



City of Albuquerque

Office of Internal Audit

FOLLOW-UP OF DEPARTMENT OF FINANCE AND
ADMINISTRATIVE SERVICES
FLEET MANAGEMENT DIVISION – FUEL USAGE AND SECURITY
REPORT NO. 14-12-101F
April 23, 2014

INTRODUCTION

The Office of Internal Audit performed a follow-up of Audit No. 12-101, Department of Finance and Administrative Services Fleet Management Division (DFAS-FMD) – Fuel Usage and Security. The audit included recommendations to DFAS-FMD, the Solid Waste Management Department (SWMD), the Parks and Recreation Department (PRD) Golf Management Division (PRD-GMD), and the Chief Administrative Officer (CAO).

Our follow-up is substantially less in scope than an audit. Our objective is to report on the status of corrective action in regards to our findings and recommendations. We limited our scope to actions taken to address our audit recommendations from the date of our final report, April 25, 2012 through March 12, 2014. Follow-up procedures rely on the department providing the current status and supporting documentation for addressing the recommendations.

BACKGROUND

DFAS-FMD has primary responsibility for management of the City's fuel operations. Other departments with fuel operation responsibilities include the SWMD and the Transit Department.

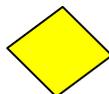
According to the City's budget documents, fuel operations are the largest activity within the Fleet Management program. Fuel expenses were approximately \$7.2 million during FY 2013. The biggest users of DFAS-FMD's fueling stations are the Department of Municipal Development, PRD, and the Albuquerque Police Department. SWMD has its own fueling stations, and spent \$5.3 million on fuel in FY2013. The Transit Department also manages its own fuel; however, its fueling stations were not included in the scope of the audit

SUMMARY

The recommendations are in the same order as they appeared in the audit report dated April 25, 2012. The status of each recommendation is identified by the symbols in the following legend:



Fully Implemented



In Process

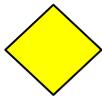


Not implemented

Five of the audit's recommendations are fully implemented, four recommendations are in process, and one recommendation is not implemented, as detailed below. Although progress has been made, there is still opportunity for improvement in the controls for fuel usage and security.

Recommendation #1: DFAS-FMD management should:

- Ensure written policies, standards, and procedures are in place for the IT control environment. These should include processes for granting and terminating database access and requiring users to change their passwords regularly.
- Implement a division of roles and responsibilities that reduces the possibility for a single individual to compromise a critical process.
- Perform periodic user access reviews to ensure only appropriate users have access to Fuel Focus, and that the access is appropriate for users' job responsibilities.



In Process

Status: Written policies are not yet in place for granting and terminating change-access to the Fuel Focus system. User access to the system is automatically terminated when a user has not logged on to the system for a period of 60 days.

Recommendation #2: DFAS-FMD management should develop and maintain a listing of persons that have keys to the ICU. (ISLAND CONTROL UNIT)



Fully Implemented

Status: DFAS-FMD provided a list of five employees who have access to the fuel ICUs.

Recommendation #3: SWMD should:

- Develop policies and procedures regarding manual fuel transactions, including who can input, edit, authorize system overrides, and define when it is appropriate to do so.
- Develop and maintain a listing of persons that have keys to the ICU.

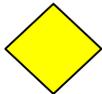


Fully Implemented

Status: SWMD developed a Fuel Operations Policy and Procedure, dated April 26, 2012, which provides procedures for manual fuel transactions. Only two individuals have ICU keys; the Parts Supervisor and the Associate Director (for emergencies only).

Recommendation #4: DFAS-FMD management should:

- Require the Driver Authorization Form to be submitted by the employee's department prior to entering the employee into Fuel Focus.
- Verify with the employee's department that all employees entered into Fuel Focus prior to the implementation of the FMD Fuel Operations Procedures Manual are authorized to obtain fuel.
- Require Fuel Usage Logs from facilities without an ICU to be forwarded to the Accounting Assistant weekly.
- Perform regular reconciliations between (1) PeopleSoft and employees in Fuel Focus to remove terminated employees and (2) fuel card inventory to the City's fleet to help ensure that only units requiring fuel have a fuel card. At a minimum, these reconciliations should be performed every 6 months.
- Document the process of assigning fuel pin and fuel card numbers. Stay consistent when issuing these numbers in order to avoid duplicates, and create an audit trail.



In Process

Status: According to DFAS:

- DFAS-FMD updated the Driver Authorization Form to reflect required information for Key Valet and the Car Share Program. The Form must be filled out before a driver will be activated. Originally, ALL City Employees were uploaded to Fleet Focus. DFAS-FMD is currently working to deactivate all that do not have a Driver Authorization Form in place.
- Fleet Management is in the process of reconciling Driver Authorization Forms with active drivers in Fleet Focus. Upon completion, the updated lists will be sent to department liaisons for verification. Changes will be entered in Fleet Focus as needed after department verification is complete.
- DFAS-FMD will request a monthly report of terminated and transferring employees from the Human Resources Department (HRD) and will inactivate terminated employees listed on the HRD report.
- Every 6 months a reconciliation will be performed to ensure that Driver Authorization Forms are in place for all active drivers.
- DFAS-FMD maintains a list of fuel cardholders and pin numbers for Wex Fuel Cards. Fuel card numbers are system generated numbers and are recorded in Fleet Focus.
- Pin numbers are assigned using a combination of year of birth and employee identification number.
- Upon delivery of fuel to other department locations, the department receiving and issuing the fuel becomes responsible for monitoring and logging fuel usage. This information is not reported to DFAS-FMD.

Recommendation #5: DFAS-FMD management should:

- Develop and document validation criteria and parameters, and the process for reviewing and updating these [fuel capacities and the number of times fuel may be dispensed for equipment or a vehicle in a day] .
- Review vehicle specifications for each type of vehicle included in the City's fleet. The tank size specified for each City vehicle should then be compared to the vehicle fueling capacity limitations entered in Fuel Focus. Incorrect fuel capacity limitations should be corrected.
- Consider lowering the number of fuelings per day for all units that are allowed to fill-up 99 times per day.



In Process

Status: The Fuel Policy is updated; however, it does not address review and validation of equipment and vehicle fuel capacities. The number of fuelings is determined with the use of information on the Vehicle Entry Form; allowable fuelings average two per day with a few exceptions, such as public safety and other emergency vehicles.

Recommendation #6: The appropriate level of DFAS-FMD management should:

- Create and document a process of monitoring unusual transactions and reviewing reports for errors.
- Perform a review of monthly billing worksheets.
- Perform reconciliations of fuel usage to WEX credit card statements monthly.
- Determine if Crystal reports can be used to create exception reports to routinely analyze data in an attempt to identify unusual fueling transactions/patterns.



Fully Implemented

Status: DFAS-FMD's revised procedures include performing monthly reviews of WEX statements and Fleet monthly billing worksheets.

Recommendation #7: PRD-GMD management should:

- Ensure that fuel on hand is reconciled to fuel inventory records on a monthly basis. Reconciliation results should be used to help ensure accuracy and accountability of fuel resources, and exceptions should be immediately reported to senior management within the department and/or the Albuquerque Police Department, if deemed appropriate.
- Create a fuel usage log with information necessary to perform reconciliations, such as unit number, and reiterate to staff the requirement and importance of properly completing these logs.



In Process

Status: PRD-GMD developed new procedures and new fuel log forms in 2012; however, a recent review by PRD Management revealed that the fuel logs are not used consistently. PRD Management has committed to reviewing the fuel logs until completing them properly and consistently "has become a habit instead of an exception."

Recommendation #8: The CAO should consider implementing:

- Fuel Focus at all City fueling facilities.
- Increased security measures such as installing cameras, providing 24 hour security, and/or locking gates.



Fully Implemented

Status: It was determined that implementing Fuel Focus at all City fueling facilities is not practical or feasible. Security cameras are installed at all three fueling stations.

Recommendation #9: The CAO should determine the need to have two fuel cards assigned to one unit of fleet. If there is a need to have two fuel cards, direct the departments with WEX cards to define and document the criteria for issuing WEX cards, and determine if all active fuel cards meet the defined criteria.



Fully Implemented

Status: The Fuel Operations Procedures Manual includes a section on use of WEX fuel cards and specifies the approved usage and user department responsibilities for monitoring and documentation.

Recommendation #10: The CAO should develop a policy of securing all City vehicles and equipment, and communicate to all departments.



Not Implemented

Status: Administrative Instruction 4-5 was revised and distributed in December 2012; however, it does not address securing vehicles when not in use.