

# Memorandum

DATE: June 24, 2008

Audit Report Number: OAS-L-08-14

REPLY TO:

ATTN OF: IG-34 (A07GT009)

SUBJECT: Report on "Bonneville Power Administration's Aviation Management Program"

TO: Administrator, Bonneville Power Administration

## INTRODUCTION AND OBJECTIVE

In Fiscal Year (FY) 2007, the Department of Energy (Department) owned 24 aircraft at five sites with total operating costs of approximately \$28.3 million. The Bonneville Power Administration (Bonneville) currently owns and operates six of the Department's aircraft; four helicopters and two fixed-wing aircraft. The helicopters are used primarily for transmission line inspection, maintenance and construction while the fixed-wing aircraft are, for the most part, used for passenger transportation. A total of 872 trips were taken on Bonneville fixed-wing aircraft during FYs 2004, 2005 and 2006.

The Office of Inspector General has issued a number of audit reports related to the Department's aircraft activities and services. Our most recent review, dated January 1999, disclosed the need for management improvements over periodic assessments of the continuing need for aircraft; the identification and correction of uneconomical aircraft operations; the validation of acquisitions; and ensuring that accurate charter, contract and rental information was collected and provided to the General Services Administration. Based on the significant cost associated with the aviation program, we conducted this review to determine whether Bonneville had an effective and efficient aviation management program.

## CONCLUSION AND OBSERVATIONS

Based on test work performed on selected aspects of Bonneville's aviation management program, nothing came to our attention to indicate that Bonneville had not adequately managed the operation of its helicopters. However, we noted certain actions that, if adopted, could enhance the transparency of its fixed-wing aircraft management program. In particular, we identified minor errors and inaccuracies in flight cost comparison data used to justify the use of fixed-wing aircraft. We also noted that Bonneville had not recently conducted a review to assess the continuing need for all of its aircraft or reported on the cost effectiveness of its aircraft operations.

Our review of Bonneville's process to perform passenger flight comparisons disclosed that the methods and data used did not always produce accurate and reliable results. Bonneville used a software package to compare the cost of using its fixed-wing aircraft to

the cost of using a commercial carrier prior to approving and scheduling each of its fixed-wing passenger flights. During our review, we noted problems with Bonneville's process that included:

- The use of outdated and inaccurate cost-per-flight-hour data;
- Using inappropriate airfare rates for commercial flights for comparison purposes;
- Providing incorrect drive time estimates to and from the Portland airport; and,
- Including per diem costs for next day commercial return flights when same day return flights were available.

Using accurate assumptions and data, we compared the costs for a sample of flights and found a significant reduction in the savings for using Bonneville-owned fixed-wing aircraft. While the errors were not large enough to impact use justifications in aggregate or over time, for some flights, our review revealed that there were no savings associated with using Bonneville aircraft. We discussed these issues with the Transportation Policy Manager at Bonneville who agreed with our assessment that inaccurate information was being used to perform passenger flight cost comparisons.

We also determined that Bonneville had not performed a review of the continuing need for all of its aircraft since 1999 and had not yet prepared its baseline *Capital Asset Plan and Business Case Summary* (Capital Asset Plan). The Office of Management and Budget (OMB) requires an agency to periodically review the continuing need for all of its aircraft, the results of which support the justification for existing aviation assets included in Capital Asset Plans. Capital Asset Plans, also required by OMB, are used by the Department's Office of Aviation Management (OAM) to monitor the effectiveness and efficiency of aviation resources. The Department also uses the information in Capital Asset Plans to report and release excess aircraft as required by OMB and the Federal Management Regulations. OAM required all sites with aviation programs to submit their baseline Capital Asset Plans by December 2007. As of the date of this report, however, Bonneville had not submitted the Capital Asset Plan. The Director of OAM told us that Bonneville needed to make their submission by no later than the end of FY 2008.

### **SUGGESTED ACTIONS**

To address the issues outlined above, we suggest that the Administrator, Bonneville Power Administration:

1. Routinely evaluate the accuracy and reliability of passenger flight cost comparison data and assumptions;
2. Periodically review the aircraft operations to determine the continuing need for all aircraft as required by OMB; and,

3. Prepare and submit, by the end of FY 2008, an annual Capital Asset Plan to the OAM.

No recommendations are being made in this report; therefore, a formal response is not required. We appreciate the cooperation of the various Departmental elements and all the staff at Bonneville during this effort.



Rickey R. Hass  
Assistant Inspector General  
for Environment, Science, and Corporate Audits  
Office of Inspector General

Attachment

cc: Director, Office of Management, MA-1  
Director, Office of Aviation Management, MA-30  
Executive Vice President, Internal Business Services, Bonneville Power Administration  
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## **SCOPE AND METHODOLOGY**

This review was performed between June 2007 and May 2008 at Bonneville Power Administration (Bonneville), Portland, Oregon. To accomplish our objective, we:

- Reviewed Federal, Department of Energy (Department) and site specific aviation related policies and procedures and interviewed key personnel at this site;
- Assessed the site's compliance with the applicable Federal guidance, and internal aviation policies;
- Tested documentation used by Bonneville for cost comparisons for fixed-wing flights for Fiscal Years 2004 through 2006; and,
- Reviewed internal audit reports provided by the Office of Aviation Management (OAM) for the Fiscal Years 2004 through 2007.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Because our review was limited, it would not necessarily have disclosed all internal deficiencies that may have existed at the time of our audit. During the audit, we assessed the Department's compliance with the Government Performance and Results Act of 1993 and found that the Department had established specific aviation management related performance measures. We did not rely on computer-processed data to satisfy our audit objectives. A draft of this report was provided to Bonneville and OAM representatives on June 12, 2008. Bonneville officials agreed with our report and OAM officials responded with minor suggested changes, which we accommodated to the extent practicable.