

# City of Albuquerque

## Office of Internal Audit



### THIRD FOLLOW-UP OF THE DEPARTMENT OF FINANCE & ADMINISTRATIVE SERVICES FLEET MANAGEMENT DIVISION FUEL USAGE AND SECURITY REPORT NO. 20-12-101F December 11, 2019

#### **INTRODUCTION**

The Office of Internal Audit (OIA) performed a third follow-up of Performance Audit No. 12-101, Fuel Usage and Security – Department of Finance & Administrative Services (DFAS) Fleet Management Division (FMD). The purpose of the follow-up is to report the progress made by the DFAS in addressing the audit findings and recommendations, which remained “In Process” or “Not Implemented” after the second follow-up.

The scope was limited to actions taken to address the audit recommendations from the second follow-up report dated December 9, 2015 through December 2, 2019. A follow-up is substantially less in scope than an audit. 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.

The City uses FuelFocus, an automated fuel management system of AssetWorks. The FuelFocus Island Control Unit (ICU) automates fueling processes and controls access to fuel and fluids; measuring output while capturing fuel data in real-time every time a unit is fueled. The ICU provides full validation of all pertinent information, such as fuel type, tank capacity, and employee pin number.

Fleet Management’s fueling stations provide centralized vehicle maintenance and fuel services for all City Departments except Transit and Solid Waste Departments. During FY19, Fleet Management’s fuel and lubricant expenses were approximately \$5.3 million, Transit Department’s fuel and lubricant expenses were approximately \$4.5 million, and Solid Waste Department’s fuel and lubricant expenses were approximately \$3.9 million.

#### **SUMMARY**

Of the three recommendations remaining in the second follow-up, all have been fully implemented.

The status of the recommendations is identified by the symbols in the following legend:



Fully Implemented



Resolved



In Process



Not implemented

<b>Recommendation</b>	<b>4</b>
Original Report Recommendation	<p>DFAS-FMD management should:</p> <ul style="list-style-type: none"> <li>• Require the Driver Authorization Form to be submitted by the employee’s department prior to entering the employee into FuelFocus.</li> <li>• Verify with the employee’s department that all employees entered into FuelFocus prior to the implementation of the FMD Fuel Operations Procedures Manual are authorized to obtain fuel.</li> <li>• Require Fuel Usage Logs from facilities without an ICU to be forwarded to the Accounting Assistant weekly.</li> <li>• Perform regular reconciliations between (1) PeopleSoft and employees in FuelFocus 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.</li> <li>• 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.</li> </ul>
Status as of First Follow-Up	<p> In Process</p> <p>According to DFAS:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• Every 6 months a reconciliation will be performed to ensure that Driver Authorization Forms are in place for all active drivers.</li> <li>• 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.</li> <li>• Pin numbers are assigned using a combination of year of birth and employee identification number.</li> <li>• 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.</li> </ul>

Status as of Second Follow-Up	 In Process  DFAS states that the Driver Authorization audit has been completed and is up to date. PRD acknowledged the updated fuel security policies in a memo to DFAS shortly after the audit was originally completed, though not all facilities carry out month-end inventory procedures. DFAS still does not require facilities without an ICU to provide Fuel Usage Logs to the Accounting Assistant weekly.
Current Status	 Fully Implemented  FMD - Fuel policies are updated in the Fuel Operations Procedures Manual for personnel responsibilities, operational procedures, fiscal procedures, back-up procedures, and emergency procedures. All fueling sites use FuelFocus ICU which automates the fueling process, controls access to fuel and captures fuel data each time a unit is fueled. Fuel Usage Logs are no longer required due to the installation of ICUs.

<b>Recommendation</b>	<b>5</b>
Original Report Recommendation	DFAS-FMD management should: <ul style="list-style-type: none"> <li>• Develop and document validation criteria and parameters, and the process for reviewing and updating these.</li> <li>• 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 FuelFocus. Incorrect fuel capacity limitations should be corrected.</li> <li>• Consider lowering the number of fuelings per day for all units that are allowed to fill-up 99 times per day.</li> </ul>
Status as of First Follow-Up	 In Process  The Fuel Policy is updated. However, it does not address review and validation of equipment and vehicle fuel capacities. The number of fuelings are 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.
Status as of Second Follow-Up	 In Process  FuelFocus is up-to-date and active units are authorized to fuel based on vehicle type and requirements. Authorized fueling frequencies range from two to ten times in one day. The Fuel Policy still does not address review and validation of equipment and vehicle fuel capacities.

Current Status	 Fully Implemented <p>FMD – Fuel Policy is evidenced and validated by the documented settings per vehicle based on vehicle type, fuel required and the number of allowed daily fuelings in FleetFocus.</p>
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<b>Recommendation</b>	<b>7</b>
Original Report Recommendation	<p>PRD-Golf Management Division (GMD) management should:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>
Status as of First Follow-Up	 In Process <p>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."</p>
Status as of Second Follow-Up	 In Process <p>PRD-GMD is continuing to use the fuel logs and develop the process for implementing the monthly fuel reconciliation. Staff changes affected the dual signature requirements, and implementation of the fuel reconciliation process.</p>
Current Status	 Fully Implemented <p>PRD-GMD has ICUs installed at all fueling stations. The monthly fuel reconciliation process is executed through the billing process via the FuelFocus parameters set for each ICU.</p>

Third Follow-up  
Department of Finance & Administrative Services  
Fleet Management Division  
Fuel Usage and Security  
December 11, 2019

#20-12-101F

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