



**FULTON COUNTY, GEORGIA**

**OFFICE OF INTERNAL AUDIT**

**DEPARTMENT OF FACILITIES AND  
TRANSPORTATION SERVICES**

**P.S. ENERGY GROUP  
FOLLOW-UP AUDIT**

**AUGUST 21, 2012**

## **Table of Contents**

	<b>Page</b>
<b>Background</b>	<b>1</b>
<b>Objectives</b>	<b>1</b>
<b>Scope</b>	<b>1</b>
<b>Findings</b>	<b>1 - 2</b>
<b>Conclusion</b>	<b>2</b>

## **BACKGROUND**

An audit was conducted on the 2010 fuel invoices submitted to Fulton County by PS Energy Group, Inc. It was determined that PS Energy had overbilled Fulton County by \$54,988.69. One of the recommendations of the audit was for the Facility and Transportation Department to review the 2008 and 2009 invoices for accuracy. The 2008 and 2009 invoice amounts were recomputed, using the incorrect sales tax rates, and there was no further action taken.

After hiring a new Fleet Maintenance Manager in 2012, a second review of the 2009 invoices was initiated. Because the daily average OPIS rate data was lost, the end of the day rates were used to recompute the invoice amounts. PS Energy Group's CEO and Fulton County's Fuel Manager both agree that the daily average rate per grade of fuel should be used to recompute the cost of fuel, as it represents an average of the daily price differentials. There has been no additional work done on the 2008 invoices.

## **OBJECTIVE**

The objective of our review is to determine whether PS Energy Group has implemented an action plan to address the findings and recommendations listed in our report dated March 2, 2011.

## **SCOPE**

The scope period included January 2008 through December 2009, as well as, January through December 2011.

## **FOLLOW – UP REVIEW STATUS**

### **Finding 1 – Whitehall Fuel Purchases**

During July 2012, the Fuel Manager was given the task of reviewing and correcting the fuel billing process. The Fuel Manager's initial evaluation of the 2009 spreadsheets indicates possible over billing on the invoices. We agree with the Fuel Manager's viewpoint that the OPIS fuel rates, including the daily average rates, be obtained as soon as possible. The spreadsheet analysis should be updated to reflect the daily average rates for fuel purchases.

### **Finding 2 – Wright Card Fuel Express Charges**

Following the recommendation of Internal Audit, Wright Express set up a direct account with Fulton County for fuel purchases. The fees for using the fuel cards are in line with normal commercial credit card fee charges, and there are no additional "add on" fees included in the fuel card charges. To strengthen internal controls, the Transportation and Logistics Division should update its standard operating procedures for fuel card holders and publish them county wide.

**Finding 3 – Savings from Exemption of All Fuel Taxes**

In our initial review the invoices included sales tax charges that should have been exempted. Specified in the contract agreement is the stipulation that all sales taxes should be exempted. PS Energy Group is allowed to recover these taxes from the State and Federal Government at the end of the year. Prior to this follow up report, the invoices were not properly reviewed to determine if these taxes were exempted. Currently, all fuel sales tax charges are exempted through an agreement with the State of Georgia by Wright Express. Our recommendation to exempt all fuel sales tax charges from invoice fuel costs has been fully implemented.

**Finding 4 – Contract Specifications**

No changes in the contract have been documented at this time. PS Energy Group continues to use the same format for the submission of fuel invoices.

**CONCLUSION**

The implementation of Wright Express Card direct billing to Fulton County has created an immediate cost saving by removing PS Energy Group's add on fees and waiving the fuel taxes.

The General Services Fuel Manager has prepared a spreadsheet that is designed for testing invoice accuracy. The use of this spreadsheet will generate an accurate summary of Fuel Charges in an efficient manner. Once the prior year's invoice amounts have been verified, the Facility and Transportation Department should immediately recover the overbilled charges from PS Energy Group. Future contract renewals should be modified by specifying that the daily average OPIS per gallon fuel rate should be used for invoicing.