



Audit of Fleet Services Operations: Fuel Card Administration

Madison Rorschach

City Auditor

Internal Audit Department

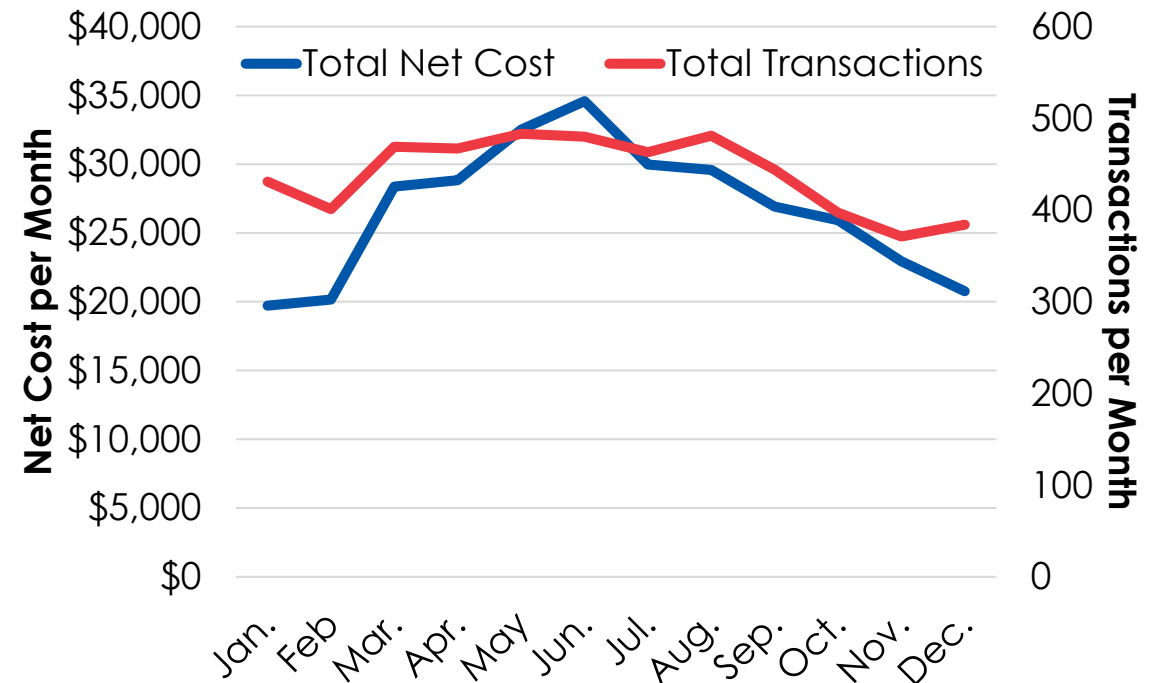
June 6, 2023



Purpose of the Audit

- Audit evaluated administration of City's fuel credit cards including program structure, card issuance & storage, and transaction accountability & monitoring.
- City has spent about \$380,000 annually on fuel cards since Sept. 2021.

2022 Monthly Fuel Card Expense



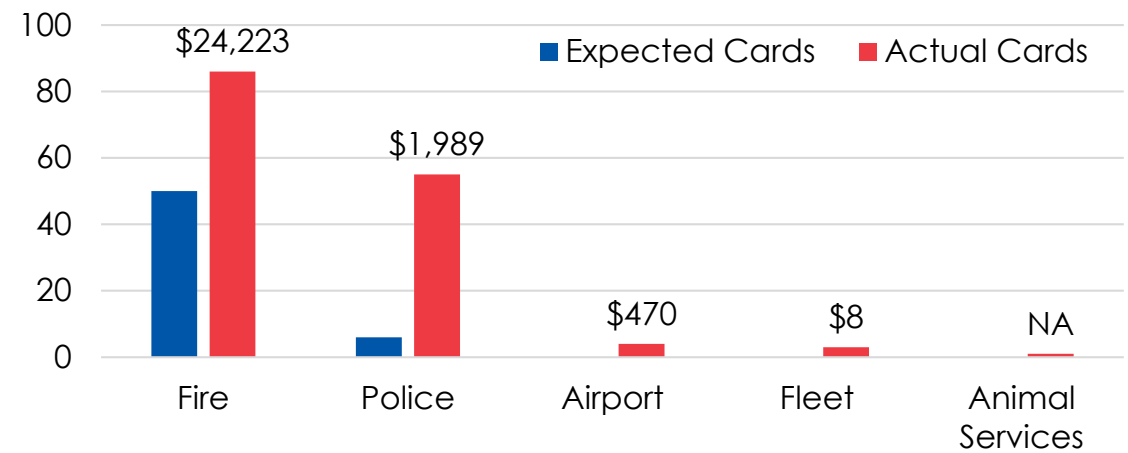
Program Scope Has Significantly Expanded Since Approval Potentially Resulting in Unnecessary Costs

- Fuel card program purposes & parameters not clearly established:
 - Actual issued cards triple expectations;
 - Actual monthly cost double expected \$15,000.
- Fuel purchased on fuel cards more expensive than City's bulk fuel per gallon.
- Some fuel card transactions could have occurred at City fuel stations – possibly reducing costs.



ID 23-424

Card Comparison with Avg. Monthly Costs



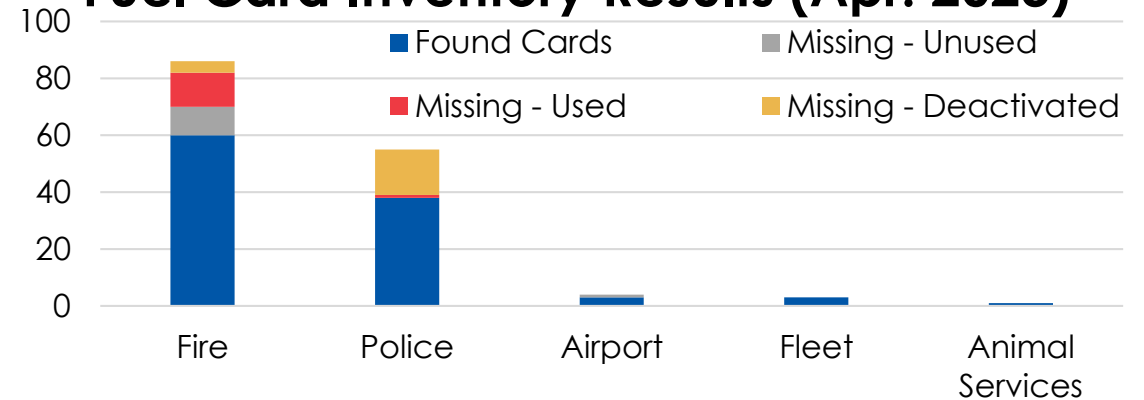
2022 Fuel Product Cost Comparison

Fuel Product	Avg. Fuel Card Cost	Bulk Cost	Percent Diff.
Unleaded Regular	\$3.92	\$3.02	25.9%
Diesel # 2	\$4.49	\$3.81	16.5%
DEF	\$3.52	\$1.75	67.1%

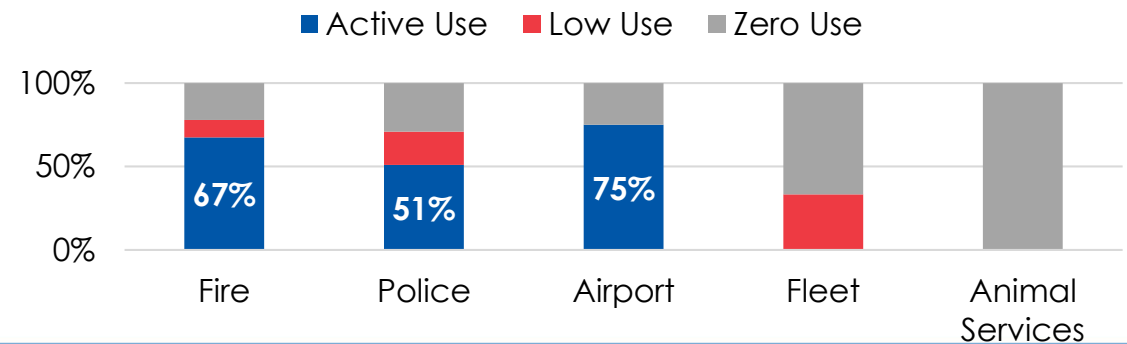
Inconsistent Card Issuance & Storage Practices; Limited Technical Card Controls Increase Risk

- Almost a third of issued fuel cards could not be found.
 - 20 missing fuel cards deactivated post inventory.
- Fuel cards not always stored in the assigned vehicle.
 - 38 cards not used during 2022; 49 cards had less than one transaction a month.
- Few vehicle-specific restrictions used:
 - Only merchant-type restriction active;
 - Lack of central, complete vehicle data and use of “pool” cards hinders use of additional vehicle-specific restrictions.

Fuel Card Inventory Results (Apr. 2023)



2022 Fuel Card Usage by Dept.



Fuel Program Lacks User Accountability

Increasing Risk of Misuse & Fraud

Best Practice	City Requirement	Practice
Document User Authorizations	Not Clearly Documented	99% of Authorized Users Appropriate
Require Card Users to Complete Usage Agreement	Not Developed	No Formal Guidance for Card Users Available
Train Card Users	Not Provided	Procurement Educates Individually if an Issue Arises
Use PINs	Individual PINs Issued	Some PINs shared
Submit Transaction Receipts	Not Required	No Receipts Submitted
Supervisor Review of Transactions	Not Possible	Supervisors Don't Review Transactions
Periodically Reconcile Cards	Not Required	Procurement Reconciles Transactions Monthly; Requests Explanation for Unusual Activity

Management Response Summary

Rec.	Recommendations*	Response	Implementation Actions*
1	Document fuel card program purpose and parameters.	Concur	Have begun researching & defining program parameters.
2	Document fuel card issuance requests & approvals.	Concur	Will create process that mirrors the City's p-card program.
3	Develop long-term plan to increase number of bulk fuel stations.	Concur	Have begun evaluating feasibility of temporary station; Facilities Master Plan will be used to guide new fuel stations.
4	Implement guidance on fuel card storage; periodically review usage.	Concur	Will create process that mirrors the City's p-card program.
5	Use vehicle data to implement vehicle-specific card restrictions.	Concur	Will comply with this recommendation.
6	Consider eliminating the use of "pool" fuel cards.	Concur	Will evaluate the need for pool cards.
7	Document fuel user requests & approvals.	Concur	Will comply with this recommendation.
8	Communicate fuel card requirements & responsibilities to card users.	Concur	Have begun researching & defining program parameters.
9	Establish fuel card policy that requires card user accountability.	Concur	Will create process that mirrors the City's p-card program.



*Detailed recommendations and implementation actions can be seen in the full audit report.

Questions?

Madison Rorschach

City Auditor

Internal Audit Department

