LEGISTAR #160500

FINAL AUDIT REPORT

Audit of Vehicle Fuel Process

November 3, 2016

A Report to the City Commission

Mayor
Lauren Poe

Mayor Pro-Tem
Helen K. Warren

Commission Members

Harvey M. Budd

Craig E. Carter

Todd N. Chase

Charles E. Goston

Adrian Hayes-Santos

City of Gainesville Office of the City Auditor

Carlos L. Holt – City Auditor

Audit of Vehicle Fuel Process

EXECUTIVE SUMMARY
November 3, 2016

Why We Did This Audit

The audit was included on the City Auditor's 2016 Fiscal Year Audit Plan due to the length of time since an audit was conducted and due to the pilferable nature of gasoline and diesel fuel.

What We Recommend

Fleet Management Services should take actions to:

- Determine if utilizing the State of Florida WEX contract fuel cards could provide a more efficient and flexible fuel process
- Identify and migrate to one fuel management system rather than three different processes
- Provide all departments with usable and timely fuel usage data
- Improve controls over dummy keys
- Improve preventative controls over vehicle fuel cards and keys
- GRU should implement a permanent solution to repair the GRU Eastside Operations Center fuel site equipment issue

BACKGROUND

The City of Gainesville Fleet Management administers fuel procurement, distribution, and billing services for City departments. The current fuel service contract was awarded to Lewis Oil Co., Inc., in 2015. The City owns three fuel sites in Gainesville. Lewis Oil deposits fuel into City-owned fuel tanks as needed on a consignment basis and retains ownership of the fuel until dispensed. The Gainesville Police Department (GPD) dispenses fuel from Lewis Oil fleet islands located throughout the City, and Lewis Oil invoices GPD for fuel usage. Lastly, a small number of departments order fuel on an as needed basis and are invoiced for delivered fuel.

OBJECTIVES

The objectives of the audit were to determine the following:

- Was the fueling system effective and efficient?
- Were fuel transactions captured, assigned to departments, and invoiced by the vendor accurately?
- Were internal controls in place to prevent and detect theft?

WHAT WE FOUND

- Fleet Management's fueling structure is obsolete, labor intensive, and inefficient
- Fuel transaction records from the vendor could not be accurately matched with the fuel transaction records in FASTER, the City's Fleet Management system
- Some departments with high fuel usage were not monitoring their fuel usage transactions
- Internal controls over "dummy" keys (not specifically assigned to a vehicle or person) were not in place to establish accountability for fuel gallons pumped
- Gainesville Regional Utilities (GRU) Eastside Operations Center fuel site equipment has experienced frequent outages since its 2011 installation
- Fleet Management has a large number of key functions centered on one person

GOVERNANCE

A Fleet Management internal service fund was established to provide City departments with fuel services. Fleet Management administers the City's fuel contract and calculates charges to be assigned to departments. Fleet Management reports to the City Manager's Office. Weekly fuel deliveries are priced based on regional Oil Price Information Service (OPIS) data. With the exception of GRU, Fleet Management applies a 12% mark-up rate to City departments in order to recover overhead expenses. Overhead expenses to support GRU are recovered through maintenance rates.

RELATED FACTS AND FIGURES

City departments consumed 793,824 gallons of gasoline and diesel fuel during fiscal year 2015. City fuel expenses exceeded $1.4 million during the same time period. Figure 1 below depicts the number of fuel gallons consumed by City departments in fiscal year 2015.

Figure 1: Number of Gallons Gas and Diesel Consumed by Department

City Department	Number of Gallons	Percent of Total
GRU	333,664	42%
GPD	253,511	32%
Public Works	98,022	12%
GFR	43,451	6%
Parks, Rec, and Cultural Aff.	31,970	4%
Facilities Management	8,309	1.0%
Planning & Development	7,994	1.0%
Fleet Management	7,302	.9%
Codes Enforcement	5,543	.7%
City Motor Pool	2,527	.3%
Admin, Neighborhood, CRA	1,531	.2%
Total	793,824	

Source: FASTER Fleet Management System

SCOPE AND METHODOLOGY

We examined Fleet Management's processes and practices over fuel services to determine effectiveness and efficiency of operations. The scope of the audit was October 1, 2013 through September 30, 2015, but also included an analysis of transactional data and documentation prior to and after the established scope. To accomplish our audit objectives, we:

- Conducted interviews, evaluated internal controls and application controls
- Conducted a review of sample selections to determine the effectiveness of internal controls
- Considered risk of fraud, waste, abuse, and information technology risks

Areas not included in this audit:

- Fleet Replacement Fund balances or servicing of vehicles
- Regional Transportation System fuel processes

OBJECTIVES AND CONCLUSIONS

1. *Was the fueling system effective and efficient?*

   No. The City's fueling system was comprised of various information systems and processes that were inefficient and ineffective. Daily processes were labor-intensive relying heavily on manual work-arounds, reconciliations, and adjustments. Fueling equipment suffered a significant breakdown for two City fuel sites, and was being mitigated by extended City staff efforts at the time of this report (an emergency repair procurement had been initiated). The breakdown impeded Fleet Management's ability to retrieve fuel transactions from site pumps for several weeks, which directly impacted Fleet Management's ability to bill departments and provide fuel transaction records to the fuel vendor for invoicing (see Observation A). Another City fuel site has experienced repeat outages since its installation in 2011. Attempts to repair the fuel site were unsuccessful and a permanent solution was not implemented (see Observation F). One position at Fleet Management oversees numerous key administrative and support functions related to fuel and repair operations (also performs some managerial duties). The department is vulnerable to operational disruption should the employee suddenly no longer be available. Detailed standard operating procedures are not available (see Observation G).

2. *Were fuel transactions captured, assigned to departments, and invoiced by the vendor accurately?*

   Generally no. Fuel transaction records originating from three different fuel site sources did not match FASTER transactions. The transaction capturing process prevented a one-to-one validation of fuel transaction records over a specified period (see Observation B).

3. *Were internal controls in place to prevent and detect theft?*

   Generally no. Most City departments did not effectively monitor fuel consumption. Two of the six departments with the highest fuel usage made no effort to monitor fuel transactions, while three of the other top six conducted limited monitoring (see Observation C). Unusual fuel consumption transactions were identified. There were 2,399 fuel transactions where the same vehicle was fueled more than once in a day; and 136 fuel transactions where fuel pumped exceeded vehicle tank capacities. Internal controls were not in place to ensure the accuracy and validity of fuel transactions (see Observation E). Internal controls over fuel keys assigned to departments were not sufficient to establish accountability for fuel transactions. For some departments, dummy keys (assigned to no specific equipment) were activated with the same key number, which prohibited the ability to determine accountability of the fuel transactions (see Observation D).

AUDIT OBSERVATIONS

Internal control helps entities achieve important objectives and sustain and improve performance. The Committee of Sponsoring Organizations of the Treadway Commission (COSO)*, Internal Control – Integrated Framework (2013 Framework),* enables organizations to effectively and efficiently develop systems of internal control that adapt to changing business and operating environments, mitigate risks to acceptable levels, and support sound decision making and governance of the organization. The audit observations listed are offered to help management fulfill their internal control responsibilities.

Observation A: Ineffective Fueling Systems

The City's current fueling structure is obsolete, labor intensive and inefficient. Fleet Management utilizes a mix of equipment and information systems to access fuel and consumption data from the City's contracted vendor, Lewis Oil Inc. There are three main fueling structures providing fuel access to staff assigned to: General Government and GRU employees, GRU Eastside Operations Center employees, and GPD employees. Fleet's daily downloading and reconciliation processes for fuel transactions are cumbersome and reliant on data entry and corrections.

Outdated Equipment

Fleet fueling equipment utilized to access fuel consumption data from two City-owned fuel sites used by General Government and GRU employees is outdated and no longer supported by its manufacturer, *Gasboy*. On July 12, 2016, equipment used to download data from the city-owned site stopped working. As of the drafting of this report, sufficient fuel transaction data was unavailable for Fleet to upload into FASTER for recording and analysis for three weeks. Attempts to repair the equipment were unsuccessful. Fleet's reliance on outdated equipment and on Lewis Oil to access fuel consumption data located in city-owned equipment increased the risk of lost data.

As of September 1, 2016, multiple sites were not working correctly to poll fuel transactions and enable Fleet to assign departmental transactions (some work arounds were being used) and emergency repair solutions were being purchased by management. The City Auditor's IT Auditor is reformatting otherwise unreadable data into Fleet required formats on a temporary basis.

During mechanical malfunctions, emergency fuel cards could have provided an alternative for fuel access for departments. Fueling equipment at the City's Springhill and 39th Avenue Sites were approaching end of life. The pump equipment was worn and systems at the Springhill site often stopped functioning.

Fueling Systems

Fleet Management staff conducts several reconciliations, manually enters data, and conducts data conversions to successfully interface consumption data with the vehicle numbers in FASTER. Fleet Management attempts to bring transaction data from all three systems into FASTER for recording and analysis.

In December 2015, Lewis Oil Inc. changed fuel site controllers from Commercial Fueling Network type to Fuel-Master. The new software was not compatible with FASTER, causing significant issues with GPD fuel access and departmental billing and reporting. GPD accesses fuel directly from Lewis Oil fuel sites located in Gainesville and Alachua County. Lewis Oil assigns fuel key fobs to individual employees with established access requirements. Once downloaded, Fleet Management emails the transactions to Lewis Oil, who invoices GPD for payment. The City's third fuel site is located at GRU Eastside Operations Center. Fleet Management staff accesses the fuel transactions for upload in a separate daily process.

WEX Fleet Fuel Cards

Fleet Management is evaluating converting to WEX Fleet Fuel Cards. The WEX system is a web based fuel card system that provides the ability to access fuel from most convenience stores that carry fuel as well as many gas stations. The State of Florida and several other agencies are contracted with WEX to procure fuel. We benchmarked 10 Florida agencies currently using WEX to purchase fuel in some capacity. On average, the agencies had been using WEX for five years. All agencies rated WEX services excellent or good in the areas of convenience and reporting. Fiscal impact varied per agency with two

realizing decreased fuel expenses and three realizing increased fuel expenses as a result of transitioning to WEX (although other costs such as storage tank maintenance and environmental protections may have decreased). The remaining agencies either used WEX for emergencies or out of town travel, or were not aware of the fiscal impact.

Fleet Management should determine the best fueling structure that provides departments with reliable and convenient fuel services. An analysis revealed that migrating to WEX to procure all fuel types would result in increased diesel rates but that unleaded gasoline costs would not change significantly. Using WEX would reduce the need and expenses of fuel storage tanks since fuel would be obtained at retail locations (at contract prices). The cost of maintaining and replacing those fuel tanks would be eliminated after closure. A partial migration to WEX was also being evaluated by staff. The WEX system may be well suited for GPD cars that could fuel at most retail gas locations.

Risks:

- Loss of productivity
- Incomplete fuel transactions
- Limited fuel access
- Increased costs and liabilities

Criteria:

- The Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control – Integrated Framework (2013 Framework)*, Control Activities – Principle 11 - "The organization selects and develops general control activities over technology to support the achievement of objectives."
- City of Gainesville Fleet Services Customer Guide (revised June 2014), "We will provide courteous and value added services to our Customers in a manner that will allow for safe, environmentally friendly and cost effective utilization of our fleet."

Recommendations for Fleet Management:

1. Determine if utilizing the State of Florida WEX contract fuel cards could provide a more efficient and flexible fuel process for Fleet customers, particularly GPD, while lessening the upkeep, cost and liability of fuel storage tanks.
2. Identify and migrate to one fuel management system rather than three different processes.

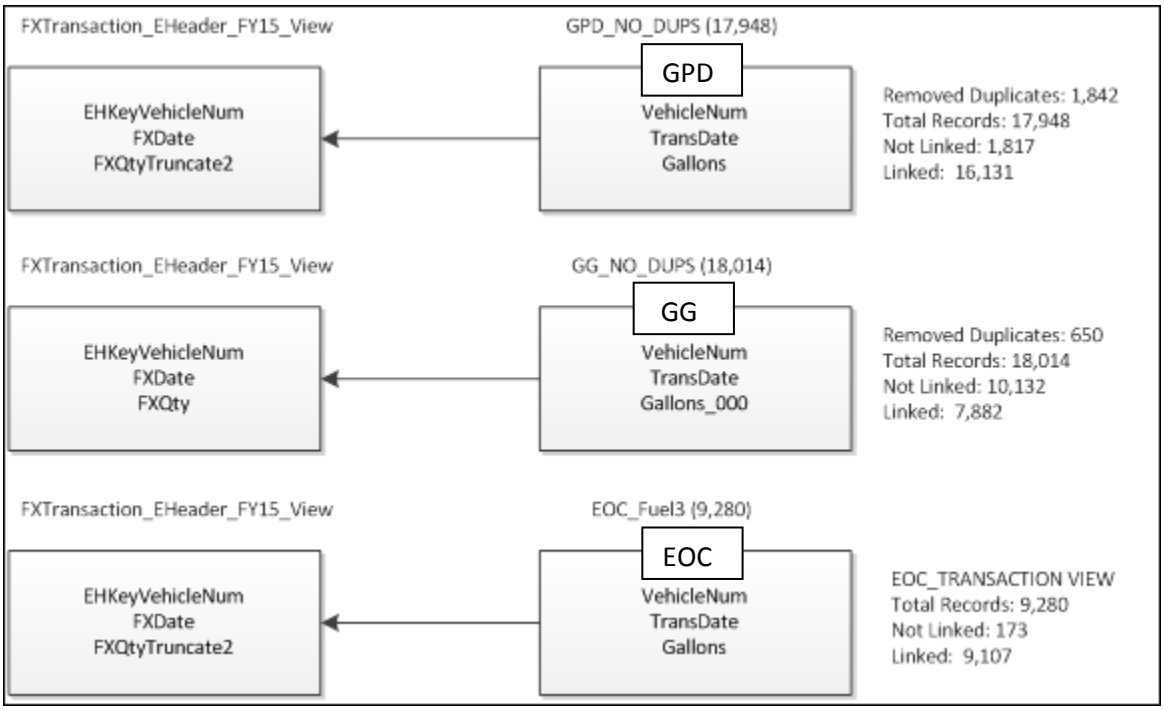
Observation B: Inability to Match Fuel Transactions

Fuel transaction records from the vendor could not be accurately matched with FASTER transactions due to duplicate records, incorrect vehicle numbers, un-synchronized transaction times, varying decimal placement issues and other factors. To accurately validate vendor transaction files with FASTER files and billing data fuel transaction data sets should uniquely compare to each other. Individual transactions should compare on a one-to-one basis.

Site data text files for the same time periods were collected from three different fuel access points General Government (GG), Gainesville Police Department (GPD), and the GRU Eastside Operations Center (EOC). The GPD site data file had 1,842 duplicate records and the GG site data file contained 650 duplicate records that required removal. Each one of the site data text files were joined separately to FASTER tables (FXTransaction and EHeader) to create new transaction views. After multiple attempts to join the transactions in order to validate them, we were unsuccessful. Vehicle numbers were not always

accurate for the records and required a look up table to be used. Transaction times were not consistent between data sets and both the GPD and EOC site files had differing decimal places from FASTER.

Figure 2: Site data transactions joined with FASTER transactions.



Source: Gasboy, Lewis Oil, FASTER data sets

Risks:

- Decreased ease of data use
- Audit trail for data not functional
- Data cannot be validated and is unreliable

Criteria:

- The Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control – Integrated Framework (2013 Framework)*, Control Activities – Principle 13 – "The organization obtains or generates and uses relevant, quality information to support the functioning of internal control."

Recommendations for Fleet Management:

1. Transition to fuel system with a real-time centralized database.
2. Create reusable Extract, Transform, and Load (ETL) script that assigns a Globally Unique Identifier (GUID) for each record in the data file while also creating a new field in the FASTER table to store it.

Observation C: Lack of Fuel Monitoring

Multiple departments with the highest fuel usage were not monitoring their fuel usage transactions and did not have a documented process to validate fuel transactions sent to them by Fleet Management. Some managers stated they did not recognize the need and responsibility to monitor departmental accountability for fuel monitoring. Fleet Management indicated that fuel monitoring is the responsibility of each department; however, the Fleet Customer Service Guide (2014) does not note the responsibility to monitor transactions. This responsibility could only be found in the Fleet Services Agreement with GRU dated 2003.

Fleet Management uploads fuel consumption records into FASTER and posts Fleet Billing Reports with consumption data by department on its intranet website. Each department is then able to collect their own usage data. The sample report provided in figure three provides total fuel dollars for each vehicle. It does not provide the number of gallons, which would greatly aid in monitoring efforts. FASTER also contains various fuel monitoring reports and Fleet Management also provides custom fuel reports upon request. Daily oversight is not available for most departments due to a lack of access to all FASTER modules. Fleet Management's considered migration from the client-server based FASTER Fleet Asset Management System to FASTER Web, a web-based system, would provide the required access. Fleet stated that they would like to migrate to FASTER Web in the future but nothing has yet been approved. If implemented FASTER Web would enable departments to retrieve their own information for immediate use. One particular item of note was an employee assigned fuel card being used after the employee retired.

Figure 3: Fleet Management Billing Report

City of Gainesville
3500.rpt
BATCH # : 695

FLEET MANAGEMENT BILLING REPORT
08/01/2015 to 08/31/2015

PAGE: 4
DATE: 09/02/2015 11:20

EQUIPMENT #	DESCRIPTION	MI / HRS DRIVEN	M.P. / $ MILEAGE	$ FIXED	$ FUEL	$ PARTS	$ LABOR	$ SUBLET	$ MISC / CREDIT	$ TOTAL
DEPARTMENT : 162700 / HOUSING DIVISION										
G2725	2003 1500	359	0.00	134.61	47.57	0.00	0.00	0.00	0.00	182.18
G3844	2013 ESCAPE	104	0.00	141.04	25.47	0.00	0.00	0.00	0.00	166.51
DEPARTMENT SUBTOTALS :		463	0.00	275.65	73.04	0.00	0.00	0.00	0.00	348.69

BREAKDOWN OF CHARGES:		MILEAGE	0.00	PARTS - WO	0.00
EQUIPMENT COUNT :	2	MOTOR POOL	0.00	PARTS - INDEP	0.00
DEPARTMENT :	162700	BASE	0.00	LABOR	0.00
		INSURANCE	0.00	SUBLETS	0.00
		OTHER	0.00		
		REPLACEMENT	275.65	MISC - PARTS	0.00
		FUEL	73.04	MISC - LABOR	0.00

Source: Fleet Intranet Website

Risks:

- Misuse of Fuel Assets
- Acceptance of fraudulent transactions
- Incorrect departmental charges

Criteria:

- The Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control – Integrated Framework (2013 Framework)*, Control Activities – Principle 16 - "The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning."
- *Fleet Services Customer Guide (2014) pages 23* and 24 – Reports available – Department Billing Report includes Fuel Cost.
- *Fleet Services Agreement Between City of Gainesville and GRU (2003) page 7* – "It is the designee's responsibility to review the financial and work reports provided by Fleet for completeness and accuracy, providing any discrepancies in reporting in a timely fashion to Fleet."

Recommendations for Fleet Management:

1. Provide all departments with usable and timely fuel usage data or access to retrieve it. Data should enable identification of vehicle, user, gallons pumped, amount charged, time, date, and location of transaction.
2. Update the Customer Service Guide to reflect that all departments are responsible to monitor their fuel transactions as part of the agreement.

Observation D: Lack of Dummy Key Controls

Internal controls over "dummy keys" (not coded or tied to particular equipment) used to fuel small or specialized equipment were not in place to establish accountability for fuel gallons pumped. Dummy keys, as they are called, were assigned to departments to grant fuel access for equipment such as chainsaws, mowers, and generators. Since dummy key unit numbers are programmed using a variation of the City department number, numerous keys were programmed with the same unit number. For example, for department number 2500, there were 17 dummy keys assigned unit number X0250. While Fleet Management maintains a spreadsheet of dummy key numbers and the number of active dummy keys, they were unable to determine who in each department used them or what equipment was fueled. During fiscal year 2015, there were 6,760 fuel gallons pumped using dummy keys.

We identified numerous instances where dummy key fuel transactions significantly exceeded historical quantities within the same fiscal year. Figure 4 displays a small number of the outliers identified. The variation in gallons pumped indicated that restrictive settings were not in place to prevent using dummy keys to fuel vehicles or other larger tanks.

Figure 4: Dummy Key Abnormal Transactions

Date	Unit Number	Department Name	Gallons Pumped	Typical Gallons Pumped	Was Fuel Pumped Twice That Day?
12/19/2014	X0134	GRU	9.84	3 – 5	Yes
5/31/2015	X0134	GRU	12.62	3 – 5	Yes
01/9/2015	X8588	Recreation	26.49	0 - 7	No
12/18/2014	X8588	Recreation	25.00	0 – 7	Yes

Source: FASTER Fleet Software Fiscal Year 2015 Fuel Consumption

Risks:

- Fuel inventory theft or misuse
- Lack of ability to assign fuel transactions to particular persons and equipment

Criteria:

- The Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control – Integrated Framework (2013 Framework)*, Control Activities – Principle 11 - "The organization selects and develops general control activities over technology to support the achievement of objectives."

Recommendation for Fleet Management:

1. Improve controls over dummy keys (if used) so that they are programmed with maximum limits.

Observation E: Controls Over Fuel Gallons Pumped

Internal controls over fuel gallons pumped were not optimally set to prevent fueling beyond tank capacity or repeatedly fueling other vehicles. During fiscal year 2015, there were 2,399 fuel transactions where fuel keys/cards were used more than once in the same day, totaling 36,730 gallons (fuel cards were replaced with key fobs in December 2015). Three hundred and sixty-five different fuel keys/cards were used to access this fuel. The Figure 5 depicts several instances where fuel was pumped twice in the same day within a relatively small window of time. Some explanations provided to our audit team for the instances in Figure 5.

- Vehicle and its charges were assigned to the wrong department in FASTER, thus they weren't monitored by the correct department.
- Two fuel keys for two vehicles were similarly coded and appeared as the same vehicle.
- Vehicle fuel card key was used to fuel two different vehicles.
- Vehicle fuel card key was also used to fuel equipment.

Note: These four explanations could not be validated. No explanations were provided for the other instances in Figure 5.

Figure 5: Sample of Vehicle Fuel Keys/Cards with Fuel Pumped More Than Once a Day

Date	Unit #	Dept	Time	Gallons	Cost	MODEL
02/12/15	G3073	Public Works	8:33:00 AM	20.05	46.11	GMC 3500
02/12/15	G3073	Public Works	8:36:00 AM	16.49	37.86	GMC 3500
07/14/15	G3171	Parks and Rec.	7:47:00 AM	30.00	84.03	GMC 3500
07/14/15	G3171	Parks and Rec.	7:55:00 AM	18.70	52.38	GMC 3500
01/05/15	G3281	Reichert House	3:23:00 PM	24.00	48.58	FORD F350
01/05/15	G3281	Reichert House	8:04:00 PM	29.59	59.89	FORD F350
11/25/14	G3307	Public Works	4:24:00 PM	15.01	43.61	FORD F350
11/25/14	G3307	Public Works	4:27:00 PM	19.64	57.09	FORD F350
03/24/15	G3873	Reichert House	4:23:00 PM	23.30	49.92	FORD F350
03/24/15	G3873	Reichert House	4:44:00 PM	26.54	56.87	FORD F350
05/28/15	G3975	Police	8:40:00 AM	17.90	43.92	DODGE CHARGER
05/28/15	G3975	Police	8:42:00 AM	16.40	40.24	DODGE CHARGER
03/24/15	U1331	GRU Murphree	7:42:00 AM	22.50	48.21	GMC PICKUP
03/24/15	U1331	GRU Murphree	8:22:00 AM	24.38	52.23	GMC PICKUP
07/13/15	U1393	GRU Meter Serv.	1:41:00 PM	25.60	62.34	GMC SIERRA
07/13/15	U1393	GRU Meter Serv.	2:57:00 PM	12.17	29.64	GMC SIERRA

Source: FASTER Fleet Software Fiscal Year 2015 Fuel Consumption

Since some departments did not monitor fuel usage (see Observation C), suspicious fuel transactions were not validated by user departments. The presence of multiple or large transactions does not necessarily indicate that fuel assets are improperly utilized. However, the transactions should be something the department screens to understand why they occurred. The transactions also indicate that software control settings are not set to prevent misuse or require supervisor override. Some departments communicated that daily limits were set at one time in the past for each vehicle. Operator accountability for pumped fuel may be accomplished by programming fueling parameters and monitoring fuel reports to prevent or detect theft or misuse.

A Reichert House vehicle was fueled twice a day 12 times during fiscal year 2015. On several occasions both gallons pumped were significant and the time elapsed between fueling was minimal. Within the same fiscal year, there were 45 instances where gallons pumped exceeded vehicle tank capacity. Explanations were not provided at the time of the audit report.

Fueled Beyond Capacity and Data Entry Errors

Using FASTER data, we identified 136 transactions where fuel was pumped beyond vehicle tank capacity by at least one gallon. Fleet staff records vehicle tank capacity in FASTER by using manufacturer specs. The following table contains a few examples of fuel pumped that exceeded tank capacity per the manufacturer's certificate.

Figure 6: Sample of Vehicle Fuel Keys/Cards Where Fuel Pumped Exceeded Vehicle Tank Capacity

Unit #	Model	Transaction Date	Tank Capacity	Gallons Pumped	Excess Pumped
G3326	GRADALL 4200	03/02/2015	50.00	67.00	17.00
G3367	DODGE CHARGER	08/01/2015	20.00	28.30	8.30
G3391	GMC PICKUP	11/03/2014	25.00	37.70	12.70
G3630	DODGE DAKOTA	07/20/2015	15.00	24.49	9.49
U0246	GMC C7H064	05/15/2015	50.00	59.76	9.76
U1415	CHEVROLET C4500	05/18/2015	50.00	67.02	17.02
U1674	CHEVROLET C4500	11/15/2014	40.00	58.40	18.40
U1687	FORD F150	06/16/2015	23.00	31.14	8.14
U1687	FORD F150	02/19/2015	23.00	31.48	8.48
U1687	FORD F150	10/27/2014	23.00	31.99	8.99
U1756	FREIGHTLINER	06/14/2015	50.00	60.72	10.72

Source: FASTER Fleet Software Fiscal Year 2015 Fuel Consumption

FASTER allows Fleet Management staff to set limits on the number of gallons that may be fueled at a time. Although Fleet staff communicated tank capacity is entered to set fueling parameters, vehicle transactions exceeding tank capacity were not rejected, indicating that the setting controls were not working. Note that the tank capacity entries in FASTER did not match vehicle capacities indicated by the manufacturer on purchase documentation.

Risks:

- Fuel assets susceptible to theft or misuse

Criteria:

- The Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control – Integrated Framework (2013 Framework)*, Control Activities – Principle 11 - "The organization selects and develops general control activities over technology to support the achievement of objectives."

Recommendation for Fleet Management:

1. Improve preventative controls over vehicle fuel cards so that they are programmed with maximum limits.

Observation F: Fuel Site Outages

GRU Eastside Operations Center fuel site equipment has experienced frequent outages since its 2011 installation. During these 13+ outages, operators were unable to access fuel for day to day operations. In addition, fuel transactions were not polled[1] and downloaded into FASTER. Staff members stated that data had to be re-polled, billed to departments, and sent to Lewis Oil for invoicing. However, the transactions were no longer in FASTER, and some cannot be recaptured. We were unable to confirm

[1] Retrieved from vendor system

that all transactions were invoiced and billed. To date there are blocks of missing fuel transactions during various periods of time.

As outages have occurred, thousands of dollars were spent to repair the equipment on several occasions. In 2013, Fleet and GRU management received a proposal from a vendor with one method to repair the fuel site. However, GRU selected an alternative method, which has not yet been completed. The absence of properly working equipment reduces productivity, causes the loss of fuel transactions, and increases safety risk.

Risks:

- Increase the risk of employee injury
- Decreased access to fuel
- Loss of fuel transaction data
- Increased risk of theft as employees become aware that transactions aren't traceable

Criteria:

- The Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control – Integrated Framework (2013 Framework)*, Control Activities – Principle 11 - "The organization selects and develops general control activities over technology to support the achievement of objectives."
- City of Gainesville Fleet Services Customer Guide (revised June 6, 2014), "We will provide courteous and value added services to our Customers in a manner that will allow for safe, environmentally friendly and cost effective utilization of our fleet.)

Recommendation for GRU Management:

1. Implement a permanent solution to repair the GRU Eastside Operations Center fuel site equipment issue.

Observation G: Key Position Succession Plan

Fleet Management has a large number of important functions performed by one key position. Other employees are not adequately trained to assume those functions in the event of the unexpected loss of the employee. Primarily interfacing with key contractors, departments, employees, customers, the Support Supervisor also takes on management tasks and many other key functions such as the FASTER database administrator task. The unexpected loss of this individual's efforts and the institutional knowledge that goes with it would likely create a performance and output void not easily overcome. Having so much of the support output centered on one person is itself a risk. There are not detailed standard operating procedures for the non-standard everyday tasks that would enable others to pick-up the work without delay. As with any position that performs a large number of various tasks, the risk of loss from incompatible functions and lack of controls increase over time.

Risks:

- Inability to maintain daily operations
- Increased risk of fraud due to a lack of segregation of functions

Criteria:

- The Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control – Integrated Framework (2013 Framework)*, Control Activities – Principle 3 - "Management establishes – with board oversight – structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives."

Recommendations for Fleet Management:

1. Have qualified persons perform a job analysis/desk audit of the tasks performed by the Support Supervisor over a 30-day period. Determine where some tasks could be delegated to other individuals on a permanent basis.
2. Update position descriptions as needed after analysis, ensuring that no incompatible functions are assigned to any one position.
3. Create Standard Operating Procedures (SOP) for tasks so that others may have a guide to perform them.

GOVERNMENT AUDITING STANDARDS COMPLIANCE

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 observations and conclusions based on our audit objectives.

AUDIT TEAM

Carlos L. Holt, CPA, CFF, CIA, CGAP, CFE, City Auditor
Eileen M. Marzak, CPA, CFE, Assistant City Auditor
Brecka Anderson, CIA, CGAP, Senior Auditor
Ronald Ison, IT Staff Auditor

CITY OF GAINESVILLE
every path starts with passion
FLORIDA

INTER-OFFICE COMMUNICATION

DATE: October 24, 2016

TO: Carlos Holt, City Auditor

FROM: Betty Baker, Interim Administrative Services Director

VIA: Anthony Lyons, City Manager

SUBJECT: Audit of Vehicle Fuel Process

This is to acknowledge receipt of the Fleet Management Department Audit of Fleet Fuel Usage Final Report. Our responses to the audit findings are attached to this memorandum.

Please do not hesitate to call if you have any questions regarding our response.

Office of the City Manager
P.O. Box 490, Station 6
Gainesville, FL 32627-0490
(352) 334-5010 – (352) 334-3119-fax

GRU
More than Energy

INTEROFFICE COMMUNICATION

General Manager

DATE: September 16, 2016

TO: Carlos Holt, City Auditor

FROM: Edward J. Bielarski, Jr., General Manager

SUBJECT: Vehicle Fuel Process Draft Audit Report

This is to acknowledge receipt of the draft audit report of the City's vehicle fuel process. I agree with Recommendation F1 and provide the following response:

In September 2016, GRU Network Services and General Government Fleet issued a request for quote to MECO for prices to install Ubiquiti wireless bridge hardware at the EOC as well as 39th Ave and Springhill to implement a wireless system. This should greatly reduce the risk of equipment failure as there will be no wires in the ground to make the system vulnerable to lightning strikes and power surges.

Staff anticipates that this work will be completed within the first quarter of FY 2017.

APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

We believe that management is in a unique position to best understand their operations and may be able to identify more innovative and effective approaches, and we encourage them to do so when providing responses to our recommendations.

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
Recommendations for Fleet Management to:		
A) 1. Determine if utilizing the State of Florida WEX contract fuel cards could provide a more efficient and flexible fuel process for Fleet customers, particularly GPD, while lessening the upkeep, cost and liability of fuel storage tanks.	**Agree** Our fuel Contract ends on 9/30/2018. We are in discussions to implement a pilot program with GPD (State of Florida WEX Fuel program) and sequence the rest of GG to this system of unleaded fuel usage. 39th Avenue Diesel Tanks will remain open for Public Works, GRU, and EOC Unleaded & Diesel.	FY 18-19
2. Identify and migrate to one fuel management system rather than three different processes.	**Agree** We are in the process of an emergency repair to our sentry system and will be installing a unified Gasboy Sentry with Head office Software.	End of October – November 2016
B) 1. Transition to fuel system with a real-time centralized database.	**Agree** With the transition to New Gasboy Sentry and Head Office Software monitoring, we will be on real time with transaction.	End of October – November 2016
2. Create reusable Extract, Transform, and Load (ETL) a script that assigns a Globally Unique Identifier (GUID) for each record in the data file while also creating a new field in the FASTER table to store it.	**Agree** Fleet staff will need to coordinate with the FASTER vendor once the new system is installed and also to determine the best way to create a new fuel interface that gives unique transaction & vehicle identifiers for each fuel record.	3 months after install-Feb. 2017
C) 1. Provide all departments with usable and timely fuel usage data or access to retrieve it. Data should enable identification of vehicle, user, gallons pumped, amount charged, time, date, and location of transaction.	**Partially Agree** During the fuel audit, Fleet staff initiated providing the departments with a monthly detailed fuel reporting-July 2016. The previous reports generated with Fleet billing did not provide the details of each transaction-only the total gallons per unit and the associated costs.	July 2016

APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
2. Update the Customer Service Guide to reflect that all departments are responsible to monitor their fuel transactions as part of the agreement.	**Agree** Fleet Management and Support staff will work on updating the Customer Guide to ensure accountability, responsibility and monitoring by departments. Fleet will also enhance communication to allow reporting requests and analysis.	Feb 2017
D) Improve controls over dummy keys (if used) so that they are programmed with maximum limits.	**Agree** The new sentry system will be universal for all 3 sites and a new key system is being implemented. All green fuel keys, including dummy keys will be disabled and will require management level approval for any fuel keys.	End of October – November 2016
E) Improve preventative controls over vehicle fuel cards so that they are programmed with maximum limits.	**Agree/Partially Agree/Disagree** New sentry system software will be programmed with limits to gallons and product type imbedded in the Head Office software and monitored accordingly. Questionable transactions will be disabled and management will be informed via an exception report.	End of October – November 2016
F) GRU should implement a permanent solution to repair the GRU Eastside Operations Center fuel site equipment issue.	**Agree/Partially Agree/Disagree** It is our understanding that GRU EOC electrical surge issue resolution coincides with the new sentry install. Wireless bridges will be installed at all 3 sites to allow communication of the site-o-mats and head office software.	End of October – November 2016

GRU Response to F:

In September 2016, GRU Network Services and General Government Fleet issued a request for quote to MECO for prices to install Ubiquiti wireless bridge hardware at the EOC as well as 39th Ave and Springhill to implement a wireless system. This should greatly reduce the risk of equipment failure as there will be no wires in the ground to make the system vulnerable to lightning strikes and power surges.

Staff anticipates that this work will be completed within the first quarter of FY 2017.

APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

G) 1. Have qualified persons perform a job analysis/desk audit of the tasks performed by the Support Supervisor over a 30-day period. Determine where some tasks could be delegated to other individuals on a permanent basis.	**Agree** The Administrative Services Director has requested the Human Resources Department to conduct a job analysis over a 30 day period and make recommendations on the appropriate organizational structure after a permanent Fleet Manager is hired.	December 2016-January 2017
2. Update position descriptions as needed after analysis, ensuring that no incompatible functions are assigned to any one position.	**Agree** Upon completion of the 30 day job analysis, with recommendations, the ASD Director will implement recommended changes.	February –March 2017

3. Create Standard Operating Procedures (SOP) for tasks so that others may have a guide to perform them.	**Agree** Fleet will create a Fuel SOP for transaction reconciliation and billing that includes required reporting and customer analysis.	4-6 Months
H) Prepare and submit to the City Auditor a follow-up status report six months from the date of issuance of this report.	**Agree**	6 months