

INTERNAL AUDIT REPORT

November 17, 2022

Fuel Card Program



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Date



This Fuel Card Program Audit was performed in accordance with the approved schedule of engagements identified in the Department of Internal Audit Fiscal Year 2022 Annual Audit Plan.

Audit Objective

Evaluate the adequacy of internal controls supporting the City's Fuel Card Program.

Audit Scope

Review of fuel card transactions for the test period October 1, 2019 to September 30, 2021.

Opportunities for Improvement

- Internal controls supporting fuel card transactions
- Approval process for issuing and assigning fuel cards
- Procedure standardization in issuing and revoking access to fuel cards
- Monitoring fuel card inventory

Executive Summary

The Fuel Services Section, within the City of Fort Worth General Services department, administers the Fuel Card Program and provides fueling and lubrication services for City owned vehicles. As of March 4, 2022, there were 2,458 fuel cards issued and outstanding.

During the course of this engagement, Internal Audit staff identified a subset of fuel card transactions that did not conform to City policies and procedures:

In some instances, volumetric limits on a fuel card were not established or aligned to correspond with (i) the City's daily fuel limit and/or (ii) the documented fuel capacity of the vehicle to which the fuel card was assigned or linked. Consequently, on occasion, established dollar threshold limits were exceeded.

In other instances, the odometer readings of City owned vehicles were entered incorrectly at the pump by a fuel card user and such instances failed to be examined further to identify and document the root cause of the occurrence.

Additionally, staff observed (i) a noticeable transaction pattern wherein fueling amounts below two gallons occurred, and (ii) fuel transactions occurring at five dollars or more per gallon.

Internal Audit identified issues associated with administrative procedures in issuing and revoking access to the fuel cards:

On occasion, the Driver IDs of employees who had already left employment with the City were used for fuel card transactions. Additionally, an invalid Driver ID was used repeatedly for fuel card transactions.

Further, we observed that no supervisory approval was required to issue and obtain a fuel card and,

Additionally, an administrative procedure was not in place to retain fuel card requests as evidence of authorization for the issuance of a fuel card.

Lastly, we noted that (i) a significant number of issued and outstanding fuel cards had no transaction activity during our test period, (ii) a small number of cards had no purchasing restrictions, (iii) there were fuel cards not linked to any vehicles, and (iv) some vehicles had more than one fuel card linked to them.

Our audit findings are discussed in further detail within the [Detailed Audit Findings](#) section of this report. Management has responded with a Department Action Plan to address our audit findings and the related recommendations.

We feel that management's Department Action Plan addresses the audit recommendation and will help mitigate the City's risk once implemented.

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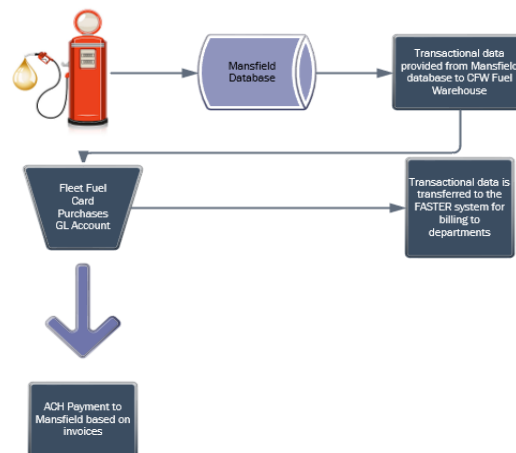
Background

The Fuel Services Section, within the City’s General Services Division, provides fueling and lubricants for vehicles across multiple City departments. The Fuel Services Section offers 5 large fuel sites and 93 above ground storage tanks to allow staff to fuel City owned vehicles. The Fuel Services Section administers the City’s Fuel Card Program and related usage thereunder is, currently, monitored by Mansfield Oil Company. The fuel cards are only used at (non-City related) commercial fueling sites (gas stations).

As of March 2022, there were 2,458 fuel cards issued and outstanding under the Fuel Card Program, which may be used only to purchase fuel. Each of these fuel cards is assigned to a City owned vehicle and the fuel card number (i.e. Vehicle ID) is then linked to the automobile’s Vehicle Identification Number (VIN). According to the Property Management department, the inventory of City owned vehicles fluctuates daily as a result of additions and retirements of vehicles. Of the 2,458 fuel cards issued and outstanding, approximately 90% are issued to Police Department personnel.

An assigned Department Fuel Coordinator serves to request fuel cards (where applicable) for vehicles assigned to a City department. Each issued fuel card is to remain with the vehicle to which the fuel card has been linked, irrespective of City employee using the vehicle. A City employee using a fuel card, at a commercial gas station to fuel a City owned vehicle, is identified by using their unique Personal Identification Number (PIN), and unique Driver ID. While civilian staff using a fuel card must enter, at the fuel pump, their unique PIN and the vehicle’s mileage reading per the odometer at the time of fueling. Whereas on the other hand, Police Department personnel enter the employee identification number, their unit number, the vehicle’s mileage per the odometer, and the last four digits of the officer’s social security number.

Fuel card transactional data, which is aggregated and recorded in Mansfield’s transaction tracking system, is subsequently uploaded into the City’s Fuel Warehouse system. City staff perform a reconciliation of various data elements to confirm that any subsequent invoice submitted by Mansfield to the City of Fort Worth for fuel card purchases is correct. Fuel card transaction data is transferred into the City’s FASTER system to facilitate internal billing to departments for fuel card purchase transactions.



Source: Auditor generated based on interviews with Property Management



Audit Objective

To evaluate the adequacy of internal controls supporting the City's fuel card program.

Audit Scope

Review of fuel card transactions for the test period October 1, 2019 through September 30, 2021. Some areas of review went beyond the test period due to data availability.

Methodology

To achieve the audit objective, the Department of Internal Audit performed the following tests and procedures:

- reviewed Property Management and Police policies and procedures for fuel cards;
- interviewed Property Management and Police department personnel;
- flowcharted processes;
- reviewed over-capacity fueling report;
- analyzed fuel card numbers and associated vehicle assignment;
- compared amount spent on fuel cards per vehicle per day to current City policies;
- reviewed driver name/ employee title and associated spend;
- reviewed issued and outstanding fuel cards, including the date of last transaction;
- analyzed transactional data to identify transaction and odometer anomalies;
- reviewed Fuel Warehouse reports;
- reviewed fuel card transactions for the test period; and
- evaluated internal controls related to fuel cards.

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.

Audit Results

Internal Audit's assessment of the adequacy of internal controls supporting the City's Fuel Card Program utilized standardized audit procedures including tests of transactions for the 2,458 issued and outstanding cards under the Fuel Card Program for the period October 1, 2019 to September 30, 2021. 211,385 transactions occurred during the test period amounting to \$5,467,379.63. Based on the results of our procedures and tests, we have assessed that opportunities for improvement exist in the design of internal controls supporting the Fuel Card Program.

Our tests of transactions indicated (through the following bullet points) that procedures should be strengthened and tools developed to enhance monitoring fuel card activity and support compliance with City of Fort Worth policies and related protocols:

- Internal Audit identified transactions wherein the volume of fuel pumped by a City employee into a City owned vehicle was greater than the documented fuel capacity of the vehicle to which the fuel card used was associated, the largest example of which amounted to 131 gallons fueled over the capacity of the vehicle. Another of our tests of transactions revealed that one employee over-fueled their vehicle by at least five gallons on 104 separate occasions. Property Management indicated they have a procedure in place that allows for splitting transactions, which calls for recording the overcapacity fuel amount into a generic account.
- Incorrect vehicle odometer readings existed in transactional data reviewed. This issue was not investigated further by Property Management staff.
- The Property Management Fleet Fuel Card Program (Fuel Card Policy) establishes a maximum limit of \$200.00 per fuel card, per day when used by departments other than the Police. However, our tests identified that on 45 separate days, the daily spend of departments other than Police exceeded the allowable maximum limit.
- The Fuel Card Policy establishes a maximum limit of \$300.00 per fuel card, per day when used by Police Department personnel. Our tests identified that on seven separate days, the daily allowable maximum limit was exceeded.
- During the course of this audit engagement, the fuel cards were categorized under an emergency profile; this subsequently raised the allowable daily limit, per card, to \$10,000. This threshold has since been reduced.
- We identified 971 transactions with small fuel amounts charged to the fuel cards. Property Management staff provided several explanations as to why this occurred, but we were unable to substantiate any of them.
 - As an example, there were transactions for fuel in excess of five dollars a gallon; however, these purchases were for only one gallon. Internal Audit determined these to be atypical fuel purchases.

To request and receive a fuel card, an authorized signature was not needed. E-mails between departments were treated as official requests. In addition, these e-mails were not retained beyond the 2-year e-mail retention period.

We identified inaccuracies with the assignment of Driver IDs.

We identified six (6) drivers who were not active employees but who had fuel card transactions in which their Driver ID was used. Internal Audit staff was unable to confirm whether four of these employees had



in fact left their employment with the City or whether it was their Employee ID that had changed (in PeopleSoft) and the Driver ID was not updated (in Fuel Warehouse). Upon inquiry, Human Resources staff informed us that Employee ID changes for Police Department (PD) officers can occur upon their transition into a reserve role. Four of the six employees were PD or Marshall staff. Transactions related to the other two Driver IDs amounted to \$6,507.51.

- A generic Driver ID was used for fuel card transactions under three different driver names, one of which was a single comma, shown as “;” within the transaction data examined.

We discovered that the fuel-card-issued and outstanding listing lacked scheduled maintenance and supervision. Internal Audit identified the following:

- 650 fuel cards had no transaction activity between October 2021 through March 2022 and six fuel cards had not been used since 2011.
- 11 fuel cards had no purchasing restrictions assigned.
- 41 administrative cards (not tied to a vehicle) were located by Internal Audit.
- VIN's were identified which had multiple fuel cards assigned.

During Internal Audit's initial inquiry, the total per day limit on any individual fuel card was set at \$10,000; this limit has since been reduced. The fuel card daily limit now ranges from \$300 to \$3,000; with the majority of fuel cards issued and outstanding having a per day limit of \$500 (99%) which is inconsistent with the current policy.

Overall Risk Evaluation

High	Medium	Low
There were transaction anomalies in use of fuel cards.		
Supervisor authorization is not consistently required to obtain a fuel card.		
Identified inconsistencies between Fuel Warehouse (Driver ID) and PeopleSoft (Employee ID).		
Fuel card listing was not appropriately monitored.		



Detailed Audit Findings

1. There were transaction anomalies in use of fuel cards.

The Fuel Card Policy states that fuel purchases should be for City purposes only. The Vehicle Identification Number (VIN) is assigned to the fuel card for which fuel card usage is to occur along with vehicle fuel capacity. Audit procedures identified inconsistencies wherein transactions occurred in which more fuel was filled into a vehicle than the identified fuel capacity. Upon inquiry, Property Management staff indicated the inconsistencies can occur (i) when City staff fill the neck of the tank, (ii) add fuel to auxiliary tanks/equipment, or (iii) fuel another vehicle during the same transaction. Property Management modified some of the inconsistent transactions in the following manner, the effect of which is that overcapacity transactions are not easily identifiable by the departments for investigation:

- (a) Fuel over capacity is flagged in the system, then
- (b) Property Management manually splits the transactions, then
- (c) Capacity transactions are charged to the vehicle ID, then
- (d) Overcapacity transactions are charged to a generic account.

Internal Audit staff identified 241 fuel card transactions wherein a fuel card was used to pump five or more gallons of fuel into a vehicle than the documented fuel capacity of the vehicle to which the fuel card was associated or linked. These overfill amounts, therefore, appeared questionable. The largest individual overfill type was for 131 gallons. Additionally, test procedures identified one employee who used the fuel card in overcapacity themed transactions in 104 separate transactions, amounting to 3,092 gallons of fuel pumped in excess of documented fuel capacity. During the course of our audit engagement, Property Management had initiated developing a new management report which would allow department coordinators to identify and monitor overfill type transactions.

Audit procedures identified 971 Fuel Card transactions wherein (i) 2 or fewer gallons of fuel were purchased, the cumulative value of which amounted to \$5,676.75 and (ii) of the 971 transactions, 72 amounted to \$2,238.08, wherein the price paid per gallon exceeded \$5.00. Property Management provided the following as clarifications for how these “small” transactions may have occurred:

- Staff “overfilled” their vehicles and Property Management split and recorded the overage gallons into a generic account.
- An employee pumped fuel at a gas station that was blocked by the Mansfield system; however, the employee was able to pump up to two gallons of fuel before the transaction was stopped.

We were unable to confirm the above as causal. The Property Management policy prohibits fuel card users from sharing the unique Personal Identification Number (PIN).

Police General Orders state that when obtaining fuel using a fuel card, the vehicle’s odometer reading, obtained from the vehicle into which fuel is to be pumped, is to be correctly entered into the gas pump keypad. However, audit procedures identified 725 fuel card transactions wherein the odometer mileage had been entered as zero (0) or one (1) miles. Additionally, the odometer mileage entered by employees for some vehicles would indicate that some vehicles lost mileage whereas others had mileage in excess of 500,000. Management indicated that it must rely on staff to correctly enter odometer mileage at the pump, as currently, there is no ‘real time’ tool which would prohibit employees from entering incorrect odometer



mileage at the fuel pump. Property Management staff indicated that they can record a vehicle's correct odometer mileage when it is serviced at a City site.

The Fuel Card Policy establishes a maximum per day, per fuel card limit of \$200 for employees of City departments other than Police. Through our audit procedures, we identified that on 45 separate days, this per day, per card limit was exceeded. The range of transactions varied from a low of \$3.01 to a high of \$469.77 in excess of the \$200 maximum limit. The cumulative value of the exceedances portion on these transactions amounted to \$5,705.88 over and above what would have been allowed had compliance with the fuel card limit threshold been reinforced. Property Management splits overfill type fuel card transactions so that the overfill gallons are recorded into an unrelated generic account.

The Fuel Card Policy establishes a maximum per day, per fuel card limit of \$300 for Police Department employees. However, we identified four separate days in which fuel card transaction amounts exceeded this maximum limit. The range of transactions varied from a low of \$18.09 to a high of \$211.27 in excess of the \$300 maximum limit. The cumulative value of the exceedances portion on these transactions amounted to \$499.59 over and above what would have been allowed had compliance with the fuel card limit threshold been reinforced. Here again, Property Management splits overfill type fuel card transactions so that the overfill gallons are recorded into an unrelated generic account.

A deficiency in the design of internal controls failed to detect \$6,403.08 in fraudulent transaction activity for fuel on multiple fuel cards, as a result of the card information being compromised by an external party. The transactions remained undiscovered and remained unrefunded until Internal Audit inquired about them during the course of this audit engagement.

Recommendation 1A: *The Property Management Director should ensure that a report is provided to departments that clearly identifies over-exceedance of fuel capacity.*

Auditee's Response: Concur - The Property Management Department's (PMD) Fuel Manager worked with the IT-Solutions Department to create a report displaying any units/drivers that pumped fuel beyond the fuel capacity indicated in the Fleet's Management System (FASTER). The report will be provided to each affected department's Fiscal Coordinator through email, on a monthly basis. This will ensure that departments are aware of any vehicles that may have been over filled during the previous month. Departments will then have the opportunity to evaluate the report, and take any necessary actions. The first report will be emailed the 2nd week of November, 2022. Upcoming reports will be emailed the 2nd week of each month for the prior month's transactions. For example, the October 1, 2022 to October 31, 2022 report will be emailed out the 2nd week of November 2022. If no corrective actions are taken by the departments, PMD will consider adjusting the frequency the report is sent, such as sending the report twice a month or once a week. PMD will also consider including Department Heads on the email to ensure corrective actions are taken where needed.

Target Implementation Date: 11/15/2022

Responsibility: Megan Garcia, PMD's Management Analyst I will download and email the reports to affected departments on a monthly basis. Department Fiscal Coordinators will be responsible for the review of the report and for taking any necessary actions.

Applicable Department Head: Steve Cooke, Property Management Director

Applicable Assistant City Manager: Dana Burghdoff



Recommendation 1B: *The Property Management Director should ensure department supervisors and/or coordinators receive unmodified fueling data to enable them to respond to and correct occurrences of over-fueling or improper charges.*

Auditee's Response: Concur – Please see response to Recommendation 1A. PMD will provide each affected department with an over exceedance report for a given month. The report includes unmodified data of any units and drivers that pumped fuel beyond the fuel capacity indicated in FASTER. Departments will have the opportunity to review the report and take any necessary actions.

Target Implementation Date: 11/15/2022

Responsibility: Megan Garcia, PMD's Management Analyst I will download and email the reports to affected departments on a monthly basis. Department Fiscal Coordinators will be responsible for the review of the report and for taking any necessary actions.

Applicable Department Head: Steve Cooke, Property Management Director

Applicable Assistant City Manager: Dana Burghdoff

Recommendation 1C: *The Property Management Director and other applicable Department Heads should reinforce staff entry of accurate odometer mileage when using the fuel card.*

Auditee's Response: Concur - PMD is unable to identify all incorrect meter readings without physically looking at each unit, however, PMD can identify noticeably incorrect odometer readings such as 0, 1, or 12345. Monthly reports will be sent to Fiscal and Fleet Coordinators with a list of employees that have noticeably entered an incorrect odometer reading such as 0, 1, or 12345. Department Heads will be copied on the email so that they are aware of the issue and so that they can reinforce the importance of entering accurate odometer readings.

Target Implementation Date: 11/15/2022

Responsibility: Megan Garcia, PMD's Management Analyst I will prepare and email the reports to departments on a monthly basis. The report will be sent out after the FASTER billing has been posted, typically around the 2nd week of the month. Department Heads will be responsible for reiterating the importance of entering accurate odometer readings.

Applicable Department Head: Steve Cooke, Property Management Director

Applicable Assistant City Manager: Dana Burghdoff

Recommendation 1D: *The Property Management Director should ensure proper authorization is obtained and retained to implement any Fuel Card Policy changes, inclusive of daily limit changes.*

Auditee's Response: Concur – PMD will document any requests for deviations in the current Fuel Card Policy by requiring that the Fuel Card Coordinator sends an email as soon as possible with the details as to why the deviation is being requested and when the deviation should be terminated. For example: if a Police officer needs an increase to the daily charge limit due to traveling outside of the City, and the request is made outside of normal business hours, the Fuel Card Coordinator will be required to provide an email the next business day or as soon as feasible with the request.



The request should also include when the additional exception should be terminated. These requests will be kept in PMD's servers to ensure they are not deleted as part of the email retention policy.

Target Implementation Date: 11/10/2022

Responsibility: Randy Rendon, PMD's Fuel Manager will be responsible for saving requests to PMD's server for retention. Department's Fuel Card Coordinators will be responsible for sending an email to request any exceptions to the Fuel Card Policy.

Applicable Department Head: Steve Cooke, Property Management Director

Applicable Assistant City Manager: Dana Burghdoff

2. Supervisor authorization is not consistently required to obtain a fuel card.

The Fuel Card Policy states that a Driver Authorization Request Form must be e-mailed to Property Management by the authorized department coordinator in order for the applicant to receive a Driver's PIN. Internal Audit staff requested evidence of these e-mails but were told that Property Management had not retained all of them; consequently, evidence did not exist to confirm appropriate authorization had occurred for all fuel cards issued. Additionally, no formal documented authorization or approval by a supervisor was required to obtain and use a fuel card. The department coordinator sends an e-mail to the fleet supervisor and the applicant, or if applicable, the lieutenant in charge of operations. The City P-Card Policy requires written approval from an employee's supervisor, manager, department assistant director, and director in order to obtain a P-Card; however, similar internal controls are not required under the Fuel Card Policy.

Recommendation 2: *The Property Management Director should ensure that an appropriate level of authorization is obtained and retained for the life of the fuel card to document the authorization.*

Auditee's Response: Concur – PMD's Fuel Manager and Michael Padilla, Sr. Business Process Analyst have initiated the process with the IT-Solutions Department to develop an electronic form for the activation and deactivation of fuel cards. Per the Fleet Fuel Card Program Policy, only Fuel Card Coordinators can request cards and PIN numbers for their assigned departments, however, the form will also include a field for the employee's supervisor acknowledgement and approval. The form will be used to activate as well as deactivate fuel cards and it will be backed up through IT-Solutions so that a record will always be kept and not deleted through the email system. While this form is being developed, PMD will continue to require email requests from Fuel Card Coordinators. These emails will be saved in PMD's server.

Target Implementation Date: 1/31/2023

Responsibility: Randy Rendon, Fuel Manager and Michael Padilla, Sr. Business Process Analyst will work with the IT Solutions Department on the development of the new form. Department's Fuel Card Coordinators will be responsible for submitting the form to request the activation of a new fuel card as well as the deactivation of any fuel cards no longer needed.

Applicable Department Head: Steve Cooke, Property Management Director

Applicable Assistant City Manager: Dana Burghdoff



3. Identified inconsistencies between Fuel Warehouse (Driver ID) and PeopleSoft (Employee ID).

The Property Management Policy states that the drivers are responsible for the proper use of the fuel cards and that it should be used for City purchases for the assigned vehicle only. Additionally, name changes must be reported to the Property Management department in a timely fashion.

Internal Audit identified six (6) employees that appeared to have charges after their employment termination date.

- For four (4) employees, Internal Audit was unable to determine whether the Employee ID or Employee name had changed.
- Two (2) employees, Internal Audit determined, no longer worked for the City had charges on their fuel cards subsequent to date of their final employment.
 - One (1) employee appeared to have been a library employee, however, the fuel card usage was charged to a Police Department vehicle.

Transactions for the above two employees amounted to \$6,507.51. Human Resources personnel informed Internal Audit that Employee IDs for reserve officers are often changed after staff transition from the Police Department. In these cases, Employee ID could have changed, causing them to not show up in the PeopleSoft system. On occasion, Driver IDs in the Fuel system had not been updated timely to reflect PeopleSoft records, making it difficult to trace fuel card purchases to drivers. Alternatively, staff error may have resulted in the input of an incorrect Employee ID

Property Management previously had an automated link from Human Resources which would alert Property Management when an Employee ID was deactivated. However, this link was broken and had not been restored. Therefore, Property Management must now currently rely on departments to contact them with changes.

The Property Management Fuel Card Policy requires drivers to complete a “Drivers Authorization Request” via the department fuel coordinator. Use of this request form could minimize multiple drivers being assigned the same fuel card profile. During our engagement, we discovered that **Driver ID 000000** was associated with 3 driver names, one of which was a “,” comma; moreover, the Driver ID 000000 is not a valid City of Fort Worth Driver ID. Property Management says that this could have been an error that occurred during batching. However, we were unable to confirm who made these purchases or if the purchaser was an employee. Charges for all three names under the Driver ID 000000 totaled \$9,532.73.

Recommendation 3A: *The Property Management Director should ensure that only authorized employees receive fuel cards and that driver PINs are suspended after an employee no longer needs a fuel card.*

Auditee’s Response: Concur – PMD currently requires an email from Department Fuel Card Coordinators for any activation and deactivation of fuel cards. In an effort to streamline the process, PMD is currently in the process of creating a new electronic form for the activation and deactivation of fuel cards and the removal of employees who no longer work for the City or who no longer need a fuel card. Additionally, PMD will conduct bi-annual audits in March and September of all active fuel cards to ensure only current employees have an active card. The audit will be conducted by comparing a list of City of Fort Worth employees obtained from the fuel card provider (Mansfield Oil), against HR’s employee files. This audit process has already been implemented for FY2022 and will continue for future fiscal years.

Target Implementation Date: 08/01/2022



Responsibility: Randy Rendon, Fuel Manager and Michael Padilla, Sr. Business Process Analyst will work with the IT Solutions Department on the development of the new form as well as the bi-annual audits.

Applicable Department Head: Steve Cooke, Property Management Director

Applicable Assistant City Manager: Dana Burghdoff

Recommendation 3B: *The Property Management Director should reinstate the link to Human Resources that notified the Property Management department when a fuel card holder left the City or an Employee ID has been deactivated.*

Auditee's Response: Concur - The link to the Human Resources employee database has already been reactivated. PMD's Fuel Manager and Sr. Business Process Analyst will work with IT-Solutions to ensure that it continues to stay in operation.

Target Implementation Date: 3/01/2022

Responsibility: Randy Rendon, Fuel Manager and Michael Padilla, Sr. Business Process Analyst will be responsible for working with the IT Solutions department to ensure that the link is functional at all times and to restore it in a timely manner if there are any disconnections.

Applicable Department Head: Steve Cooke, Property Management Director

Applicable Assistant City Manager: Dana Burghdoff

Recommendation 3C: *The Property Management Director should ensure that only valid Driver IDs are used and that only one employee is associated with each Driver ID.*

Auditee's Response: Concur – PMD's Fuel Manager has already removed any duplicates in the systems. Additionally, Mansfield Oil has moved from an old retail fuel card database to a new database (Wright Express Millennium), which is a more efficient and accurate database and should prevent future duplication of employees. PMD will also conduct bi-annual audits in March and September to ensure there are no errors in the new Wright Express Millennium system that is creating duplication of Driver ID's.

Target Implementation Date: 08/01/2022

Responsibility: Randy Rendon, Fuel Manager will be responsible for the bi-annual audit, Michael Padilla, Sr. Business Process Analyst will be the backup person responsible for conducting audits if Fuel Manager is not available.

Applicable Department Head: Steve Cooke, Property Management Director

Applicable Assistant City Manager: Dana Burghdoff

4. Fuel card inventory listing was not appropriately monitored.



During this engagement, we identified 650 issued and outstanding fuel cards which had no transaction activity in FY2021 or Oct-March FY2022. 106 of these fuel cards had no identifying information to indicate a valid date for when each was last used, moreover, no transactions were identified as having been associated with 104 of these cards. The operational rationale for unused fuel cards is unknown. Fuel cards run the risk for misuse when unaccounted for over an extended period prior to their being reported as such, and revoked and deactivated. The Fuel Card Policy requires that a Driver's PIN be deactivated when that employee leaves the department or no longer needs the fuel card. Concurrently, a card originally requested by the department to fill a need for fuel, but where it is no longer needed, should be deactivated.

We identified eleven (11) fuel cards with no usage restrictions (e.g. food, supplies, etc.) rather than being restricted to fuel only as required by policy. Property Management indicated that, in the past, the default status for fuel cards would be "unlimited" usage restriction; consequently, the 11 cards identified were determined to be inconsistent with current policy guidelines. \$37,721.45 in combined transaction activity had occurred on these 11 cards.

The Property Management Policy Fuel Card Policy requires that only one fuel card be assigned and issued per vehicle. However, during the audit we discovered that:

- 41 administrative cards in the active card list that were not assigned to any specific vehicle.
 - Thirty-Six (36) of which are assigned to the Fire Department and the other five (5) fuel cards are "Travel" cards which Property Management indicated were used when not enough time was available to create a fuel card for a corresponding vehicle.
 - Moreover, 34 of these 41 administrative cards had not been used between October 2021 through March of 2022, and five (5) of the cards did not have a date showing when they were last used.

Administrative cards are fuel cards not assigned to a specific vehicle, or a specific employee; \$15,248.06 in combined transaction activity occurred using these administrative cards during our test period. Of the \$15,248.06, one fuel card had \$14,691.26 (96%) of charges, attributed to 5 Driver IDs.

We identified ten (10) vehicle identification numbers (VIN) assigned to multiple fuel cards and vehicle ID numbers. Property Management indicated this occurrence was an error and said that separate vehicle ID numbers had mistakenly been assigned the same VIN. The total spent under these vehicle IDs during our test period was \$44,695.12. Of the 2,458 fuel cards, there was no VIN information associated with 403 of these cards. It remains indeterminable if multiple fuel cards were assigned to the same vehicle in these cases.

Recommendation 4A: *The Property Management Director should review the fuel card inventory listing to determine if cards are actively being used and, where not, deactivate those fuel cards that have not had charges posted to them over the previous 12 months.*

Auditee's Response: Concur with exceptions – The nonactive/non-administrative fuel cards have been disconnected and are no longer active. This process was completed through an audit once PMD identified the proper codes for nonactive vehicles (i.e. Auction, Wrecked, Crushed Vehicles, etc.) In August of 2022 IT-Solutions and PMD's Fuel Manager were able to provide Mansfield Oil with a clean list of active users and units and requested that the provider deactivate any vehicles not on the list. This process will be followed on a yearly basis to ensure the provider, Mansfield Oil, has the most up to date and accurate data.



There are also Administrative Fuel Cards that are kept by the Fire Department that may not have any activity during the last 12 months, however, these cards are kept in case of emergencies. These cards are the only cards that will be allowed to remain active even though there may not be any activity within 12 months. No additional Administrative Fuel Cards are being approved at this time.

Target Implementation Date: 08/01/2022

Responsibility: Randy Rendon, Fuel Manager will be responsible for conducting annual audits to assess the need to deactivate inactive fuel cards. The Administrative Cards will be reviewed on a case-by-case basis and deactivated as applicable.

Applicable Department Head: Steve Cooke, Property Management Director

Applicable Assistant City Manager: Dana Burghdoff

Recommendation 4B: *The Property Management Director should ensure that all issued and outstanding and all future fuel cards are restricted to allow purchases only for those reasons specified in the Fuel Card Policy.*

Auditee's Response: Concur - PMD's Fuel Manager has disabled any allowances for purchases other than fuel for all fuel cards. This will ensure that the fuel cards are used for their original purpose which is fuel only. Any requests for deviations to the Policy will be carefully reviewed and considered by PMD's Fuel Manager and documented through email.

Target Implementation Date: 10/14/2022

Responsibility: Randy Rendon, Fuel Manager has restricted all fuel cards to the purchase of fuel only. Randy Rendon will also be responsible for the review and authorization of any request for deviations to the Policy after careful consideration.

Applicable Department Head: Steve Cooke, Property Management Director

Applicable Assistant City Manager: Dana Burghdoff

Recommendation 4C: *The Property Management Director should ensure that each separate, issued and outstanding fuel card is assigned to and corresponds to a unique City owned vehicle.*

Auditee's Response: Concur – PMD will develop a process to conduct quarterly audits to ensure that fuel cards are assigned to a unique City owned vehicle. The audits will be conducted by requesting a report from the provider, Mansfield Oil that shows current active fuel cards and their corresponding units. PMD will then search for duplicate cards and will send a request to the provider to deactivate the duplicate card from their system.

Target Implementation Date: 1/3/2022



Responsibility: Randy Rendon, Fuel Manager, and supporting fuel personnel such as PMD's Management Analyst I (Megan Garcia), Sr. Management Analyst (Diana Carranza) or Sr. Business Process Analyst (Michael Padilla) will be responsible for the quarterly audit.

Applicable Department Head: Steve Cooke, Property Management Director

Applicable Assistant City Manager: Dana Burghdoff



Acknowledgements

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