

MANAGEMENT AUDIT REPORT
OF
FUEL USAGE AND SECURITY
DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

REPORT NO. 12-101



City of Albuquerque
Office of Internal Audit

Fuel Usage and Security
Department of Finance and Administrative Services
Report No. 12-101

Executive Summary

The Office of Internal Audit (OIA) conducted a management audit of fuel usage and security managed by the Department of Finance and Administrative Services (DFAS) - Fleet Management Division (FMD). The audit was included in the fiscal year (FY) 2012 audit plan.

The City of Albuquerque (City) provides fleet management services and fuel operations to more than 4,000 rolling and non-rolling stock (units) that support 18 City departments. FMD oversees the main responsibilities for management of the City's fuel operations. Other departments with fuel operation responsibilities include the Solid Waste Management Department (SWMD) and the Transit Department. FuelFocus, the City's automated fuel management system tracks, monitors and administers fuel usage.

According to the City's budget documents, fuel operation is the largest activity within the Fleet Management Program. Fuel expenses were approximately \$7.5 million during FY 2011. The mission of fuel operations is to supply, store, and dispense fuel to City vehicles and equipment and to ensure that City fleet fueling stations comply with applicable environmental regulations to include the New Mexico Underground Storage Tank Regulations, City and County fire codes, and Federal environmental laws and regulations.

Does FMD have adequate information system controls?

FMD does not have information system general or application control policies and procedures documented.

FMD does not have a written process in place to grant and terminate database access, or to require users to change their passwords regularly.

- 14 employees remained on the list after terminating employment with the City during FY 2011.
- 1 employee appeared on the list three times, with three different usernames.

OIA observed three user access control weaknesses involving separation of duties.

There were additional items found as a result of the testing performed for this objective.

- FMD does not keep a master inventory list of the individuals possessing keys to the Island Control Unit (ICU).
- There were 3,302 manual fuel transactions recorded in FuelFocus during FY 2011. Approximately 98% of these occurred at SWMD facilities. SWMD does not keep an inventory list of individuals possessing keys to the ICU.

Does FMD maintain adequate fuel card inventory records?

FMD does not follow the FMD Fuel Operations Procedures Manual regarding driver authorization forms and fuel usage logs.

- 23 of 24 driver authorization forms could not be found.
- Fuel usage logs from facilities without an ICU are not forwarded to the FMD accounting assistant.

FMD does not have a documented process for assigning fuel pin or card numbers, or for removing fuel users from FuelFocus, who terminated employment with the City.

OIA noted 221 of 308 units that have an active Wright Express (WEX) fuel card also have an active City-issued fuel card.

Are there adequate internal controls over fuel usage?

FuelFocus controls limiting the amount of fuel that can be pumped into a specific vehicle are working as intended, but unreasonable parameters have made the established control ineffective.

- OIA noted 12 of 24 units sampled have defined tank capacities that exceed the vehicle's specifications.
- From a sample of 24 of 1,723 units allowed to fill-up 99 times per day, OIA noted not one fueled more than 4 times in any one day during FY 2011.

Additional items found as a result of the testing performed for this objective:

- FMD does not perform an appropriate level of management review of the WEX fuel credit card statement.

Are controls in place to monitor access to the City fleet's fueling stations?

The Parks and Recreation Department – Golf Management Division does not reconcile fuel usage records to fuel purchases.

Audit testing concluded that 464 gallons could not be accounted for during August 2011 at the Puerto Del Sol Golf Course. Documents needed in order to perform reconciliations of fuel usage for September and October 2011 were illegible, incomplete, or could not be provided at all.

The fuel usage logs used at Puerto Del Sol Golf Course do not require employees to document unit numbers.

Of the City's 23 fueling facilities, 13 do not have pumps that interface with FuelFocus through an ICU. OIA observed 9 of 23 City fueling facilities that lacked some security controls.

Is FMD properly billing City departments for the amount of fuel used by City employees?

From a sample of 20 of 3,607 units billed by FMD during FY 2011, OIA noted the following errors:

- 1 of 20 items tested was billed incorrectly by FMD.
- 2 of 20 items tested obtained fuel from the SWMD facility, but were billed by FMD.

Recommendations and management responses are included in the audit report.



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April 25, 2012

Accountability in Government Oversight Committee
City of Albuquerque
Albuquerque, New Mexico

Audit: Management Audit
Fuel Usage and Security
Department of Finance and Administrative Services – Fleet Management Division
Audit No. 12-101

FINAL

INTRODUCTION

The Office of Internal Audit (OIA) conducted a management audit of fuel usage and security managed by the Department of Finance and Administrative Services (DFAS) - Fleet Management Division (FMD). The audit was included in the fiscal year (FY) 2012 audit plan.

The City of Albuquerque (City) provides fleet management services and fuel operations to more than 4,000 rolling and non-rolling stock (units) that support 18 City departments.



FMD oversees the main responsibilities for management of the City's fuel operations. Other departments with fuel operation responsibilities include the Solid Waste Management Department (SWMD) and the Transit Department.

According to the City's budget documents, fuel operation is the largest activity within the Fleet Management program. Fuel expenses were approximately \$7.5 million during FY 2011. The mission of fuel operations is to supply, store, and dispense fuel to City vehicles and equipment and to ensure that City fleet fueling stations comply with applicable environmental regulations to include the New Mexico Underground Storage Tank Regulations, City and County fire codes, and Federal environmental laws and regulations.

City’s Fleet Fueling Facilities

The City has 23 fueling facilities. Currently, FMD manages three main facilities, and operates 15 other facilities, for a total of 18. The SWMD manages three fueling facilities and the Transit Department manages two facilities.

Table 1 – Fleet Management Division Fuel Facilities

1. 4th Street Fuel Station*
2. Pino Yards Fuel Station*
3. Eastside Fuel Station*
4. Rio Grande Zoo
5. Ladera Golf Course
6. Arroyo Del Oso Golf Course
7. Los Altos Golf Course
8. Puerto Del Sol Golf Course
9. Airfield Maintenance*
10. Double Eagle Soils Amendment Facility
11. Double Eagle II Airport*
12. Fire Station #17*
13. Law Enforcement Center
14. Convention Center
15. City/County Building
16. 911 Communication Center
17. Downtown Detention Center
18. Southside Water Reclamation Plant

Source: Fleet Management Division (11/4/2011)

*Facilities that interface with the City’s fuel management system, FuelFocus, through an Island Control Unit.

Fuel Management System

Even though fuel operation responsibilities are separated, there are some activities that are consolidated between departments, such as use of the City’s fuel management system, FuelFocus. For over five years, the City has used AssetWorks’ Fleet Focus software to manage all of its fleet operations. In 2006, the City upgraded to AssetWorks’ automated fuel management system, FuelFocus. As of FY 2011, ten of the City’s 23 fueling facilities utilize this system. FuelFocus tracks, monitors, and administers fuel usage for all units, in a single database.

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. The ICU has the ability to limit fuel to only those units or employees in the database, limit the number of fuelings per day, and limit fuel to defined tank capacities. The FuelFocus system supports several identification devices, such as magnetic strip fuel cards, manual entry keypads, and fuel key fob readers. In order to access fuel, the employee must enter the unit's odometer reading,



pump number, and a unique fuel pin number issued to them by FMD. FuelFocus will automatically recognize if any of the entered information does not agree with the information stored in the database and deny access for fuel.

The fueling facilities with pumps that do not interface with the fueling system, utilize manual fuel logs to track fuel usage.

The City is in the process of migrating its vehicles from manual to automated meter readings using Radio Frequency (RF) technology. Each vehicle will be equipped with a RF Vehicle Identification Box (VIB) which ties into the vehicle's onboard computer. At the time of fueling, the vehicle's meter readings are transmitted automatically into the FleetFocus database through the FuelFocus ICU reducing the opportunity for human error. Utilizing this technology provides quicker, more accurate meter readings.

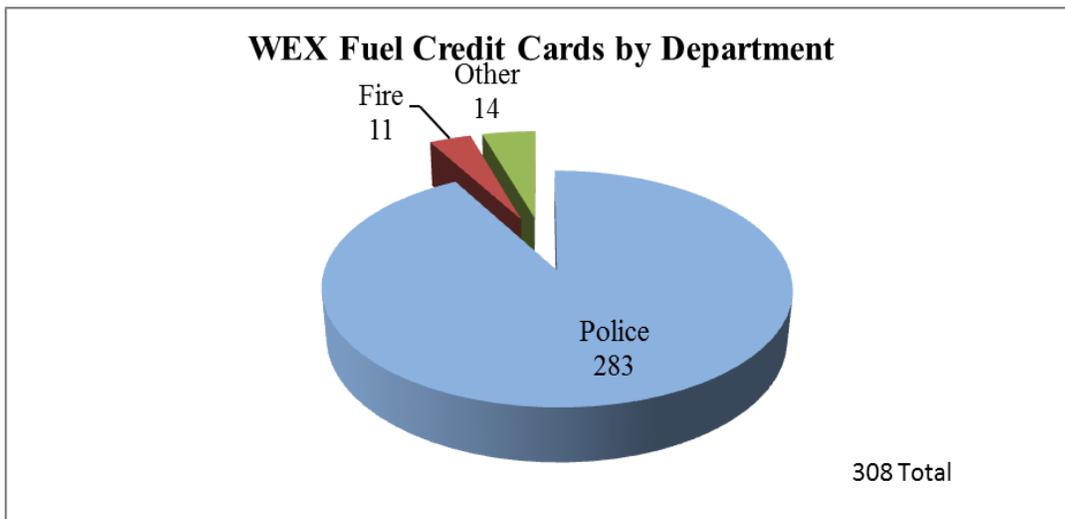
Fuel Cards

City-Issued Fuel Cards

Fuel cards are issued by FMD for units that require fuel. Each fuel card contains a unique number printed on the front of the card and corresponds to a unit of fleet. A fuel pin number is then required to be entered to obtain fuel. The fuel card can only be used at fueling facilities with an ICU. Information about the unit corresponding to the fuel card, such as unit number, fuel type, and tank capacity, is captured and verified by the ICU each time the fuel card is swiped.

Wright Express (WEX) Fuel Credit Cards

The City expanded its fueling locations by entering into an agreement with Wright Express, Inc. in July 2004. Under the agreement, fuel credit cards can be used to purchase fuel. City documents indicate that the fuel credit card program was to serve as a refueling alternative when employees driving City-owned vehicles are unable to use a City fleet fueling facility. Employees may obtain fuel 24 hours per day, seven days per week at gas stations anywhere that accept the Wright Express (WEX) fuel credit cards. WEX maintains a website that details and summarizes the City's fueling activity. FMD downloads the data from the website into FuelFocus.



Source: Fleet Management Division (11/14/2011)

Billing

Of the 18 facilities managed by FMD, there are six facilities that interface with FuelFocus and 12 that do not. Fuel for the 12 facilities are billed to departments upon fuel delivery and the other six facilities are billed to departments monthly according to fuel usage. FMD extracts fuel usage data directly from FuelFocus in order to bill user departments. The system helps ensure that City billings are proper by recording the site (facility) of each fuel transaction. This allows FMD to identify fuel transactions occurring at sites managed and operated by FMD, in order to bill accordingly.

The unit cost billed to user departments is based on the per gallon price invoiced by the City's vendor, plus .155 cents per gallon markup for administrative fees related to the City's purchasing, accounting, and fleet service functions associated with the purchase of fuel.

AUDIT OBJECTIVES

The objectives of the audit were to determine:

- Does FMD have adequate information system controls?
- Does FMD maintain adequate fuel card inventory records?
- Are there adequate internal controls over fuel usage?
- Are controls in place to monitor access to the City fleet's fueling stations?
- Is FMD properly billing City departments for the amount of fuel used by City employees?

SCOPE

Our audit did not include an examination of all functions and activities related to fuel operations. Our scope primarily focused on the fuel usage and security of the fueling stations managed by FMD during FY 2011.

This report and its conclusions are based on information taken from a sample of transactions and do not intend to represent an examination of all related transactions and activities. The audit report is based on our examination of activities through the completion of fieldwork, February 6, 2012 and does not reflect events or accounting entries after that date.

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.

METHODOLOGY

We utilized several methodologies to achieve the audit objective. These evidence gathering techniques included, but were not limited to:

- Interviewing key FMD personnel
- Identifying and testing internal controls over fueling privileges and usage
- Obtaining read-only access to FuelFocus
- Analyzing the fleet database information for completeness and accuracy
- Conducting a walkthrough of fueling facilities throughout the City
- Reviewing the FMD Fuel Operations Procedures Manual

- Reviewing the Solid Waste Fueling Terminal Operational Procedures
- Reviewing IT Governance Institute's Control Objectives for Information and related Technology (CobiT) audit guidelines
- Reviewing Government Finance Officers Association (GFOA) Best Practices

FINDINGS

The following findings concern areas that we believe could be improved by the implementation of the related recommendations.

1. DFAS-FMD SHOULD DEFINE AND COMMUNICATE A SET OF POLICIES, STANDARDS, AND PROCEDURES TO MANAGE THE IT CONTROL ENVIRONMENT.

A. Fuel Management System General Controls

General controls help ensure the proper operation of information systems by creating the environment for proper operation of application controls. FMD does not have information system general control policies and procedures documented. FMD does not have a written process in place to grant and terminate database access or to require users to change their passwords regularly.

FMD provided an active FuelFocus system user list on November 4, 2011, which contained 365 users. Per review of the list, OIA noted:

- 14 employees remained on the list after terminating employment with the City.
 - 12 of 14 users terminated during FY 2011.
 - 2 of 14 users terminated prior to FY 2011 (FY08 and FY10).
- 1 employee appeared on the list three times, with three different usernames.

FMD is not made aware of employees who terminate or transfer within the City. FuelFocus does not have the ability to force users to change their passwords.

Failure to terminate unused accounts in a timely manner, or regularly change user passwords, could result in unauthorized or inappropriate access to applications and application data, which could lead to unauthorized changes or data theft.

CobiT control practices suggest establishing a set of user access control procedures to address requesting, establishing, issuing, suspending, modifying and closing user accounts and related user privileges. The International Standards Organization (ISO) suggests changing passwords at regular intervals or based on the number of accesses, and avoid re-using or cycling old passwords.

B. Fuel Management System Application Controls

Application controls help ensure the validity, completeness, accuracy, and confidentiality of transactions and data during application processing, helping reduce the risk that management, IT staff, application owners, and users will implement inappropriate and/or inadequate information security over the application. Application controls include controls over input, processing, output, master data and interfaces. FMD does not have information system application control policies and procedures documented.

The absence of documented information system policies and procedures could result in processes not aligned with business objectives, staff members not knowing how to perform critical tasks, and policy violations.

CobiT control practices suggest creating a hierarchical set of policies, standards and procedures to manage the IT control environment.

C. Separation of Duties

OIA observed the following user access control weaknesses:

- The Aviation Fleet Specialist has access to collect, verify, and process all information in FuelFocus needed for issuance of City fuel key fobs, without the system administrator's approval.
- A Fuel Station Attendant is responsible for the day-to-day operation and maintenance of the fueling stations. The Attendant at the 4th Street Fuel Station is authorized to change vehicle mileages recorded in FuelFocus, allowing employees access to fuel.
- An FMD Accounting Assistant is responsible for collecting, verifying, and processing all information for issuance of City fuel cards. The Assistant is able to:

- assign individuals a unique identification number recorded in FuelFocus,
- maintain and issue fuel cards,
- assign regulations and parameters to the City's fleet, and
- authorize changes to vehicle mileages recorded in FuelFocus, allowing employees access to fuel

FMD does not have a documented process for performing periodic user access reviews to ensure only appropriate users have access to FuelFocus, and access is appropriate for the user's job responsibilities.

A lack of effective segregation controls could result in processing erroneous or fraudulent transactions, compromised integrity of critical data, or access control violations.

GFOA states that no one individual should be able to authorize a transaction, record the transaction in the accounting records, and maintain custody of the assets resulting from the transactions. Incompatible duties enable one individual to commit an irregularity and then conceal it in the ordinary course of duties. Incompatible duties should be separated among different individuals within the same department.

RECOMMENDATION

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 FuelFocus, and that the access is appropriate for users' job responsibilities.

RESPONSE FROM DFAS-FMD

- *“Written policies and procedures are being reviewed and corrected to comply with the new fuel system in place.*
- *“Security levels are being reviewed in order to meet the recommended changes.*
- *“Currently there is only one staff member who is the only individual that can provide and approve access to the system.”*

ESTIMATED COMPLETION DATE

“Completion date will be July 1, 2012.”

2. DFAS-FMD SHOULD DEVELOP AND MAINTAIN A LISTING OF PERSONS THAT HAVE KEYS TO THE ISLAND CONTROL UNIT (ICU).

The FuelFocus Island Control Unit (ICU) comes equipped with a set of keys that allows the key holder to access the cabinet to change data input from automatic to manual. FMD does not keep a master inventory list of the individuals possessing keys to the ICU, as one was never created.

Without a master inventory listing of keys, there is an increased risk that City assets may be misused. GFOA states that security must be maintained over a government’s assets and records to minimize the danger of loss or misuse.

RECOMMENDATION

DFAS-FMD management should develop and maintain a listing of persons that have keys to the ICU.

RESPONSE FROM DFAS-FMD

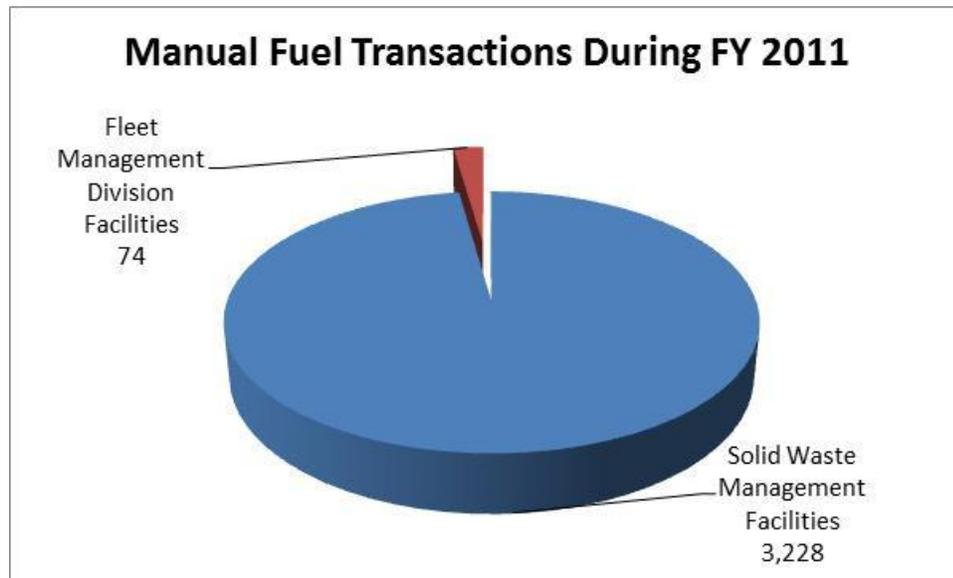
“FMD requested a list from departments of individuals who are authorized to have keys to access the fuel ICU’s.”

ESTIMATED COMPLETION DATE

“Completion date July 1, 2012.”

3. THE SOLID WASTE MANAGEMENT DEPARTMENT (SWMD) SHOULD DEVELOP POLICIES AND PROCEDURES REGARDING MANUAL FUEL TRANSACTIONS AND MAINTAIN A LISTING OF PERSONS THAT HAVE KEYS TO THE ICU.

FuelFocus is capable of identifying manual fuel transactions that occurred through use of a key to the ICU. There were 3,302 manual fuel transactions recorded in FuelFocus during FY 2011. These manual overrides were used to obtain approximately 120,000 gallons of fuel. The majority of these transactions, 3,228 (98%), occurred at SWMD facilities. SWMD does not keep an inventory list of the individuals possessing keys to the ICU, as one was never created.



Source: AssetWorks – FuelFocus (12/5/2011)

SWMD does not have written policies and procedures regarding manual fuel transactions.

Without written policies and procedures, unauthorized data entry may exist, compromising accuracy, completeness, and validity of the data. Without a master inventory listing of keys, there is an increased risk that City assets may be misused.

CobiT control practices suggest defining and communicating who can input, edit, authorize, and override transactions. Implement access controls and record supporting evidence to establish accountability in line with role and responsibility definitions. CobiT also suggests defining procedures to override transactions, including transaction descriptions and follow-up.

GFOA states that effective policies and procedures are an essential component of any truly comprehensive internal control framework for accounting and financial reporting. A well-designed and properly maintained system for documenting policies and procedures enhances both accountability and consistency. Practices, policies and procedures should be evaluated annually.

GFOA also states that security must be maintained over a government's assets and records to minimize the danger of loss or misuse.

RECOMMENDATION

SWMD should:

- Develop policies and procedures regarding manual fuel transactions, including who can input, edit, and 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.

RESPONSE FROM SWMD

- *“Solid Waste policies and procedures regarding manual fuel transactions, including who can input, edit, and authorize system overrides, and defined when appropriate to do so will be completed and available by Friday April 27, 2012.”*
- *“The Parts Supervisor is the only person authorized to have an ICU key.”*

ESTIMATED COMPLETION DATE

“Completed.”

4. DFAS-FMD SHOULD UPDATE AND FOLLOW THE FMD FUEL OPERATIONS PROCEDURES MANUAL FOR DISPENSING FUEL TO USERS.

A. Dispensing of Fuel to Users

Driver Authorization Form

City employees must be identified by FuelFocus in order to obtain fuel. The Driver Authorization Form is used to authorize and assist FMD with creating unique fuel pin numbers that allow each employee to obtain fuel. OIA selected a sample of 24 fuel pin numbers belonging to employees who obtained fuel during FY 2011, and requested to see their Driver Authorization Forms.

Driver Authorization Forms could not be found for 23 of 24 employees tested. Three of the 23 employees were hired after the Fuel Operations Procedures Manual was implemented in June 2002. The other 20 employees were hired before implementation of the Fuel Operations Procedures Manual.

The FMD Fuel Operations Procedures Manual states the Driver Authorization Form is used by the Accounting Assistant to record information on users of the City’s fueling system. This form is normally prepared and signed by the director of the employee’s department or his or her designee, then returned to the Accounting Assistant so that the driver information can be entered into the City’s fueling system.

Users that were hired prior to the implementation of the Fuel Operations Procedures Manual were not required to complete the Form. Therefore, these employees are entered in FuelFocus and assigned fuel pin numbers without FMD having documented authorization on file from the employee’s department.

Fuel Usage Logs

FMD does not follow the FMD Fuel Operations Procedures Manual regarding fuel usage logs. Fuel usage logs from facilities without an ICU are not forwarded to the FMD Accounting Assistant.

In accordance with the FMD Fuel Operations Procedures Manual, fuel usage will be logged manually by the personnel dispensing fuels at facilities without an ICU. Fuel usage logs should be forwarded to the Accounting Assistant weekly.

Inconsistencies can occur when not following the documented procedures manual. There is a risk of employees obtaining fuel without department approval and a lack of accountability for fuel usage.

B. Fuel Accessibility

OIA obtained a list of employees that are assigned a fuel pin number in FuelFocus. As of November 14, 2011, the list contained 8,969 employees. Per review of the list, OIA concluded:

- 2,022 of 8,969 employees in FuelFocus could not be found at all when compared to a report of all active FY 2011 City employees in PeopleSoft, the City's human resource and payroll system.
 - Fuel pin numbers belonging to 26 of the 2,022 employees were used to obtain fuel during FY 2011.
 - 5 of the 26 fuel pin numbers used belong to employees that terminated with the City prior to FY 2011.
 - 12 of the 26 fuel pin numbers used belong to employees for whom the City had no employment record for in PeopleSoft or Empath, the payroll system prior to PeopleSoft.
- 34 of 8,969 employees are in FuelFocus twice, with two different fuel pin numbers assigned to them.
- 26 of 8,969 employees share an employee number with another employee in FuelFocus.

OIA obtained a list of rolling and non-rolling stock (units) from FuelFocus. As of November 14, 2011, the list contained 4,901 units. Per review of the list, OIA concluded:

- 14 of 4,901 units are assigned a duplicate fuel card number of 99 within FuelFocus.
- 701 of 4,901 units do not require fuel, as they are identified in FuelFocus with a card number of 0.
 - 1 unit obtained fuel multiple times during FY 2011 using a fuel card.
 - 1 unit obtained a manual fuel issue for 99 gallons in FY 2011.

FMD does not have a documented process for assigning fuel pin or card numbers, or for removing fuel users from FuelFocus, who terminated employment with the City.

A lack of documented processes to obtain and terminate access to fuel, including assigning fuel pin and fuel card numbers, creates a significant risk that unauthorized or inappropriate fueling could occur.

The FMD Fuel Operations Procedures Manual states that lists of personnel authorized to obtain fuel are to be reviewed and updated quarterly by the director of each user department.

CobiT control practices suggests creating and documenting procedures for preparing source data entry, and ensure that they are effectively and properly communicated to appropriate and qualified personnel. Ensure that data input is performed in accordance with the documented procedures.

CobiT control practices also suggests that management review user access at regular intervals and reallocate after any job changes or termination of employment.

RECOMMENDATION

DFAS-FMD management should:

- Require the Driver Authorization Form to be submitted by the employee's department prior to entering the employee into FuelFocus.
- 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.
- 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 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.
- 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.

RESPONSE FROM DFAS-FMD

- *“FMD has standards in place.*
- *“Drivers Authorization Forms are required from each department to be completed and are file within the FMD.*
- *“Attached for Internal Audit’s review is a copy of the Drivers Authorization Forms.*
- *“Departments without fuel AssetWorks, ICU’s access are required to keep their own fuel logs in order to reconcile their fuel usage.*
- *“FMD will coordinate with Human Resources Department to obtain a list of terminated and retired employees on a monthly basis.*
- *“FMD has an Accounting Assistant who maintains the FuelFocus System and WEX information and has a list of fuel card and pin numbers on file.”*

ESTIMATED COMPLETION DATE

“Estimated completion date July 1, 2012.”

5. DFAS-FMD SHOULD ENSURE FUELFOCUS CONTROLS ARE BEING USED EFFECTIVELY.

FuelFocus controls limiting the amount of fuel that can be pumped into a specific vehicle are working as intended. However, unreasonable parameters have made the established control ineffective.

A. Defined Tank Capacities

OIA noted 12 of 24 units sampled have defined tank capacities that exceed the vehicle’s specifications:

Table 2 – Fuel Tank Capacities

	Description	Fuel Tank Capacity In Gallons	FuelFocus Settings			
			Bio Diesel	Diesel	Unleaded	E-85
1	2004 Portable Air Compressor	27	100	100		
2	2005 Chevrolet Malibu	16.4			35	
3	2006 Dodge Stratus	16				25
4	2006 Chevrolet Silverado 2500	34	100	100		
5	2006 Chevrolet Colorado	19			35	
6	2006 Ford F350	38	100	100		
7	2008 Ford F250	38	100	100		
8	1990 Dodge Ram 3500	35	100	100		
9	2005 Kenworth Truck T300*	50 - 120	100	100		
10	2008 Ford F-250	38	100	100		
11	2002 Chevrolet Blazer	20			30	
12	2003 Caterpillar 307C Tractor	35.7		100		

Source of Fuel Tank Capacity: www.motortrend.com, www.cat.com, www.catequipment.com

*This vehicle has fuel tank capacity options ranging from 50 to 120 gallon fuel tanks

B. Number of Fuelings Allowed per Day

There are 1,723 units of fleet set up in FuelFocus to allow 99 fuelings per day:

Table 3 – Number of Fuelings Allowed per Day

Number of Fuelings Allowed per Day	Number of Units
0	28
1	558
2	2,106
3	378
4	62
5	11
6	2
7	1
10	5
21	1
50	26
99	1,723

Source: AssetWorks – FuelFocus (11/14/2011)

From a sample of 24 of 1,723 units allowed to fill-up 99 times per day, OIA noted not one fueled more than four times in any one day during FY 2011.

FMD does not review fuel system control settings after the vehicle is initially entered into FuelFocus, nor do they have a process documenting validation criteria and parameters.

With unreasonable parameters in FuelFocus, fuel may be at risk for misuse.

CobiT control procedures suggest implementing controls to ensure accuracy, completeness, and validity. Validation criteria and parameters should be documented and subject to periodic reviews and confirmation.

RECOMMENDATION

DFAS-FMD management should:

- Develop and document validation criteria and parameters, and the process for reviewing and updating these.
- 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.
- Consider lowering the number of fuelings per day for all units that are allowed to fill-up 99 times per day.

RESPONSE FROM DFAS-FMD

- *“FMD will revise this section of the policies and procedures.”*
- *“FMD has a Vehicle Entry Form which requires all capacity of fluid and fuel for all vehicle usage.”*
- *“The number of fuelings per day have been corrected and will be defined in the new policies and procedures to limit one (1) fueling per day, except for Police, Fire and Emergence Response vehicles.”*

ESTIMATED COMPLETION DATE

“Completed.”

6. DFAS-FMD SHOULD PERFORM AN APPROPRIATE LEVEL OF MANAGEMENT REVIEW.

A. Billing Worksheet

FMD extracts fuel usage data directly from FuelFocus, and creates a billing worksheet used by the DFAS-Accounting Division to bill user departments. During testwork of 20 of 3,607 units billed by FMD during FY 2011, OIA noted the following errors that may have been identified with an appropriate level of management review:

- A vehicle belonging to the Albuquerque Fire Department obtained 1,753.93 gallons of fuel during FY 2011, but was incorrectly billed by FMD for 1,730.53 gallons of fuel.
- A vehicle belonging to the Cultural Services Department (CSD) obtained fuel from the SWMD facility during FY 2011; however FMD billed CSD for this amount.
- A vehicle belonging to the Albuquerque Police Department (APD) obtained fuel from the SWMD facility during FY 2011; however FMD billed APD for this amount.

B. WEX Fuel Credit Card Statement

FMD is responsible for reviewing the fuel transactions on the monthly Wright Express (WEX) fuel credit card statements for reasonableness. FMD does not simultaneously review the fuel transactions in FuelFocus to help ensure that a vehicle does not obtain gas using a WEX fuel credit card and a City-issued fuel card within a short period of time. WEX credit card holders are not required to submit receipts of fuel transactions to FMD.

The FMD Fuel Operations Procedures Manual has not been updated since 2002; there is no documented process for monitoring unusual transactions and reviewing reports for errors.

Without an appropriate level of management review, unusual fueling transactions and errors may go unnoticed.

GFOA states it is essential that management continuously monitor control-related policies and procedures to ensure continuing proper function; management must monitor potential

problems disclosed by internal controls to ensure that such situations are corrected or otherwise resolved on a timely basis.

RECOMMENDATION

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.

RESPONSE FROM DFAS-FMD

- *“All unusual fuel transaction are reported by AssetWorks Fuelfocus system as an exception in the fuel system.”*
- *“Monthly Billing is done by FMD’s Accountant II and reviewed by FMD’s Systems Administrator III.”*
- *“WEX monthly statements are reconciliation by FMD’s Accounting Assistant and reviewed by FMD’s Accountant II.”*
- *“FMS’s Systems Administrator III can run this report as needed.”*

ESTIMATED COMPLETION DATE

“Completed.”

7. THE PARKS AND RECREATION DEPARTMENT (PRD) – GOLF MANAGEMENT DIVISION (GMD) SHOULD RECONCILE FUEL USAGE TO FUEL DELIVERIES.

The City’s fueling stations located at the four golf courses mentioned in Table 1 of the introduction do not have pumps that interface with FuelFocus. The golf course fueling

facilities utilize fuel usage logs to track fuel usage. OIA only visited the Puerto Del Sol Golf Course.

A. Reconciliations

At the Puerto Del Sol Golf Course, the staff complete fuel usage logs and then forward those logs to the Golf Management Division (GMD). GMD currently does not perform a reconciliation of fuel usage to fuel purchases. OIA testing concluded that 464 gallons of fuel could not be accounted for during August 2011 at the Puerto Del Sol Golf Course:

August 3, 2011 Beginning Inventory	867 gallons
Add: August Fuel Purchases (8/3/11, 8/16/11)	754 gallons
Less: August Fuel Usage per Fuel Usage Logs	<u>(695 gallons)</u>
Calculated August Ending Inventory	926 gallons
September 2, 2011 Beginning Inventory	<u>462 gallons</u>
Difference	464 gallons

Documents needed in order to perform reconciliations of fuel usage for September and October 2011 were illegible, incomplete, or could not be provided at all.

B. Fuel Usage Logs

The fuel usage logs utilized at the Puerto Del Sol Golf Course do not require employees to document unit numbers, making it difficult to identify the unit obtaining fuel.

The absence of reconciliations may prevent management from identifying and detecting errors, abuse, and/or theft of City fuel in a timely manner.

GFOA states periodic reconciliations are important to ensure the financial accuracy of accounting records. Reconciliations help ensure fuel purchases are not excessive to the operating needs, and help ensure accountability of fuel usage.

RECOMMENDATION

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.

RESPONSE FROM PRD-GMD

“As a proactive measure Golf Management will be implementing an upgraded fuel usage procedure in order to appropriately track usage at all our courses.

“The upgraded procedure will require both a Park Management supervisor and the Park Management employee to initial the provided fuel log when obtaining fuel. Puerto Del Sol staff has been directed to keep the pump and pump enclosure locked at all times. Upon usage of the above ground storage tanks continue to enforce all security measures and lock up when fueling is completed.

“If a city crew member discovers a pump unsecured they are instructed to notify Golf Management immediately.”

ESTIMATED COMPLETION DATE

“Completed”

8. THE CAO SHOULD CONSIDER INCREASING THE SECURITY OF FUELING FACILITIES.

A. Security

Of the City’s 23 fueling facilities, 13 do not have pumps that interface with FuelFocus through an ICU. OIA observed 9 of the City’s 23 fueling facilities noting the following security controls:

City Fueling Facility Visited	Island Control Unit Installed	Camera Installed	24-Hour Security	Gate Locked During Non-Working Hours
Rio Grande Zoo			X	X
Puerto Del Sol Golf Course				X
Airfield Maintenance	X	X	X	X
Double Eagle II Airport	X		X	X
Fire Station #17	X			X
Eastside Fuel Station	X			
4th Street Fuel Station	X	X		
Pino Yards Fuel Station	X		X	
Solid Waste Management Facility	X		X	

Source: OIA observation

A lack of security over the City’s fueling facilities and fueling transactions creates a significant risk that fuel may be misused.

GFOA states that security must be maintained over a government’s assets to minimize the danger of loss or misuse.

RECOMMENDATION

The CAO should consider implementing:

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

RESPONSE FROM CAO

- *“It’s not practical or feasible due the initial cost and maintenance cost of the system.*
- *“FMD is currently installing security cameras at the three (3) major fuel sites.”*

ESTIMATED COMPLETION DATE

“Completed by July 1, 2012.”

9. THE CAO SHOULD DETERMINE THE NEED TO HAVE TWO FUEL CARDS ASSIGNED TO ONE UNIT OF FLEET.

OIA noted 221 of 308 units that have an active WEX fuel card also have an active City-issued fuel card.

There are no policies and procedures documenting the process and criteria for issuing two fuel cards to one unit of fleet. The process of issuing City fuel cards is different from the process of issuing WEX fuel credit cards.

Having a WEX fuel credit card allows employees to obtain fuel anytime and anywhere the card is accepted. There is a risk of misuse by employees obtaining gas using a WEX fuel credit card and a City-issued fuel card within a short period of time.

GFOA states that security must be maintained over a government’s assets to minimize the danger of loss or misuse. Individuals should have access to assets based only on the specific needs of their positions.

RECOMMENDATION

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.

RESPONSE FROM CAO

“FMD will establish a policy to determine the need and requirements for issuing outside fuel cards.”

ESTIMATED COMPLETION DATE

“Completion date will be July 1, 2012.”

10. THE CAO SHOULD DEVELOP A POLICY OF SECURING ALL CITY VEHICLES AND EQUIPMENT.

OIA conducted a physical inspection of 10 randomly selected City pooled vehicles to determine if the fuel card is kept secured in the vehicle. While all ten tested had the fuel card in the vehicle, five of them were unlocked.

The City’s vehicle and equipment policies do not contain a requirement for drivers to lock and secure vehicles and equipment when not in use.

GFOA states that security must be maintained over a government’s assets and records to minimize the danger of loss or misuse.

RECOMMENDATION

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

RESPONSE FROM CAO

“FMD will review the current Administrative Instruction for Vehicle Usage to include language for securing all city vehicles.”

ESTIMATED COMPLETION DATE

“Completed by July 1, 2012.”

CONCLUSION

We believe this audit will help identify and implement controls needed to improve accountability for fuel usage and provide safeguards for fuel and facilities where fuel is supplied, stored, and dispensed.

We appreciate the assistance and cooperation of City personnel during the audit.

Staff Auditor

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Internal Auditor

APPROVED:

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