Audit of Fleet Services Operations

Fuel Card Administration

The City of Denton's fuel credit card program was initially designed for vehicles that could not fuel at one of the City's fueling stations due to distance or fuel stock issues. This program has greatly expanded since initial approval due to a lack of clear structure.

Further, standard credit card transaction accountability controls are not being used. Specifically, card users are not required to retain or submit itemized transaction receipts – prohibiting supervisor review. There is evidence that lack of accountability and clear program structure may have led to more funds being spent on fuel than necessary.

Audit Team

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Audit at a Glance

Why we did this Audit:

Fuel is a costly commodity that is at high risk of misuse or fraud. The usage of credit cards is also inherently risky without adequate accountability and control. Since FY2021-22 the City has spent about $380,000 on fuel credit cards annually. This audit was included on the City's fiscal year 2022-23 Audit Plan as approved by the City Council.

What we Recommend:

Recommendations 1, 2, 4, 5, & 6
Formally establish fuel card program purpose, document fuel card issuance approvals, and implement card-specific technical & physical controls.

Recommendation 3
Develop plan to increase City bulk fuel stations.

Recommendations 7, 8, & 9
Document fuel card user authorization, establish fuel card user accountability controls, and provide training.

What we Found:

This audit generally evaluated administration of the City's fuel credit card program including, program structure, fuel card issuance and storage practices, and transaction accountability and monitoring. Audit findings are summarized below:

Program Structure. The City's fuel card program has significantly expanded from initial expectations and no formal program purpose or structure has been established. Fuel card usage is largely driven by vehicles operating far from City fueling stations; however, some transactions could have occurred at current fueling stations. Fuel products purchased on fuel cards are more expensive per gallon than the City's bulk fuel indicating potential cost reduction.

Card Issuance & Storage. Almost 30 percent of issued cards could not be located, and some found cards were kept by an individual increasing the risk of misuse or fraud. This risk is increased for "pool" cards or cards issued to be used for multiple vehicles. Additionally, available card-specific controls such as limits on fuel type or maximum gallons purchased were not used due to limited vehicle information being centrally retained.

Transaction Accountability & Monitoring. Current authorized card users generally appear appropriate based on issued cards. However, users do not receive training on fuel card responsibilities and written guidance on appropriate usage does not exist. Further, fuel card users are not required to submit transactions receipts and no mechanism exists to allow departments to review and approve transactions. Without these controls the risk of misuse or fraud is greatly increased.

Internal Control Status Summary

Control	Condition	Risk	Rec.
Program Structure			
Clear Purpose Authorized Vehicle Type Authorized Fuel Types Authorized Locations	Not documented; presented purpose for Fire apparatuses, medics, and brush trucks so they don't leave their district and Police motorcycles which needed fuel type not available at City fuel stations	Cards issued without operational need – results in more financial exposure potentially increasing costs	Rec. 1
Card Issuance & Storage			
Card Issuance Approval	Not clearly documented	Cards issued without operational need – results in more financial exposure potentially increasing costs	Rec. 2
Store Cards in Vehicles	Not required	Cards kept by an individual – increases risk of fraud as card can more easily be used for an employee's personal vehicle	Rec. 4
Issue to Single Vehicle	11 "pool" cards issued – mainly used by Police for travel	Prohibits implementation of vehicle-specific controls & monitoring	Rec. 6
Vehicle-specific technical controls	Generally, not used; MCC limited to "fuel retail" – allows anything at that location to be purchased	Cards can be used to purchase any fuel type, as much fuel as they want – increases risk of fraud and abuse	Rec. 5
Periodic Usage Review	Not performed; 21 cards less than one transaction per month, and 38 active cards had no usage in 2022	Cards issued without operational need – results in more financial exposure potentially increasing costs	Rec. 4
Transaction Accountability & Monitoring			
User Authorization Approval	Not clearly documented	Cards issued to employees without need	Rec. 7
Card User Agreements	Not required	Users do not understand responsibilities – increases risk of waste	Rec. 9
Card User Training	Not created	Users do not understand how cards should be used – increases risk of waste	Rec. 8
Usage of PINs	Some PINs shared	Transactions can't be traced to individual user – increases risk of fraud	Rec. 8
Individual Transaction Review	Not required	Inappropriate transactions occur – increases risk of fraud, waste, and abuse	Rec. 9
Submit Receipts	Not required	Details of transaction not available – increases risk of fraud, waste, and abuse	Rec. 9
Periodic Card Reconciliation	Not required	Some transactions not reviewed – increases risk of fraud, waste, and abuse (builds on individual trans. review)	Rec. 9

Introduction

The Internal Audit Department is responsible for providing: (a) an independent appraisal[1] of City operations to ensure policies and procedures are in place and complied with, inclusive of purchasing and contracting; (b) information that is accurate and reliable; (c) assurance that assets are properly recorded and safeguarded; (d) assurance that risks are identified and minimized; and (e) assurance that resources are used economically and efficiently and that the City's objectives are being achieved.

The Internal Audit Department has completed a performance audit of the City's fuel credit card program administration. 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.

Management Responsibility

City management is responsible for ensuring that resources are managed properly and used in compliance with laws and regulations; programs are achieving their objectives; and services are being provided efficiently, effectively, and economically.

Audit Objectives, Scope, and Methodology

The Internal Audit Department has completed an audit of the City's fuel credit card program administration. This report is intended to provide assurance that the City has adequate controls in place to manage the fuel card program to ensure appropriate usage.

This report is the third phase in an audit series covering Fleet Services Operations. Phase One Fuel Management was published in May 2023 and Phase Two Vehicle Management is expected to be published June 2023.

Audit fieldwork was conducted during March, April and May 2023. The scope of review varied depending on the procedure being performed. The following list summarizes major procedures performed during this time:

➢ Reviewed documentation to develop criteria including documented policies, Ordinance 21-1847, industry standards, and best practices;

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[1] The City of Denton Internal Auditor's Office is considered structurally independent as defined by generally accepted government auditing standard 3.56.

- ➢ Developed process narratives to identify current control activities in the fuel card administration process;

- ➢ Interviewed Fleet Services & Facilities, Human Resources, Police, Fire and Finance Department staff;

- ➢ Compared current fuel card program structure to program structure as presented when the fuel card contract was approved in 2021, including number of cards, types of vehicles assigned cards, fuel products purchased, and average monthly amount spent;

- ➢ Conducted a manual inventory of City vehicles to locate issued fuel cards;

- ➢ Determined if any fuel cards not found during the manual inventory had recorded transactions during 2022;

- ➢ Examined 2022 fuel card usage patterns by vehicle type to identify potentially inappropriate or unusual transactions;

- ➢ Verified if authorized fuel card users were active employees;

- ➢ Received a list of employees with car allowances and compared with the list of permitted fuel card users; and

- ➢ Compared 2022 fuel card average annual net fuel cost per gallon to average annual bulk fuel costs per gallon

Findings & Analysis

In addition to offering bulk fuel services the City of Denton also uses a fuel credit card program for a limited number of departments. These fuel cards are intended to allow authorized City employees to purchase fuel for City vehicles at retail gas stations, which is not allowed through the City's regular procurement card program.

Historically, Fleet Services has been responsible for administering the fuel card program, including issuing fuel cards, setting up authorized user accounts, paying the credit card statement, and "billing" departments for their fuel card transactions. In November 2022, the responsibility for issuing fuel cards, setting up authorized user accounts, and paying the credit card statement was transitioned to the Procurement Department, which is also responsible for administering the City's procurement card program.[2] Current, fuel card program administration responsibilities are outlined in Figure 1.

Figure 1: Summary of Fuel Card Administration Responsibilities

Departments	Procurement	Fleet
• Request Card Issuance • Authorize Card Users	• Issue Fuel Cards • Setup User Profiles • Pay Fuel Credit Card Bill	• Monitor for Unusual Transactions • "Bill" Departments for Fuel

This audit generally evaluated administration of the City's fuel credit card program including program structure, fuel card issuance and storage practices, and transaction accountability and monitoring.

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[2] In November of 2022, Fleet Services experienced major turnover in leadership and has been in process of updating processes throughout the Division.

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

Best practices suggest that business credit card programs should have clearly established policies and procedures to ensure the programs are administered consistently and in alignment with organizational needs. In general, organizations implement fuel card programs to take advantage of wholesale pricing offered by specific fuel credit card vendors.

What We Found

- Apart from when the fuel card contract was approved, no written policy or procedure has been developed to outline the fuel program's purpose and parameters, resulting in significant expansion without clear need.

  o In 2021, the current fuel credit card contract for $1.15 million was approved by the City Council for Police and Fire Department vehicle usage for five years. Based on review of the approved contract's agenda information sheet, these fuel cards were expected to be issued to roughly 50 Fire Department apparatuses, medics, and brush trucks and six Police Department pursuit motorcycles.

  o Historically, fuel cards have been issued to City vehicles without clearly documented approval. In addition, no written guidance detailing which vehicles are authorized to be issued fuel cards besides the emergency response vehicles mentioned previously has been developed.

  o As of March 2023, there were a total of 149 active fuel cards. Table 1 compares active cards by department to what was presented to the City Council in 2021.

Table 1: Comparison of Fuel Card Program Scope

Department	Presented in 2021	Active in Mar. 2023 Aligned	Expansion
Fire	50	43	43
Police	6	6	49
Airport	0	0	4
Fleet	0	0	3
Animal Services	0	0	1
Total:	56	49	100

  o The program was approved with a projected monthly cost of $15,000; however, average monthly cost in 2022 was $26,600 – roughly twice the original projected costs. Average monthly transactions and cost by department during 2022 is shown in Table 2.

Table 2: Average Monthly Fuel Card Usage by Department

Department	Avg. Monthly Cost	Avg. Monthly Transactions
Fire	$24,223	386
Police	$1,989	48
Airport	$470	5
Fleet	$8	0
Animal Services[3]	NA	NA
Total:	$26,689	439

- About four percent of 2022 transactions were made for fuel products that were not clearly included in the program scope when the contract was initially approved.

  o Based on review of the approved contract's agenda information sheet, the fuel card program would be used to purchase regular unleaded fuel, diesel fuel, and diesel exhaust fluid – or DEF – for Fire Department vehicles and premium unleaded fuel for the six Police Department motorcycles.

  o During 2022, almost $9,600 was spent for premium unleaded fuel for Police vehicles that were not motorcycles and an additional $2,400 was spent on unleaded plus fuel.

- Fueling City vehicles at retail locations with fuel cards is generally more expensive than using the City's bulk fueling stations.

  o Fuel purchased at retail locations was about 20-30 percent more expensive per gallon for fuel products and almost 70 percent more for DEF during calendar year 2022 as summarized in Table 3.

Table 3: Comparison of Average Annual Fuel Product Cost per Gallon

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

- Fuel card usage is largely driven by location issues or more specifically the distance from City fueling stations; however, some fuel card transactions could have occurred at City fueling stations.

  o Based on review of the approved contract's agenda information sheet, fuel cards were needed for Fire vehicles so that they would not have to leave their service area.

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[3] It should be noted that the active Animal Services fuel card was not issued until 2023.

o   About 62 percent of 2022 Fire Department fuel card transactions, although permitted per the presented parameters, could have potentially occurred at a City fueling stations as the Fire station is within a 10-minute drive one way as shown in Table 4.

Table 4: Fire Fuel Card Transactions in Districts Near City Fuel Stations

Vehicle Type & Location	WEX Trans.	Value
Station 1 (1.3 miles/5 minutes from Fuel Station 1)		
Apparatus	355	$26,716.07
Medic	141	$9,266.02
Command	83	$4,794.59
Fire Marshal	48	$2,376.86
Special Dispatch	4	$157.49
Subtotal:	631	$43,311.03
Station 2 (2.1 miles/6 minutes from Fuel Station 1)		
Apparatus	169	$12,290.50
Medic	504	$18,923.01
Brush	42	$2,039.91
Subtotal:	715	$33,253.42
Station 4 (3.1 miles/8 minutes from Fuel Station 1)		
Apparatus	205	$13,155.23
Medic	291	$14,913.34
Brush	10	$467.98
Command	17	$1,056.20
Subtotal:	523	$29,592.75
Station 6 (2.8 miles/9 minutes from Fuel Station 2)		
Apparatus	152	$8,027.87
Medic	61	$2,585.06
	213	$10,612.93
Station 8 (1.8 miles/6 minutes from Fuel Station 2)		
Apparatus	323	$17,887.52
Medic	255	$10,670.79
	578	$28,558.31
Development Services & Service Center		
Fire Marshal (DSC)	186	$9,771.02
Brush (SVC)	41	$2,367.07
Subtotal:	227	$12,138.09
Total:	**2,887**	**$157,466.53**

o   In addition, fuel cards were needed for Police motorcycles because the City did not purchase the required premium unleaded fuel. According to Police Department staff, additional fuel cards have been assigned to non-motorcycles for travel purposes and should generally not be used within City limits.

o   Almost four percent of 2022 Police Department fuel card transactions were completed in the City of Denton by vehicles that were not

motorcycles, indicating that they could have occurred at the City's fueling stations – possibly reducing costs.

An additional 22 percent of Police Department fuel card transactions in 2022 occurred in the City of Denton but were completed by the Police Department's undercover officer profile. While costs may have been saved if these fuel transactions occurred at the City's fueling stations, there may have been operational reasons that a fuel card was used.

Why It Matters

Without a clear policy outlining the structure of the City's fuel card program, administering staff do not have clear guidance on what vehicles have an operational need for fuel cards. This lack of guidance has historically resulted in the issuance of almost triple the number of cards anticipated and has likely resulted in the City acquiring more fuel at retail stations than otherwise would have occurred. Further, the fuel card program is generally not as cost effective as bulk fuel purchasing. For this reason, the City should take steps to limit issuance and use of fuel cards as much as possible while still covering operational needs.

This may require expansion of the City's bulk fueling stations in the future to accommodate the City's growth. Specifically, the City's two bulk fuel stations are about four miles apart and are both located east of downtown Denton and north of Interstate Highway 35 East. Meanwhile, the City is expecting significant growth in the southwest over the next few decades and is almost 100 square miles large. While additional fuel stations will require a large initial investment, it will likely save on fuel costs in the future if appropriately placed.
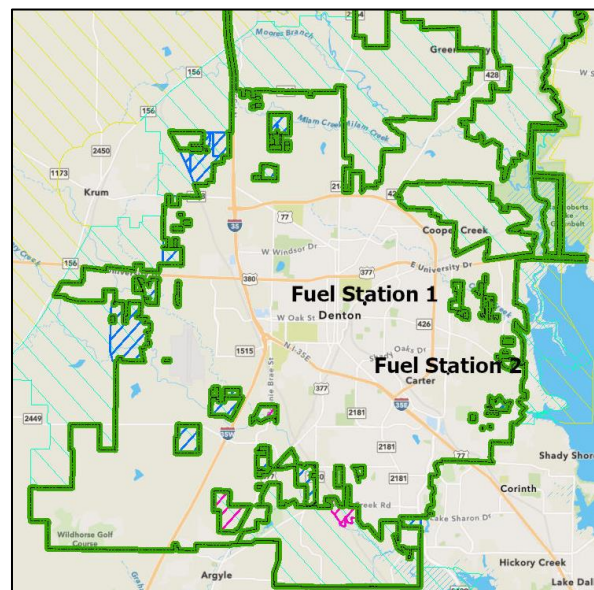
Picture 1: City of Denton Bulk Fuel Stations

Recommendations:

1. Document fuel card program purpose, including authorized vehicle types, acceptable fuel products, and approved transaction locations as deemed appropriate by City leadership. Consider presenting the formal fuel card program parameters to the City Council for approval.

Fleet Services Division Comments: The Fleet Services Division agrees and will comply with this recommendation. The management team has already begun researching and defining program parameters.

2. Create a process to document fuel card issuance requests and approval to ensure alignment with program purpose.

    Fleet Services Division Comments: The Fleet Services Division agrees and will comply with this recommendation. The management team will create a process that mirrors the City's PCard program which includes defined program parameters, training prior to card issuance, and continued education for cardholders.

3. Develop a long-term plan to increase the number of bulk fuel stations in alignment with expected City growth to allow for long-term fuel savings.

    Fleet Services Division Comments: The Fleet Services Division agrees with the recommendation and has already begun evaluating the feasibility of a temporary station for the existing City facilities located on the west side. In addition, the Facilities Division is wrapping up the City's Facilities Master Plan, which will be used to guide which future City facilities should include a bulk fuel station.

Inconsistent Card Issuance & Storage Practices as well as Limited Technical Card Controls Increase the Risk of Misuse

According to the *Standards for Internal Control in the Federal Government*, management should maintain accountability for resources including fuel usage by ensuring adequate controls are in place. In general, while issuing credit cards encourages operational efficiency, it presents a high level of risk to an organization as it grants an individual the ability to spend funds without prior approval. For this reason, access to cards should generally be restricted through limited issuance and proper storage.

Similarly, fuel credit card systems generally include oversight and technical restriction options if utilized. These system restrictions can be added individually to card profiles. Specifically, fuel credit card use can be restricted based on numerous items including;

> - Time of day
> - Type of fuel purchased
> - Total dollars spent

> - Total gallons purchased
> - Number of purchases per day

Finally, merchant category codes – or MCC – are also a security measure that can be utilized. MCCs are codes established by credit card companies to identify the type of business in which a merchant is engaged. Restricting card usage to only certain MCCs can also help deter inappropriate transactions.

What We Found

- Lack of guidance on how fuel cards should be physically stored has resulted in inconsistent practices as well as lost and low use cards.
    - o Based on a complete physical inventory of the City's vehicles, 44 of the City's 149 active fuel cards could not be located. Of these, 26 had transactions during 2022 totaling almost $76,800. After the completion of the inventory, 20 fuel cards were deactivated. All 20 fuel cards were those that were not located during the inventory, 13 of which had 2022 transactions. These results are illustrated in Figure 2.

Figure 2: Fuel Card Inventory Results (April 2023)
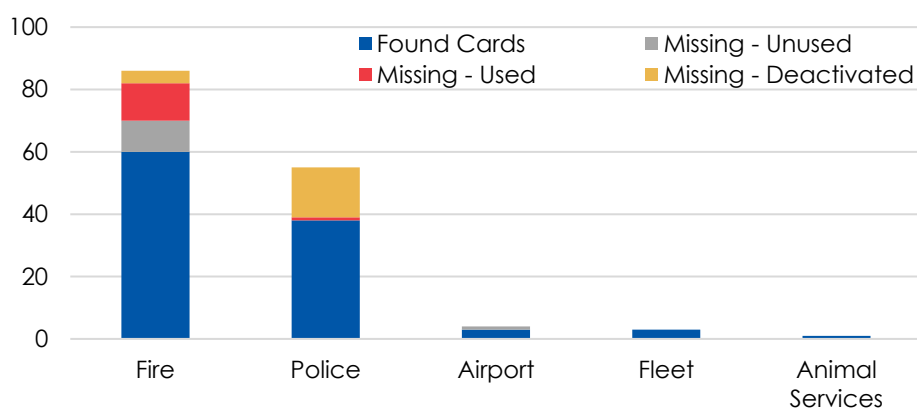
    - o Further, of the 149 active cards, 39 cards did not have any transactions during 2022 only one of which was activated after 2022. In addition, 21 cards had less than one transaction per active month on average during 2022, indicating that about 40 percent of fuel cards were not regularly used. This is shown by Department in Figure 3.

Figure 3: 2022 Fuel Card Usage by Department
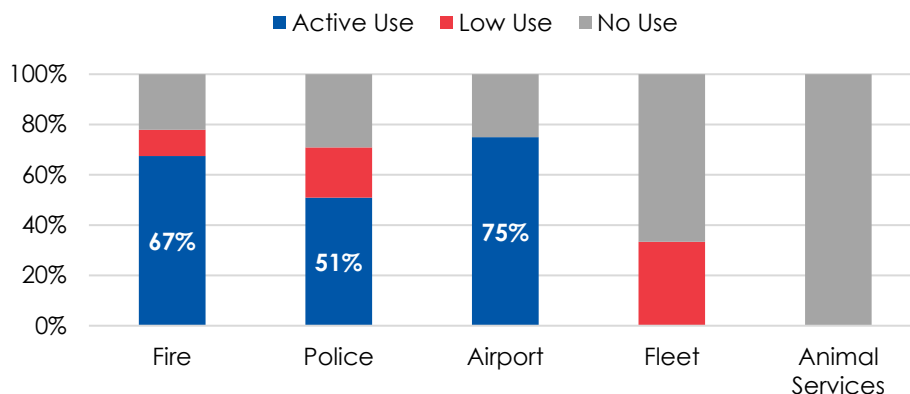
- o In addition, while most cards were kept in the assigned vehicle as suggested by best practices, some were kept on an employee's person or in a supervisor's or administrative assistant's office – potentially increasing the risk of loss or misuse.

- The City has implemented limited technical restrictions on fuel cards increasing risk that cards are misused.

  - o The City's fuel card vendor has the ability to apply specific restrictions to each card based on individual card profile parameters. This could include transaction restrictions such as those based on number of gallons purchased in a day or type of fuel purchased. However, this would require accurate and complete vehicle data – such as fuel tanks sizes and acceptable fuel types – which do not appear to be clearly and systematically recorded in Fleet Service's vehicle management system at this time.

    All active fuel cards have MCC restrictions specific to fuel retail locations meaning that purchases can only be made at locations which sell fuel. However, gas stations and convenience stores sell numerous other items that could still be purchased since their merchant codes show as fuel retail. During 2022 about $1,300 were spent on transactions labeled "general merchandise," "future defined," and "car wash" by the fuel merchant. These purchases may have been inappropriate but were allowed due to this system issue. Detailed review of these transactions was not possible as no itemized receipts are available.

- Some fuel card issuance practices hinder implementation of card-based transaction controls.

- City fuel cards are generally assigned to a single vehicle and not to an individual; however, 11 of the City's 149 active fuel cards were "pool" cards meaning they were intentionally issued with the purpose of fueling multiple City vehicles.

- These types of cards were most often used by the Police Department to allow officers to fuel City vehicles while traveling; however, the City has other more accountable methods to provide traveling staff with a travel advance or reimbursement for fuel costs.

Why It Matters

In general, best practices suggest that fuel cards be assigned to and stored in a single vehicle to allow for improved vehicle monitoring and transaction control – especially when vehicles are used by multiple drivers. This is because assigning a card to a vehicle allows vehicle-specific limits to be placed on cards such as fuel type and maximum gallon restrictions. Further, storing the card in the vehicle limits an employee's access to the card to only when they are using the vehicle. Requiring cards to be stored in the assigned vehicle would also potentially minimize the risk of lost cards as the card's designated location is clear.

Additionally, issuance of "pool" cards directly limits the City's ability to apply these types of vehicle-specific controls as these are issued to be used for multiple vehicles. Still, based on discussions with staff, Police Department "pool" cards are currently used to allow officers to travel out of the City. Based on best practices research, fuel credit card usage by United States police departments is predominately for travel purposes; however, it typically involves a structured program with a large amount of departmental oversight, which is currently lacking in the City's program.

It should be noted that there is currently no written guidance to employees on if "pool" cards should be issued and where issued cards should be stored. For that reason, clear guidance should be established for employees who issue and use cards. In addition, in order to implement needed technical restrictions, additional vehicle data such fuel type used, and tank size should be collected and updated in each fuel card profile.

Recommendations:

4. Implement clear guidance on how fuel cards should be stored and periodically review card usage to evaluate if low or no use cards are still needed.

   Fleet Services Division Comments: *The Fleet Services Division agrees and will comply with this recommendation. The management team will create a*

process that mirrors the City's PCard program which includes program reporting on low and no-usage cards.

5. Comprehensive vehicle data should be maintained within fuel card profiles including basic identification data such as VIN numbers and vehicle parameters to allow for appropriate technical restrictions to be placed and monitored on the fuel cards.

    Fleet Services Division Comments: *The Fleet Services Division agrees and will comply with this recommendation.*

6. Consider eliminating the use of "pool" fuel cards to increase accountability. If pool cards are deemed necessary, card profiles should be updated to ensure transactions are tracked appropriately and card custodians should develop a system to ensure the employee responsible for transactions can be identified.

    Fleet Services Division Comments: *The Fleet Services Division agrees with this recommendation and will evaluate the need for pool cards.*

Fuel Program Lacks User Accountability Increasing Risk of Misuse & Fraud

According to the *Standards for Internal Control in the Federal Government*, management should maintain accountability for fuel usage by ensuring adequate controls are in place. Generally, management should limit the ability to use fuel cards to only authorized individuals and control activities should be designed to properly update fuel card rights when employees change job functions or when they leave City employment.

In addition, best practices recommend credit card programs have established procedures or policies in place to ensure users are appropriately trained on card usage and can be held accountability for inappropriate purchases. These recommended accountability practices include:

➢ Requiring receipts for all purchases
➢ Requiring card user agreements
➢ Use of personal identification numbers

➢ Establishing disciplinary actions for misuse
➢ Routine transaction reconciliation
➢ Post-transaction supervisor approvals

What We Found

• Guidance on which employees should be authorized to use fuel cards does not exist potentially increasing the risk that fuel is procured at a higher price than necessary for City vehicles.

- o Historically, approval of new fuel card users has not been clearly documented. In addition, fuel card users are not required to complete a user agreement and training or written guidance on appropriate fuel card usage is not available. The Procurement Department is currently in the process of developing a fuel card manual.

- o About 99 percent of authorized fuel card users as of March 2023 were active City employees. One user had been terminated and another user profile is shared by undercover police officers. It should be noted that Procurement staff completed a user review shortly before Internal Audit's verification.

- o Some user departments are not clearly appropriate based on issued cards as detailed in Table 5. Similarly, two authorized fuel card users also receive a car allowance from the City.

Table 5: Fuel Card Users by Departments

Department	Users
Fire	198
Police	35
Airport	6
Fleet	4
Animal Services	2
City Manager's Office	1
Traffic	1
Total:	247

- o The fuel card user profile database showed data entry inconsistencies and overall could be streamlined.

- Some fuel card usage practices hinder transaction monitoring.

  - o Personal identification numbers – or PINs – are required to be used for any purchases made with a fuel card. PINs should be unique numbers assigned to authorized users to allow for transaction tracking and potential user-based fueling restrictions. However, staff reported that some PINs are shared due to inadequate training, further decreasing individual user accountability.

  - o Usage review and a manual card inventory check found that non-pool cards were occasionally used for multiple vehicles. This practice creates flagged transactions in the Fleet Services' vehicle management system that require manual staff review.

  - o However, these "pool" cards are still assigned to one vehicle in the Fleet Services' vehicle management system therefore numerous flagged transactions occur when these cards are used.

- o While Fleet Services & Procurement Department staff try to resolve flagged transactions by requesting information from departments, there is evidence that departments do not understand why these controls are important to ensuring fuel cards are appropriately safeguarded from misuse.

- Lack of transaction monitoring increases the risk of misuse or fraud and limits accountability.
    - o Fuel card users are not required to retain and submit itemized transaction receipts. This practice prohibits fuel card transaction details from being reviewed or approved by a supervisor.

    - o Fleet Services only provides Department's with summary bills that do not include detailed transaction information. Instead billing information is sent directly to the City's Accounting Division, which posts the interfund transfer as directed. This practice prohibits Departments from reviewing their fuel card transactions in detail.

    - o In addition, usage patterns for some vehicles significantly differed when compared to other vehicles in the same Department of the same model, indicating potential misuse; however, without detailed transaction receipts further investigation could not be made. Additional details were provided to City Management and the City Council in a separate memorandum.

Why It Matters

Without adequate fuel card user accountability controls, the risk of fraud and misuse is greatly increased as it is difficult to determine if a fuel transaction was appropriate. For that reason, authorization to use a fuel card should be clearly documented and periodically reviewed to ensure that only necessary employees can use fuel cards. Creating procedures for granting, changing, and removing fuel card user authorization would help to retain institutional knowledge, navigate emergency situations, and improve user database consistency.

Further, requiring receipt submission, transaction approval, and periodic card transaction reconciliations would help ensure that any inappropriate transactions are identified quickly. All transactions should be approved by a knowledgeable supervisor. Potential disciplinary actions for card misuse should be made clear and employees authorized to use fuel cards should receive adequate training to ensure they understand their duties and responsibilities as a fuel card user.

Recommendations:

7. Create a process to document fuel user requests and approval and periodically review users to ensure access is appropriate.

   Fleet Services Division Comments: *The Fleet Services Division agrees and will comply with this recommendation.*

8. Implement policies, procedures, or training to help communicate requirements and responsibilities for appropriate fuel card usage. Departments should stress the need to utilize the City's fueling stations whenever possible.

   Fleet Services Division Comments: *The Fleet Services Division agrees and will comply with this recommendation. The management team has already begun researching and defining program parameters.*

9. Establish a written policy that requires card users to complete card usage agreements, submit receipts for approval, and complete monthly transaction reconciliations. Consider utilizing the Procurement Department's procurement card program infrastructure, including the City's procurement card expense reporting system, to manage fuel card program user controls including cardholder agreements, transaction receipt approvals, and monthly reconciliations.

   Fleet Services Division Comments: *The Fleet Services Division agrees and will comply with this recommendation. The management team will create a process that mirrors the City's PCard program which includes cardholder agreements, transaction receipt approvals, and monthly reconciliations.*

Appendix A: Management Response Summary

The following summarizes the recommendations issued throughout this report. The auditors found that staff and the Division was receptive and willing to make improvements where needed. Management has provided their response to each recommendation.

1	*Document fuel card program purpose, including authorized vehicle types, acceptable fuel products, and approved transaction locations as deemed appropriate by City leadership.*	**Concur**	Expected Completion: October 1, 2023
	Fleet Service Division Comments: The Fleet Services Division agrees and will comply with this recommendation. The management team has already begun researching and defining program parameters.		Responsibility: Fleet Admin.
2	*Create a process to document fuel card issuance requests and approval to ensure alignment with program purpose.*	**Concur**	Expected Completion: October 1, 2023
	Fleet Service Division Comments: The Fleet Services Division agrees and will comply with this recommendation. The management team will create a process that mirrors the City's PCard program which includes defined program parameters, training prior to card issuance, and continued education for cardholders.		Responsibility: Fleet Admin.
3	*Develop a long-term plan to increase the number of bulk fuel stations in alignment with expected City growth to allow for long-term fuel savings.*	**Concur**	Expected Completion: October 1, 2023
	Fleet Service Division Comments: The Fleet Services Division agrees with the recommendation and has already begun evaluating the feasibility of a temporary station for the existing City facilities located on the west side. In addition, the Facilities Division is wrapping up the City's Facilities Master Plan, which will be used to guide which future City facilities should include a bulk fuel station.		Responsibility: Fleet Superintendent
4	*Implement clear guidance on how fuel cards should be stored and periodically review card usage to evaluate if low or no use cards are still needed*	**Concur**	Expected Completion: October 1, 2023
	Fleet Service Division Comments: The Fleet Services Division agrees and will comply with this recommendation. The management team will create a process that mirrors the City's		Responsibility: Fleet Admin.

PCard program which includes program reporting on low and no-usage cards.

5	*Comprehensive vehicle data should be maintained within fuel card profiles including basic identification data such as VIN numbers and vehicle parameters to allow for appropriate technical restrictions to be placed and monitored on the fuel cards.*	**Concur**	Expected Completion: October 1, 2023
Fleet Service Division Comments: The Fleet Services Division agrees and will comply with this recommendation.			Responsibility: Fleet Admin.
6	*Consider eliminating the use of "pool" fuel cards to increase accountability.*	**Concur**	Expected Completion: August 31, 2023
Fleet Service Division Comments: The Fleet Services Division agrees with this recommendation and will evaluate the need for pool cards.			Responsibility: Fleet Admin.
7	*Create a process to document fuel user requests and approval and periodically review users to ensure access is appropriate.*	**Concur**	Expected Completion: October 1, 2023
Fleet Service Division Comments: The Fleet Services Division agrees and will comply with this recommendation.			Responsibility: Fleet Admin.
8	*Implement policies, procedures, or training to help communicate requirements and responsibilities for appropriate fuel card usage.*	**Concur**	Expected Completion: October 1, 2023
Fleet Service Division Comments: The Fleet Services Division agrees and will comply with this recommendation. The management team has already begun researching and defining program parameters.			Responsibility: Fleet Admin.
9	*Establish a written policy that requires card users to complete usage agreements, submit receipts for approval, and complete monthly transaction reconciliations.*	**Concur**	Expected Completion: March 1, 2024
Fleet Service Division Comments: The Fleet Services Division agrees and will comply with this recommendation. The management team will create a process that mirrors the City's PCard program which includes cardholder agreements, transaction receipt approvals, and monthly reconciliations.			Responsibility: Fleet Admin.