassess agency need based on actual usage.”*

### **OIG Comment**

The OIG does not disagree with the agency’s decision to have two full-time government vehicles to satisfy agency needs. Instead, the OIG’s recommendation

involves management developing an expectation of what the mileage driven each month *should be* compared to what drivers *may* report in the logs for each vehicle, in order to detect vehicle misuse. The process of establishing an expectation requires management to first have an understanding of the actual driving distances for standard FEC trips, such as the daily Capital Hill run and twice monthly trips to the FEC's security contractor, and then also the expected number of occurrences per month. Then, based on the understanding of the expected number of occurrences and established actual driving distances, management can review the vehicle logs and determine whether the data reported by the drivers is reasonable and accurate. Without an expectation of what should be reported, management will not be able to detect abuse or inaccurate reporting by drivers.

- 4c. Segregate responsibility for monthly mileage reporting to GSA from those responsible for driving and maintaining agency vehicles.

**Management Response**

*"Agree. The Administrative Services Division management analyst will be responsible for reporting monthly mileage to GSA, while the Office Services Branch will be primarily responsible for driving and maintaining agency assets."*

**OIG Comment**

Agency's planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.

- 4d. Use the GSA on-line systems to report mileage each month. This would ensure values reported can be viewed and any errors corrected prior to submitting the final mileage.

**Management Response**

*"Agree. The ASD will take advantage of the on-line GSA systems to report mileage."*

**OIG Comment**

Agency's planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.

- 4e. Require employees maintain and submit all documentation relating to fleet charge card use, including charges for fuel, routine and major maintenance. Review GSA activity reports to ensure all documentation relating to charges is provided by staff, including OGC.

**Management Response**

*"Agree. The ASD will take responsibility to maintain and submit all receipts resulting from charges to the fleet charge card use."*

**OIG Comment**

Management’s response reflects agreement on one portion of the recommendation. Comparison of charge card receipts to actual GSA activity reports is also necessary to ensure all documentation relating to charges is provided by staff, and that fleet charge cards have not been misused.

- 4f. At least quarterly, access GSA systems, download fleet charge card activity reports, and monitor agency fleet activity for abnormal charges and fleet vehicle mpg results. Log-on and passwords are provided by GSA and a handbook on system use is also available on the GSA website.

**Management Response**

*“Agree. ASD will make full use of the GSA charge card system to complete all necessary records, and consistent management monitoring of use.”*

**OIG Comment**

Agency’s planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.

- 4g. Research and resolve unexpected or unusual fleet charge transactions, miles driven, or mpg results. Admin management should maintain the activity reports, driver logs and other records used to monitor program activity as evidence that adequate controls are in place and regular supervisory review occurs.

**Management Response**

*“See answer above.”*

**OIG Comment**

Agency’s planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.

**5. Fleet Vehicle Driver Qualification and Verification**

The FEC does not have business processes or written guidance in place to ensure employees with access to fleet vehicles are both qualified and authorized to operate those vehicles, in accordance with federal regulations. Several employees with access to fleet vehicles do not have the requirement to possess and maintain a valid license included in their position descriptions. While most Admin employees with driving responsibilities have position descriptions defining that “the incumbent must have a valid driver’s license and maintain a good driving record,” position descriptions for other employees with access to fleet vehicles lack the necessary licensing requirement. Further, although the driving qualifications may have been verified when the employees were hired, no evidence of such verification was provided to the auditors. No subsequent verification that employee driver qualifications have been maintained was performed by the FEC. Specifically, program management was unable to locate evidence of driving qualification verification for three employees hired in 2003, 2005, and 2009, respectively, who have access to fleet vehicles.

5 CFR§ 930.101-115 “governs agencies in authorizing employees to operate Government-owned or leased (acquired for other than short term use for which the Government does not have full control and accountability) motor vehicles for official purposes within the States of the Union, the District of Columbia, Puerto Rico, and the territories and possessions of the United States.” The following bullets detail the regulatory requirement to ensure employees with access to Government owned or leased vehicles are qualified to drive the vehicles and periodically reviewed to ensure the qualification is maintained. The complete federal regulation is included as Attachment 2 to this report beginning on page 66. According to the regulations, agencies must:

- establish an efficient and effective system to identify those federal employees who are qualified and authorized to operate Government-owned or -leased motor vehicles while on official government business;
- periodically review the competence and physical qualifications of these federal employees to operate such vehicles safely;
- ensure medical evaluations of employees who operate leased vehicles at least once every four years;
- review each employee's authorization to operate Government-owned or -leased motor vehicles at least once every four years;
- ensure applicants for motor vehicle operator positions must meet minimum requirements for positions to include:
  - possess a safe driving record;
  - possess a valid State license;
  - except as provided in §930.107, pass a road test; and
  - demonstrate that they are medically qualified to operate the appropriate motor vehicle safely.

Based on interviews with Administrative Services staff, FEC program management is unaware of the federal requirement to verify qualifications of employees who use agency leased vehicles. Further, the agency lacks policies and procedures to ensure compliance with the federal regulations. The FEC is not compliant with federal regulations and is exposed to increased risk of litigation if an employee operating a leased vehicle is involved in an accident.

## **Recommendations**

- 5a. Position descriptions for all employees who currently have access to agency leased vehicles should be evaluated and revised to include a clear requirement to possess and maintain a valid license to operate the vehicle and that the employee will be subject to regular qualification verification.

### **Management Response**

*“Disagree -- FEC personnel that have a need to operate a fleet vehicle are identified on an as needed basis. The requirement to operate a fleet vehicle is a valid state operator’s license and need. Not all PD’s can or will be specifically identified as the*

*only criteria to operate a fleet vehicle. Situations arise that are not previously identified in a PD.”*

### **OIG Comment**

According to the regulation, any employee given access to government owned or leased vehicle is subject to qualification verification. We do not feel it is reasonable to conduct driver qualification verification at the time an employee requests use of a vehicle, because the process requires obtaining information from a state licensing authority and may take days to obtain. In order to ensure employee qualification reviews are performed at least every four years as described in the regulation, management should include the element in the position descriptions and maintain a schedule of employees authorized to access agency vehicles, date last verification was performed, and the date next verification is due. The OIG recognizes situations arise that are not previously identified in a position description. In these cases, FEC must adhere to the regulation or provide alternate transportation.

- 5b. FEC program management should ensure all employees who have access to fleet vehicles are currently qualified to operate the vehicles. Management may accomplish this in a number of ways. One option would be to require the employees obtain an official driving record from the Department of Motor Vehicles from the state in which they are licensed and/or the District of Columbia<sup>13</sup>. Management should research and contact various authorities to determine the best approach to ensure full verification is performed for all employees with access to fleet vehicles.

### **Management Response**

*“Disagree with recommendation – FEC operators will comply with existing regulations. Qualifications of driver's such as medical conditions and validity of driver's licenses will be monitored on a random basis. This monitoring will consist of asking driver's if they meet the qualifications and perhaps physical agency check if required.”*

### **OIG Comment**

The management response provided does not ensure compliance with 5 CFR§ 930.101-115, and is therefore unresponsive. The regulation requires management to perform verification activity on *all* employees granted access to drive government owned or leased vehicles at specified intervals and also requires employees self report physical or legal impairments to operating a motor vehicle. The process should not be limited to a verbal request to view an employee’s license, or making a copy of the license presented by an employee as proof of driver qualifications. Program management is expected to request and receive evidence of driver qualification for each employee granted access to FEC leased vehicles by obtaining employee driving records from the Department of Motor Vehicles in the state in which the employee is licensed. Program management should maintain support that all driver qualification verification activities have been performed in accordance with the regulation.

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<sup>13</sup> Program management should gain an understanding of licensing requirements and the inter relationship between the states and the District of Columbia.

- 5c. FEC program management should design and implement a process to ensure regular qualification verification is performed in accordance with the federal regulations and that employees report all matters that may impact their driving qualifications. Guidance is provided in the GSA *Internal Fleet Handbook* as on establishing qualification verification activities and defining operator requirements.

**Management Response**

*“The FEC will comply with existing regulations.”*

**OIG Comment**

The management response provided does not indicate whether management agrees to implement the recommendation. The OIG continues to believe FEC program management should design and implement a process to ensure regular qualification verification is performed in accordance with the federal regulations and that employees report all matters that may impact their driving qualifications.

## CONCLUSIONS

Audit testing shows management should review and consider revising the internal control system for personal communication devices (PCD), fleet vehicles, and fleet charge cards. The *Standards for Internal Control in the Federal Government* issued by GAO (November 1999) requires FEC management to maintain a positive attitude and culture of internal control, assess program risk, design internal control activities linked to program directives and policies, and document program activity and management's review of the activity. For FEC's PCDs, fleet vehicles, and fleet charge cards, management needs to establish, strengthen and improve these internal control standards.

The strongest internal control for the PCD program would be to assign responsibility and accountability for overall program management to one individual in a single business area. This individual should be accountable for researching and evaluating service providers, assessing employee needs, evaluating PCD usage levels, and properly segregating the purchase; tracking; distribution; and destruction of PCDs to ensure they are not subject to fraud, waste or abuse.

Also, the PCD program should be governed by one comprehensive policy for all PCD users. Program management should revise existing policies and procedures and amend the processes for requesting devices, documenting business justification, approving requests for devices, defining personal use standards, and incorporate Internal Revenue Service (IRS) regulations governing cell phones as a potential taxable fringe benefit to employees.

Management should establish policies and procedures for the use of fleet vehicles and fleet charge cards. The policies and procedures should contain adequate internal controls to address the previous occurrences of abuse and reduce the risk for future employee fraud waste, or abuse. Management should also implement and document business processes that require FEC authorized drivers to be in compliance with federal regulations. OIG has provided management with the *GSA Internal Fleet Handbook* as sample guidance for establishing qualification verification activities and defining motor vehicle operator requirements.

The OIG is confident that if management implements the recommendations of this audit, the agency will incur significant cost savings and the internal controls over PCDs, fleet vehicles, and fleet charge cards will substantially improve. Management should also take the steps necessary to ensure these properties are being used for their intended purpose. If all PCD program recommendations are implemented, the maximum cost savings to the agency is projected to be \$49,784.64 annually<sup>14</sup>. The projected savings does not account for users who need bundled plans (i.e. voice feature and data feature) due to FEC duties and other requirements such as disaster recovery, Continuity of Operations Plan (COOP), and emergency contacts. Management should fully assess PCD usage levels and employee business needs to identify and achieve the cost savings to the agency.

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<sup>14</sup> Amount includes 57 users with no voice use or only 10 percent or less voice use over the 16 month testing period.

Summary of Audit Findings and Recommendations and Management’s Response			
Finding	Recommendation	Management Response	OIG Comment
<b>1. Personal Communication Device Policy and Procedures Need Improvement</b>	1a. Maintain one comprehensive personal communication device policy for all PCD users that clearly defines who has the authority to request PCD devices for other staff in their business area.	<i>“Agree with recommendation: Commission Bulletin 2001-11A is outdated and does not reflect updated technology and improvements in telecommunications pricing. This bulletin has been superseded by Policy 58-4.4 and Commission Bulletin 2001-11A will be rescinded. Policy 58-4.4 will be updated to include many of the recommendations of this audit.”</i>	Management has agreed to have one comprehensive policy but has not indicated that the revised policy will define who has the authority to request PCD devices for other staff in their business area. We look forward to reviewing the revised policy to ensure it fully addresses this recommendation.
	1b. Develop and implement a Personal Communication Device Request Form for requesting PCDs that requires an adequate business justification for each PCD user and allows for increased flexibility for managers to select plan options (i.e. voice only or data only).	<i>“Disagree with recommendation. The request for the issuance of a PCD is at the discretion of the senior level managers, who will maintain the business justification for the personnel under their charge in accordance with Policy 58-4.4, and the requirements for disaster recovery and COOP. The method established for requesting is e-mail, no form will be established.”</i>	The OIG agrees with management that the issuance of the PCDs is at the discretion of the senior level managers. However, the OIG’s audit testing revealed that senior level management is not adequately informed about the PCD program costs and options in order to make an informed decision to justify and authorize PCDs. Therefore, the OIG continues to believe a standard form documenting the justification at the senior level, and then forwarded to the PCD program office for PCD issuance, is necessary. The form could also serve to inform managers about the PCD costs and options, which could be a factor in the justification process at the division level.
	1c. Require supervisors/managers to re-justify the business needs of current PCD users via a PCD request form.	<i>“Disagree with recommendation: The PCD users do not justify their business needs. The senior management team determines which key personnel requires the use of a PCD. Policy 58-4.4 will be updated to require senior management to re-certify the assigned personnel annually.”</i>	Based on the documentation reviewed during the audit, we feel management would benefit from the use of a standard form, which could be sent and received electronically, to adequately and consistently document the annual re-certifications performed by senior managers.

**Summary of Audit Findings and Recommendations and Management’s Response**

Finding	Recommendation	Management Response	OIG Comment
<p><b>1. Personal Communication Device Policy and Procedures Need Improvement</b></p>	<p>1d. Issue devices only after adequate justification and formal request has been provided and approved.</p>	<p><i>“Disagree with recommendation: The PCD users do not justify their business needs. The senior management team determines which key personnel requires the use of a PCD. Policy 58-4.4 will be updated to require senior management to re-certify the assigned personnel annually.”</i></p>	<p>This recommendation relates to initial request and business justification receipt prior to ITD issuing a device. We recommend ITD issue devices only after adequate justification and formal request has been provided and approved.</p>
	<p>1e. Maintain all request forms for PCD users in the agency that includes (but not limited to) the make, model, issue date, and FEC property bar code number.</p>	<p><i>“Disagree with recommendation. No request forms will be required, however the email request from senior managers authorized to make such requests shall be maintained on file, until replaced by the annual recertification emails. The assignment of a particular unit to a particular user will be maintained in the master PCD inventory tracking system.”</i></p>	<p>The OIG continues to believe management should maintain all request forms to include the initial justification and annual re-certification. Further, we recommend the request for and assignment of a device is linked to physical documentation which indicates the device model, telephone number, and the date that the device was issued to the employee. That information can then be used to support and maintain the master PCD inventory tracking system.</p>
	<p>1f. Maintain one comprehensive personal communication device policy that clearly defines what positions and/or offices can receive PCDs without a formal request due to the employees’ position and/or required FEC duties (i.e. “base group”).</p>	<p><i>“Agree with recommendation: Commission Bulletin 2001-11A is outdated and does not reflect updated technology and improvements in telecommunications pricing. This bulletin has been superseded by Policy 58-4.4 Commission Bulletin 2001-11A will be rescinded. Policy 58-4.4 will be updated to include many of the recommendations of this audit.”</i></p>	<p>Although management agrees with the recommendation, their response does not address the need for a policy that clearly defines what positions and/or offices can receive PCDs without a formal request. We look forward to reviewing the revised policy to ensure it fully addresses this recommendation.</p>

**Summary of Audit Findings and Recommendations and Management’s Response**

Finding	Recommendation	Management Response	OIG Comment
<p><b>1. Personal Communication Device Policy and Procedures Need Improvement</b></p>	<p>1g. Maintain one comprehensive personal communication device policy that clearly identifies those in the agency with authority to approve PCD requests.</p>	<p><i>“Agree in part with recommendation: Commission Bulletin 2001-11A is outdated and does not reflect updated technology and improvements in telecommunications pricing. This bulletin has been superseded by Policy 58-4.4 Commission Bulletin 2001-11A will be rescinded. Policy 58-4.4 will be updated to include many of the recommendations of this audit. The revised policy will have to be reviewed after the revision, it is agreed that the present policy must be revised.”</i></p>	<p>Although management agrees with the recommendation, their response does not address the need for a policy that clearly identifies those in the agency with the authority to approve PCD requests. We look forward to reviewing the revised policy to ensure it fully addresses this recommendation.</p>
	<p>1h. Document the ITD re-authorization process of PCD users in ITD’s Policy 58-4.4.</p>	<p><i>“Agree with recommendation: Will be included in the update to Policy 58-4.4.”</i></p>	<p>Agency’s planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.</p>
	<p>1i. Identify who has authority to re-authorize PCD users in ITD’s Policy 58-4.4.</p>	<p><i>“Agree with recommendation: Will be included in the update to Policy58-4.4.”</i></p>	<p>Agency’s planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.</p>

**Summary of Audit Findings and Recommendations and Management’s Response**

Finding	Recommendation	Management Response	OIG Comment
	<p>1j. FEC should adhere to the IRS regulations and revise program policies to reflect those regulations.</p>	<p><i>“Disagree with recommendation: FEC senior management and Office of General Counsel will review IRS regulations to determine if any apply to the FEC policies regarding PCD use within the agency, and adjust our current policies to reflect current regulations. However, as discussed at the exit meeting, FEC management will hold in abeyance until further guidance issued by Commissioner of the IRS, in accordance with his statement dated 6/16/09”.</i></p>	<p>Although the Commissioner of the IRS has “requested Congress act to make clear that there will be no tax consequences to employers or employees for personal use of work-related devices such as cell phones provided by employers,” the law is still in effect and management should take reasonable steps to adhere to current IRS requirements. These additional procedures and controls would also help ensure the program expenses were related to business activity rather than personal use.</p>
<p><b>1. Personal Communication Device Policy and Procedures Need Improvement</b></p>	<p>1k. Provide the policies and procedures for the use of PCDs to all PCD users when issuing a device.</p>	<p><i>“Neither agree nor disagree here is what we will do: All policies and directives are maintained in a shared folder and is accessible to all FEC personnel. All users will be directed to that folder so they may review applicable directives.”</i></p>	<p>Agency’s planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.</p>
<p><b>2. Personal Communication Device Program Monitoring</b></p>	<p>2a. All unassigned devices should be suspended or service should be terminated if the device can not be immediately transferred to another user (no active spares kept in ITD). ITD retains a minimum of 10 inactive spare devices and a spare SIM. If required, a device could be activated within 24 hours.</p>	<p><i>“Disagree with recommendation. ITD has in the past allowed too many devices to be at the ready, however there is a real need to maintain a minimum number of devices at the ready for immediate use in the event of a catastrophic or emergency situation and the non availability of personnel that has the authorization to activate a device. ITD will keep a minimum of three devices activated for use by any personnel designated by proper authority at a moments notice. This policy will be incorporated in the updated FEC PCD Policy.”</i></p>	<p>The OIG continues to believe ITD should eliminate, or minimize to the maximum extent possible, the number of unassigned active devices. It is important to note the FEC’s recent roll-out of portable netbook computers should help alleviate the need to maintain unnecessary unassigned active devices.</p>

**Summary of Audit Findings and Recommendations and Management's Response**

Finding	Recommendation	Management Response	OIG Comment
	<p>2b. Devices assigned to employees based on temporary roles should be recovered when the employee is no longer in the temporary position.</p>	<p><i>“Agreed. Project management personnel will more closely monitor PDC’s that are no longer in use.”</i></p>	<p>Agency’s planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.</p>
<p><b>2. Personal Communication Device Program Monitoring</b></p>	<p>2c. Review the audit testing results for users with very limited or no usage and determine if an actual business need exists to retain the device. If a valid need exists, ensure the employee still has the device, it is serviceable, and the employee understands how to use the device.</p>	<p><i>“Disagree with recommendation. It has been determined by senior FEC management that in order to properly conduct continuous business, while both in the local FEC geographical area, or on travel in the conduct of official or non-official business, or in the event of a disaster, or emergency that certain key personnel are required to be in communication with FEC officials. These key personnel will be identified by the authorizing senior level FEC managers without question from ITD program administrators. Policy 58-4.4 will be updated to reflect the annual certification by senior level management will be used to determine that the persons assigned a PCD, are to continue to be authorized to use FEC PCD. The employees issued PCD’s will be issued them in accordance with Policy 58-4.4, it is up to the individual managers to ensure that the employees understand how to use the device, ITD training personnel are available to assist the managers in this endeavor. The authorization, use, care, and individual accountability for the devices is not the responsibility of the ITD.”</i></p>	<p>The OIG recognizes management’s intention that some employees, no matter the level of use exhibited, will be issued a device based on business continuity need. We also recognize that management may wish to reevaluate the need for some employees based on past use. The OIG believes that a device that is powered off, not carried with employees at all times, or is not serviceable, will never meet FEC management’s intended business need and is a waste of government funds. We recommend management review the historical user activity reports for users with very limited or no usage and determine if an actual business need exists to retain the device. If a valid need exists, ensure the employee still has the device, it is serviceable, and the employee understands how to use the device.</p>

**Summary of Audit Findings and Recommendations and Management's Response**

Finding	Recommendation	Management Response	OIG Comment
<p><b>2. Personal Communication Device Program Monitoring</b></p>	<p>2d. Document the requestor's expected need for a PCD (i.e. e-mail only, phone communication, e-mail and phone) through a request form to determine which plan feature(s) best fit the requestor's business need (i.e. data only plan, voice only, or bundled plan).</p>	<p><i>"Disagree with the recommendation. The FEC has one and only one plan based upon the desires from the senior level management, that all personnel issued a PCD have the capability for voice, data, and text communication. In order to accommodate these criteria, the ITD assisted the contracting officer in plan and device selection. It has been determined by FEC senior management that in order to be able to respond to any catastrophic or emergency situation, that all FEC PCD user's are able to access or be accessed through voice, data transmission or texting. This approach to emergency preparedness as well as the efficient conduct of daily business transactions has been deemed by senior FEC management to be the most effective use of the agency budget for this type of communication system."</i></p>	<p>The OIG understands that management has one AT&amp;T service plan, however; this plan can be adjusted to add or remove features to best fit the agency's needs and also produce cost savings to the agency. The FEC currently has one PCD user whose plan has been adjusted to a data only plan. The OIG's <i>Employee Mobile Survey</i> combined with the OIG's audit testing indicates that the agency pays monthly service costs for several users who do not use their voice feature. We recommend that management provide managers/supervisors with the option to assign their staff with the plan features that best fit the business needs of the agency.</p>
	<p>2e. Notify managers during the reauthorization process of the ability to revise PCD plan options in the future to appropriately support the PCD user's business need (i.e. if the user requests a data and voice plan but only uses data, their standard service can be reduced to a data only plan).</p>	<p><i><u>"See response above."</u> The FEC has one plan for all users."</i></p>	<p>The OIG understands that management has one AT&amp;T service plan, however; this plan can be adjusted to add or remove features to best fit the agency's needs and also produce cost savings to the agency.</p>
	<p>2f. PCD user information should be kept up to date and adjusted in a timely manner on the ITD master Blackberry listing and the AT&amp;T Premier website for employee separations and new assignment of devices.</p>	<p><i>"Agree. User information will be kept up to date in a timelier manner to include the AT&amp;T website. The Policy 58-4.4 will be updated to reflect the monitoring of the information."</i></p>	<p>Agency's planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.</p>

**Summary of Audit Findings and Recommendations and Management’s Response**

Finding	Recommendation	Management Response	OIG Comment
<p><b>2. Personal Communication Device Program Monitoring</b></p>	<p>2g. Management should educate PCD users of all features that incur additional cost to the agency, such as:</p> <ul style="list-style-type: none"> <li>▪ roaming charges that result when employees place calls outside AT&amp;T service areas;</li> <li>▪ texting;</li> <li>▪ directory assistance; and</li> <li>▪ voice use over the pooled plan limits.</li> </ul>	<p><i>“Agreed. Since the beginning of this fiscal year (FY10) the FEC has gone to an all inclusive billing that allows each user 200 minutes of voice, pooled to avoid overage charges, unlimited data and unlimited text. The users will be kept abreast of plan changes.”</i></p>	<p>Although management agrees, it is important that management ensure the users are informed of plan features that incur additional charges, such as: roaming charges that result when employees place calls outside AT&amp;T service areas; directory assistance; and voice use over the pooled plan limits.</p>
	<p>2h. Provide the international add-on plan to the standard monthly service for users who frequently travel internationally for business. Require written request for the international add-on plan for PCD users who do not frequently travel internationally for business. This request should include their beginning and ending date of travel. Based on the information, the international service option should be promptly activated and terminated.</p>	<p><i>“Agree with recommendation. When an authorized user is performing international travel, an e-mail request is submitted to the Blackberry administrator with the period of international travel. The administrator then activates international add-on plan for the period requested. When the traveler returns, an email is sent to terminate the international add-on plan. The email communication is the only communication required, no form will be necessary.”</i></p>	<p>ITD should ensure that the beginning and ending dates of travel are included in every PCD users’ e-mail requests to activate international add-on plans. Also, the Management Assistant who is responsible for activating the international add-on plan for users should establish a method that will ensure timely termination of the international add-on plan service when users return from travel.</p>
	<p>2i. ITD’s Management Assistant should annually monitor monthly PCD usage to asses if the current plan should be adjusted to appropriately meet user needs.</p>	<p><i>“Agreed. This action is performed by the contracting officer at the time of contract renewal.”</i></p>	<p>Management’s response indicates the assessment is performed at the contract renewal by the contracting officer. The OIG continues to believe the ITD Management Assistant should monitor monthly PCD usage and annually assess if the current plan should be adjusted to appropriately meet agency needs. This person reviews the monthly invoices and is most familiar with the plan features and billing details.</p>

**Summary of Audit Findings and Recommendations and Management's Response**

Finding	Recommendation	Management Response	OIG Comment
<p><b>2. Personal Communication Device Program Monitoring</b></p>	<p>2j. Prior to renewing PCD services or switching service plans, the Contracting Office, in consultation with the PCD Program Office, should conduct and document analysis of service plans offered by the current provider and other potential vendors on the GSA schedule to achieve best value for the agency. Further, the Contracting Office should discuss actual plan details and agency use with PCD program office and ensure any negotiated service options, such as free texting, are included in quotes from potential vendors.</p>	<p><i>“This action is the responsibility of the contracting officer and is conducted in accordance with the requirements of the FAR. The contracting officer routinely takes this action on each and every contract action he authorizes, as required by law.”</i></p>	<p>The OIG continues to believe it is in the best interest of the agency for the program area (point of contact), working with the Procurement Office, to conduct market research and obtain additional quotes prior to awarding another blanket purchase agreement (BPA) contract for personal communication devices in FY 2011, the year the current contract is scheduled to expire.</p> <p>According to the FEC’s Procurement Office policies and procedures, <i>“it is everyone’s responsibility to ensure that market research is performed for all actions that require the expenditure of appropriated funds.”</i> According to the FEC Procurement Procedures 10, <i>“the following BPA Review procedures will be coordinated via the Director of Procurement to the appropriate POCs/COTRs<sup>15</sup> through the CFO Internal Control Program on an annual basis. The contracting officer that entered into a BPA shall-</i></p> <ul style="list-style-type: none"> <li><i>A. Ensure each BPA is reviewed annually and, if necessary updated any pertinent contract information at that time; and</i></li> <li><i>B. If the BPA is under a GSA schedule ensure that the most recent GSA Schedule for pricing has been distributed to the ordering officials and inserted in the file.</i></li> <li><i>C. Maintain awareness of changes in market conditions, sources of supply, and other pertinent factors that may warrant making new arrangements with different suppliers or modifying existing arrangements.</i></li> </ul>

<sup>15</sup> Point of Contact (POC) and Contracting Officer’s Technical Representative (COTR)

**Summary of Audit Findings and Recommendations and Management's Response**

Finding	Recommendation	Management Response	OIG Comment
<b>3. Tracking and Managing Personal Communication Devices</b>	3a. Adhere to Commission Bulletin 2006-04 and track personal communication devices in the Fixed Asset System and apply barcodes to all devices.	<i>“Since Commission Bulletin 2006-04 address mainly cell phone and pagers, and modern PCD’s it shall be rescinded and replaced with Policy58-4.4. Policy58-4.4 is in processed of being revised to include some of the recommendations contained in this audit, and to provide additional clarity.”</i>	Management’s response does not indicate whether they agree fully with the recommendation or provide explanation of their disagreement.
	3b. Document and enforce the policies and procedures for issuing a new or upgraded device to an FEC PCD user, including return of previously issued device(s).	<i>“Policy 58-4.4 is in processed of being revised to include some of the recommendations contained in this audit, and to provide additional clarity.”</i>	Management’s response does not indicate whether they agree fully with the recommendation or provide explanation of their disagreement.
	3c. ITD staff coordinate with GSA and implement processes and procedures to ensure: <ul style="list-style-type: none"> <li>▪ devices no longer needed are made available to other government agencies or non-profit organizations; and</li> <li>▪ obsolete or broken devices are disposed in a manner that is not detrimental to public health.</li> </ul>	<i>“Policy 58-4.4 shall be updated to reflect that all devices that are broken, obsolete, or have reached the end of the FEC service life shall be turned into GSA.”</i>	Agency’s planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.
	3d. ITD should implement a form and process, such as the NIST Sample Sanitization Validation Form, to record sanitization (wiping) of devices, disposal and/or destruction, as appropriate.	<i>“Preparation for disposal of all PCD’s shall be in accordance with existing provisions of Policy 58.”</i>	Management’s response does not indicate whether they agree fully with the recommendation or provide explanation of their disagreement.

**Summary of Audit Findings and Recommendations and Management's Response**

Finding	Recommendation	Management Response	OIG Comment
<p><b>3. Tracking and Managing Personal Communication Devices</b></p>	<p>3e. Segregate the following program functions among three or more ITD staff:</p> <ul style="list-style-type: none"> <li>▪ Purchasing/ordering and recording assets;</li> <li>▪ Authorization for purchases, including devices received free under upgrade promotion;</li> <li>▪ Receipt, storage, and distributing of assets; and</li> <li>▪ Destruction or disposal of surplus PCDs.</li> </ul>	<p><i>“ITD currently has three separate IT staff personnel involved in separate duties, one to authorize purchase, one for the recording of devices, and one to distribute the devices. Policy 58.4-4 will be updated to reflect the staff duties.”</i></p>	<p>During the period of audit, the OIG identified weak internal controls regarding the proper segregation of duties for managing the PCDs. ITD’s Policy 58-4.4 should be updated to identify the ITD personnel who will be responsible for obtaining PCDs online with AT&amp;T; authorizing purchases, to include free devices under upgrade promotions; receiving, storing, and distributing PCDs; and the disposal and destruction of surplus PCDs.</p>
<p><b>4. Fleet Vehicles and Fleet Charge Card Program Controls</b></p>	<p>4a. Require drivers to document all use of vehicles through trip logs that record driver name, trip locations, and miles driven for each use of the vehicles, including OGC. Logs should be maintained for each vehicle and periodically reviewed by management.</p>	<p><i>“Agree with recommendation – Each vehicle will be outfitted with a trip log book to record each trip.”</i></p>	<p>Agency’s planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.</p>

**Summary of Audit Findings and Recommendations and Management’s Response**

Finding	Recommendation	Management Response	OIG Comment
<p><b>4. Fleet Vehicles and Fleet Charge Card Program Controls</b></p>	<p>4b. Establish an expectation of fleet vehicle use based on agency needs. Review and revise the estimate based on changes in standard routes and frequency of courier runs.</p>	<p><i>“Disagree with recommendation – It has been determined based upon past history, that 2 fulltime vehicles will satisfy the agency needs to transport VIP’s (Commissioners, Staff Director, OGC, and IG) and their staff in support of agency business needs. This transportation will offset local travel claims (cab expenses, metro fares, bus tokens, etc.). This transportation will also offset investigators local travel expenses, as well as local travel needs of the OIT. The Administrative Services Division will review the usage log books of each vehicle and reassess agency need based on actual usage.”</i></p>	<p>The OIG does not disagree with the agency’s decision to have two full-time government vehicles to satisfy agency needs. Instead, the OIG’s recommendation involves management developing an expectation of what the mileage driven each month <b>should be</b> compared to what drivers <b>may</b> report in the logs for each vehicle, in order to detect vehicle misuse. The process of establishing an expectation requires management to first have an understanding of the actual driving distances for standard FEC trips, such as the daily Capital Hill run and twice monthly trips to the FEC’s security contractor, and then also the expected number of occurrences per month. Then, based on the understanding of the expected number of occurrences and established actual driving distances, management can review the vehicle logs and determine whether the data reported by the drivers is reasonable and accurate. Without an expectation of what should be reported, management will not be able to detect abuse or inaccurate reporting by drivers.</p>
	<p>4c. Segregate responsibility for monthly mileage reporting to GSA from those responsible for driving and maintaining agency vehicles.</p>	<p><i>“Agree. The Administrative Services Division management analyst will be responsible for reporting monthly mileage to GSA, while the Office Services Branch will be primarily responsible for driving and maintaining agency assets.”</i></p>	<p>Agency’s planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.</p>
	<p>4d. Use the GSA on-line systems to report mileage each month. This would ensure values reported can be viewed and any errors corrected prior to submitting the final mileage.</p>	<p><i>“Agree. The ASD will take advantage of the on-line GSA systems to report mileage.”</i></p>	<p>Agency’s planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.</p>

**Summary of Audit Findings and Recommendations and Management's Response**

Finding	Recommendation	Management Response	OIG Comment
<b>4. Fleet Vehicles and Fleet Charge Card Program Controls</b>	4e. Require employees maintain and submit all documentation relating to fleet charge card use, including charges for fuel, routine and major maintenance. Review GSA activity reports to ensure all documentation relating to charges is provided by staff, including OGC.	<i>"Agree. The ASD will take responsibility to maintain and submit all receipts resulting from charges to the fleet charge card use."</i>	Management's response reflects agreement on one portion of the recommendation. Comparison of charge card receipts to actual GSA activity reports is also necessary to ensure all documentation relating to charges is provided by staff, and that fleet charge cards have not been misused.
	4f. At least quarterly, access GSA systems, download fleet charge card activity reports, and monitor agency fleet activity for abnormal charges and fleet vehicle mpg results. Log-on and passwords are provided by GSA and a handbook on system use is also available on the GSA website.	<i>Agree. ASD will make full use of the GSA charge card system to complete all necessary records, and consistent management monitoring of use."</i>	Agency's planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.
	4g. Research and resolve unexpected or unusual fleet charge transactions, miles driven, or mpg results. Admin management should maintain the activity reports, driver logs and other records used to monitor program activity as evidence that adequate controls are in place and regular supervisory review occurs.	<i>"See answer above."</i>	Agency's planned actions are responsive to the audit issue identified and, when fully implemented, should satisfy the intent of the audit recommendation.

**Summary of Audit Findings and Recommendations and Management's Response**

Finding	Recommendation	Management Response	OIG Comment
<p><b>5. Fleet Vehicle Driver Qualification and Verification</b></p>	<p>5a. Position descriptions for all employees who currently have access to agency leased vehicles should be evaluated and revised to include a clear requirement to possess and maintain a valid license to operate the vehicle and that the employee will be subject to regular qualification verification.</p>	<p><i>“Disagree -- FEC personnel that have a need to operate a fleet vehicle are identified on an as needed basis. The requirement to operate a fleet vehicle is a valid state operator’s license and need. Not all PD’s can or will be specifically identified as the only criteria to operate a fleet vehicle. Situations arise that are not previously identified in a PD.”</i></p>	<p>According to the regulation, any employees given access to government owned or leased vehicles are subject to qualification verification. We do not feel it is reasonable to conduct driver qualification verification at the time an employee requests use of a vehicle, because the process requires obtaining information from a state licensing authority and may take days to obtain. In order to ensure employee qualification reviews are performed at least every four years as described in the regulation, management should include the element in the position descriptions and maintain a schedule of employees authorized to access agency vehicles, date last verification was performed, and the date next verification is due. The OIG recognizes situations arise that are not previously identified in a position description. In these cases, FEC must adhere to the regulation or provide alternate transportation.</p>

**Summary of Audit Findings and Recommendations and Management’s Response**

Finding	Recommendation	Management Response	OIG Comment
<p><b>5. Fleet Vehicle Driver Qualification and Verification</b></p>	<p>5b. FEC program management should ensure all employees who have access to fleet vehicles are currently qualified to operate the vehicles. Management may accomplish this in a number of ways. One option would be to require the employees obtain an official driving record from the Department of Motor Vehicles from the state in which they are licensed and/or the District of Columbia. Management should research and contact various authorities to determine the best approach to ensure full verification is performed for all employees with access to fleet vehicles.</p>	<p><i>“Disagree with recommendation – FEC operators will comply with existing regulations. Qualifications of driver's such as medical conditions and validity of driver's licenses will be monitored on a random basis. This monitoring will consist of asking driver's if they meet the qualifications and perhaps physical agency check if required.”</i></p>	<p>The management response provided does not ensure compliance with 5 CFR§ 930.101-115, and is therefore unresponsive. The regulation requires management to perform verification activity on <i>all</i> employees granted access to drive government owned or leased vehicles at specified intervals and also requires employees self report physical or legal impairments to operating a motor vehicle. The process should not be limited to a verbal request to view an employee’s license, or making a copy of the license presented by an employee as proof of driver qualifications. Program management is expected to request and receive evidence of driver qualification for each employee granted access to FEC leased vehicles by obtaining employee driving records from the Department of Motor Vehicles in the state in which the employee is licensed. Program management should maintain support that all driver qualification verification activities have been performed in accordance with the regulation.</p>
	<p>5c. FEC program management should design and implement a process to ensure regular qualification verification is performed in accordance with the federal regulations and that employees report all matters that may impact their driving qualifications. Guidance is provided in the GSA <i>Internal Fleet Handbook</i> as on establishing qualification verification activities and defining operator requirements.</p>	<p><i>“The FEC will comply with existing regulations.”</i></p>	<p>The management response provided does not indicate whether management agrees to implement the recommendation. The OIG continues to believe FEC program management should design and implement a process to ensure regular qualification verification is performed in accordance with the federal regulations and that employees report all matters that may impact their driving qualifications.</p>

**Title 5: Administrative Personnel****PART 930—PROGRAMS FOR SPECIFIC POSITIONS AND EXAMINATIONS (MISCELLANEOUS)****Subpart A —Motor Vehicle Operators**

**Authority:** 5 U.S.C. 3301, 3320, 7301; 40 U.S.C. 491; E.O. 10577, 3 CFR, 1954–1958 Comp., p. 218; E.O. 11222, 3 CFR, 1964–1965 Comp., p. 306. (Separate authority is listed under §930.107).

**Source:** 50 FR 34669, Aug. 27, 1985, unless otherwise noted.

**§ 930.101 Purpose.**

This subpart governs agencies in authorizing employees to operate Government-owned or -leased (acquired for other than short term use for which the Government does not have full control and accountability) motor vehicles for official purposes within the States of the Union, the District of Columbia, Puerto Rico, and the territories and possessions of the United States.

**§ 930.102 Definitions.**

In this subpart:

*Agency* means a department, independent establishment, or other unit of the executive branch of the Federal Government, including a wholly owned Government corporation, in the States of the Union, the District of Columbia, Puerto Rico, and the territories and possessions of the United States.

*Employee* means an employee of an agency in either the competitive or excepted service or an enrollee of the Job Corps established by section 102 of the Economic Opportunity Act of 1964 (42 U.S.C. 2712).

*Identification card* means the United States Government Motor Vehicle Operator's Identification Card, Optional Form 346, or an agency-issued identification card that names the types of Government-owned or -leased vehicles the holder is authorized to operate.

*Identification document* means an official identification form issued by an agency that properly identifies the individual as a Federal employee of the agency.

*Incidental operator* means an employee, other than one occupying a position officially classified as a motor vehicle operator, who is required to operate a Government-owned or -leased motor vehicle to properly carry out his or her assigned duties.

*Motor vehicle* means a vehicle designed and operated principally for highway transportation of property or passengers, but does not include a vehicle (a) designed or used for military field training, combat, or tactical purposes; (b) used principally within the confines of a regularly established military post, camp, or depot; or (c) regularly used by an agency in the performance of investigative, law enforcement, or intelligence duties if the head of the agency determines that exclusive control of the vehicle is essential to the effective performance of those duties.

*Operator* means an employee who is regularly required to operate Government-owned or -leased motor vehicles and is occupying a position officially classified as motor vehicle operator.

*Road test* means OPM's Test No. 544 or similar road tests developed by Federal agencies to evaluate the competency of prospective operators.

*State license* means a valid driver's license that would be required for the operation of similar vehicles for other than official Government business by the States, District of Columbia, Puerto Rico, or territory or possession of the United States in which the employee is domiciled or principally employed.

### **§ 930.103 Coverage.**

This subpart governs agencies in authorizing their employees to operate Government-owned or -leased motor vehicles for official purposes within the States of the Union, the District of Columbia, Puerto Rico, and the territories or possessions of the United States and establishes minimum procedures to ensure the safe and efficient operation of such vehicles.

### **§ 930.104 Objectives.**

This subpart requires that agencies (a) establish an efficient and effective system to identify those Federal employees who are qualified and authorized to operate Government-owned or -leased motor vehicles while on official Government business; and (b) periodically review the competence and physical qualifications of these Federal employees to operate such vehicles safely.

### **§ 930.105 Minimum requirements for competitive and excepted service positions.**

(a) An agency may fill motor vehicle operator positions in the competitive or excepted services by any of the methods normally authorized for filling positions. Applicants for motor vehicle operator positions and incidental operators must meet the following requirements for these positions:

- (1) Possess a safe driving record;
- (2) Possess a valid State license;
- (3) Except as provided in §930.107, pass a road test; and
- (4) Demonstrate that they are medically qualified to operate the appropriate motor vehicle safely in accordance with the standards and procedures established in this part.

(b) Agencies may establish additional requirements to assure that the objectives of this subpart are met.

[50 FR 34669, Aug. 27, 1985, as amended at 60 FR 3067, Jan. 13, 1995]

### **§ 930.106 Details in the competitive service.**

An agency may detail an employee to an operator position in the competitive service for 30 days or less when the employee possesses a State license. For details exceeding 30 days, the employee must meet all the requirements of §930.105 and any applicable OPM and agency regulations governing such details.

[60 FR 3067, Jan. 13, 1995]

### **§ 930.107 Waiver of road test.**

Under the following conditions, OPM or an agency head or his or her designated representative may waive the road test:

- (a) OPM waives the road test requirement for operators of vehicles of one ton load capacity or less who possess a current driver's license from one of the 50 States, District of Columbia, or Puerto Rico, where the employee is domiciled or principally employed, except for operators of buses and vehicles used for: (1) Transportation of dangerous materials; (2) law enforcement; or (3) emergency services.

(b) OPM waives the road test for operators, and agencies may waive the road test for incidental operators of any class of vehicle, who possess a current driver's license for the specific type of vehicle to be operated from one of the 50 States, District of Columbia, or Puerto Rico, where the employee is domiciled or principally employed.

(c) An agency head may waive the road test for operators and incidental operators not covered by paragraphs (a) and (b) of this section, but only when in his or her opinion it is impractical to apply it, and then only for an employee whose competence as a driver has been established by his or her past driving record.

(5 U.S.C. 1104; Pub. L. 95-454, sec. 3(5))

#### **§ 930.108 Periodic medical evaluation.**

At least once every 4 years, each agency will ensure that employees who operate Government-owned or leased vehicles are medically able to do so without undue risk to themselves or others. When there is a question about an employee's ability to operate a motor vehicle safely, the employee may be referred for a medical examination in accordance with the provisions of part 339 of this chapter.

[60 FR 3067, Jan. 13, 1995]

#### **§ 930.109 Periodic review and renewal of authorization.**

(a) At least once every 4 years, each agency will review each employee's authorization to operate Government-owned or -leased motor vehicles.

(b) An agency may renew the employee's authorization only after the appropriate agency official has determined that the employee is medically qualified and continues to demonstrate competence to operate the type of motor vehicle to which assigned based on a continued safe driving record.

[50 FR 34669, Aug. 27, 1985, as amended at 60 FR 3067, Jan. 13, 1995]

#### **§ 930.110 Identification of authorized operators and incidental operators.**

Agencies must have procedures to identify employees who are authorized to operate Government-owned or -leased motor vehicles. Such procedures must provide for adequate control of access to vehicles and assure that the other requirements of this subpart are met.

[50 FR 34669, Aug. 27, 1985, as amended at 66 FR 66712, Dec. 27, 2001]

#### **§ 930.111 State license in possession.**

An operator or incidental operator will have a State license in his or her possession at all times while driving a Government-owned or -leased motor vehicle on a public highway.

#### **§ 930.112 Identification card or document in possession.**

The operator or incidental operator will have a valid agency identification card or document (e.g., building pass or credential) in his or her possession at all times while driving a Government-owned or -leased motor vehicle.

#### **§ 930.113 Corrective action.**

An agency will take adverse, disciplinary, or other appropriate action against an operator or an incidental operator in accordance with applicable laws and regulations. Agency orders and directives will include the following reasons among those constituting sufficient cause for such action against an operator or an incidental operator:

- (a) The employee is convicted of operating under the intoxicating influence of alcohol, narcotics, or pathogenic drugs.
- (b) The employee is convicted of leaving the scene of an accident without making his or her identity known.
- (c) The employee is not qualified to operate a Government-owned or -leased vehicle safely because of a physical or medical condition. In making such a determination, agencies should consult a Federal medical officer or other medical authority as appropriate.
- (d) The employee's State license is revoked.
- (e) The employee's State license is suspended. However, the agency may continue the employee in his or her position for operation of Government-owned or -leased motor vehicles on other than public highways for not to exceed 45 days from the date of suspension of the State license.

**§ 930.114 Reports required.**

An agency will submit to OPM, on request (a) a copy of agency orders and directives issued in compliance with this subpart; and (b) such other reports as OPM may require for adequate administration and evaluation of the motor vehicle operator program.

**§ 930.115 Requests for waiver of requirements.**

Agencies may request authority from OPM to waive requirements in this subpart. OPM may grant exceptions or waivers when it finds these waivers or exceptions are in the interest of good administration and meet the objectives of this program.

[50 FR 34669, Aug. 27, 1985, as amended at 66 FR 66712, Dec. 27, 2001]

## ***CONTACTING THE OFFICE OF INSPECTOR GENERAL***

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