



# Audit of Fleet Services Operations: Fuel Management

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# Purpose of the Audit

- Audit evaluated management of City's bulk fuel inventory including ordering & delivery, employee access, cost allocation, & safety.
- City spent almost \$10 million on fuel over last three fiscal years; expect to spend about \$6 million in FY23.

## Fuel Management Process



Fleet Services orders fuel when needed, which is delivered by the City's fuel vendor to a fuel station.



City department's acquire fuel for vehicles as needed at a fuel station.

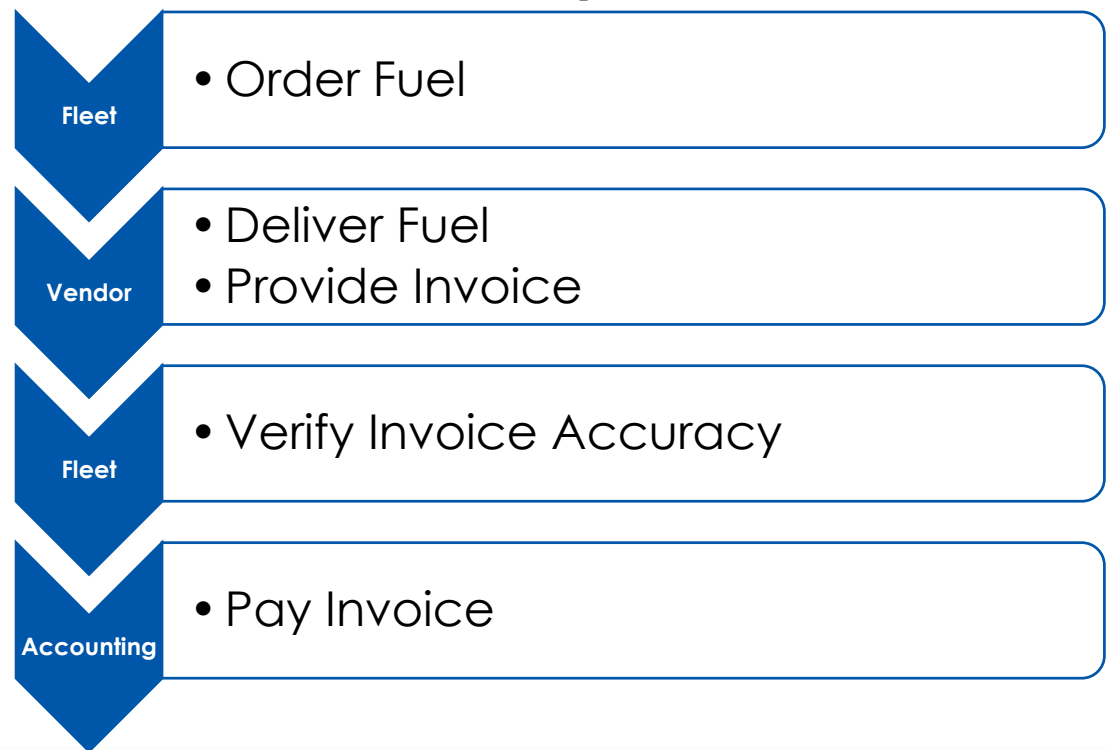


Fleet Services bills City departments based on fuel acquired to allocate the City's fuel costs.

# Resource Limitations & Lack of Formal Procedures Hampers Fuel Delivery Oversight

- Fuel monitoring system implemented:
  - Fuel readily available when needed;
  - System accuracy not regularly verified.
- Invoice quantity & price verification could further improve.
  - Fuel deliveries not always observed – hindering quantity verification;
  - Acceptable quantity variance recently established; &
  - Invoiced prices not verified.

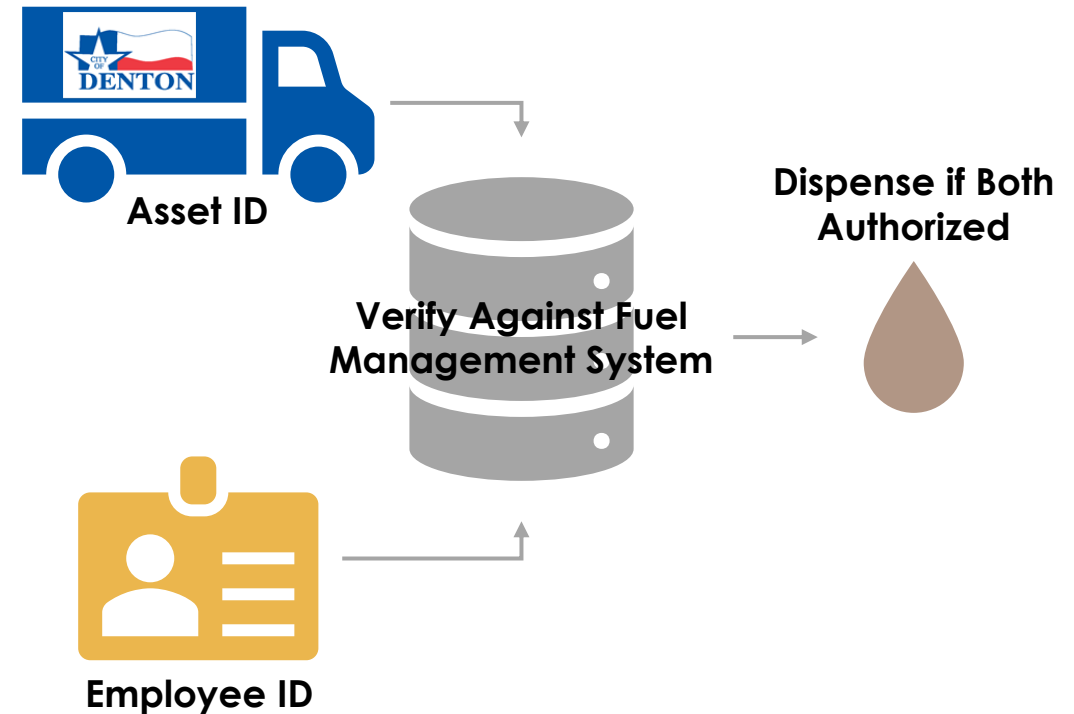
## Fuel Order & Payment Process



# Employee Access to Fuel Has Been Loosely Controlled

- ID authorization verification tools can be manually bypassed.
- Fuel management system authorized employees not well controlled:
  - About 10% of authorized employees were duplicates;
  - About 50% of unique users did not access fuel during 2022;
  - About 9% were no longer City employees.

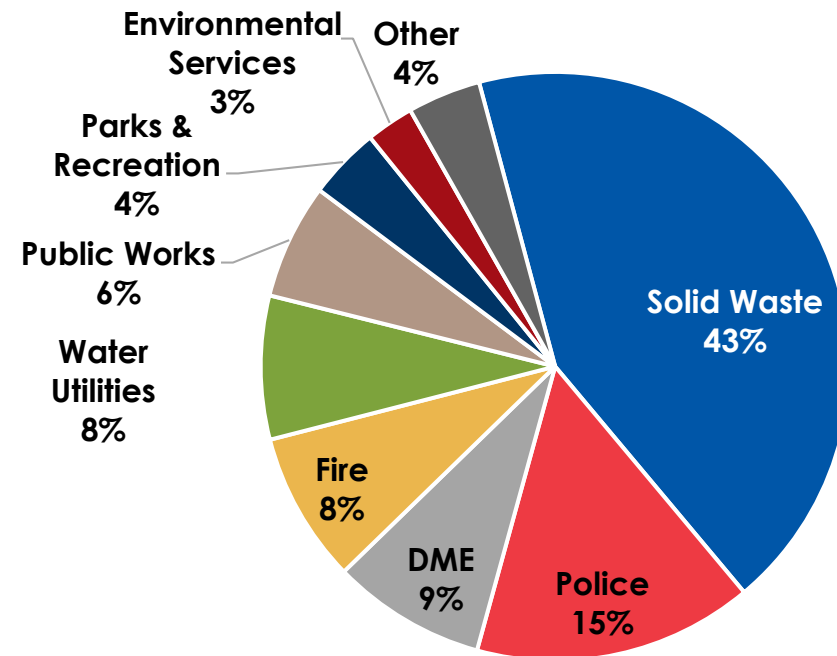
## Fuel Access Authorization Process



# Some Fueling Practices Hinder Transaction Monitoring & Timely Billing

- Inventory costing method appears appropriate.
- Monitoring of fuel transactions hindered.
  - Significant amount of trans. flagged monthly due to odometer reading entry issues.
  - Departments not provided with bills.

2022 Fuel Usage by Department





# Compliance with Environmental Regulations Not Well Documented; Safety Standards Generally Met

- Fuel stations generally have appropriate safety & security equipment.
  - City contract with vendor to regularly inspect stations & perform major maintenance.
  - Some tank water sensors need replacement.
- Some required regulatory documentation not found.



# Management Response Summary

Rec.	Recommendations*	Response	Implementation Actions*
1	Implement written fuel ordering process.	Concur	Will document processes
2	Track tank levels just before & after fuel deliveries.	Concur	Will document processes; Hiring Quality Assurance position to focus on the fuel program
3	Document acceptable fuel variance & invoice process.	Concur	Will document processes & ensure adjustment aligns with regulations
4	Establish tank charts & verify fuel monitoring system accuracy.	Concur	Will document processes; hiring Quality Assurance position to focus on fuel program
5	Establish procedure for granting & removing fuel access.	Concur	Will document processes
6	Periodically review fuel management system users.	Concur	Will document processes; began removing minimal use users
7	Communicate requirements & responsibilities for bulk fuel use to users.	Concur	Will document processes
8	Provide transaction details to user departments.	Concur	Will document processes
9	Establish billing process procedure.	Concur	Will document processes
10	Ensure all tank equipment is operating.	Concur	Will document processes
11	Verify best release detection method.	Concur	Will document processes
12	Develop procedures for fuel management activities.	Concur	Will document processes; Hiring Quality Assurance position to focus on the fuel program



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

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# Questions?

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