



**FULTON
COUNTY**

**FULTON COUNTY, GEORGIA
OFFICE OF THE COUNTY AUDITOR
FUEL CARD AUDIT
August 4, 2022**

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INTRODUCTION

In accordance with the 2022 approved Audit Plan, the Office of the County Auditor has conducted an audit of Fulton County's Fuel Card. The Fuel Card Program is administered by the Department of Real Estate and Asset Management.

BACKGROUND

The Department of Real Estate and Asset Management (DREAM) is charged with the responsibility of administering fuel cards for Fulton County. This administration is responsible for ensuring fuel is provided for approximately 2,100 vehicles and other pieces of light and heavy equipment. There are six (6) offsite fueling locations located throughout the county, available for County employees as a re-fueling option. This option offers cost savings to the County, as gas at these locations are provided at wholesale prices. County employees operating County owned vehicles also have the option of refueling, using the Wright Express Card (WEX) and the James River Petroleum Card (JRP), at any gas station where accepted. During 2021 there were seventy-five (75) authorized WEX card holders and eight (8) authorized JRP card holders. User departments include, DREAM, Public Works, District Attorney, Marshal and the Sheriff's Office.

The WEX Card and the JRP Card is a credit card which acts as a fuel procurement tool for off-site fueling. These fueling options are designed to delegate authority and capability to quickly and conveniently purchase fuel, directly from U.S. gas stations for authorized business purposes only. Use of these cards for personal purchases is strictly prohibited. The WEX card is most commonly used by the County as a fueling option. The benefits of the WEX and JRP Card to the County include:

- Acceptance at 95% of U.S. fuel stations (WEX card only);
- Automatic accounting;
- Online and mobile account access;
- Allows for monitoring controls and alerts such as spending limits, fueling instances, and odometer readings;
- Allows secure fueling with required driver PIN and mileage entry; and
- Provides end users with greater autonomy.

OBJECTIVE

The objective of this audit was to ascertain the effectiveness of the existing policies and procedures related to the procurement and distribution of fuel cards. Additionally, the adequacy

of controls over the program were evaluated to ensure compliance.

SCOPE

The scope of the audit was from January 1, 2021 – December 31, 2021.

METHODOLOGY

We conducted this audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). 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.

To achieve our audit objectives, we evaluated DREAM's administration of the Fuel Card Program, which included a review of the effectiveness of controls over the program. We performed procedures to ensure:

- Adequate policies and procedures are in place and are being followed;
- Compliance and efficiency of fuel card usage;
- Odometer readings are accurate and consistent with card usage;
- Card User Agreements are on file for all card users;
- Proper measures are in place to ensure cost savings to the County;
- Authorized card users are trained on proper usage of fuel cards;
- Spending authority was not exceeded by the department; and
- All card users are authorized and approved to utilize fuel cards.

Additionally, we interviewed key staff within the department to determine the established processes and procedures related to the administration of the fuel cards. We also reviewed the fuel card contracts with both WEX and JPR. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our findings and recommendations are detailed below:

FINDINGS AND RECOMMENDATIONS

Finding 1 - Lack of Standard Operating Procedures

Standard Operating Procedures (SOP) are vital in ensuring efficiency, quality and uniformity of

performance and compliance with regulations. These written policies and procedures aid in decreasing instances of miscommunication and serve as a vital resource in training new personnel. During our review, we requested SOPs or any form of written procedures, governing the administration of fuel cards for the County. We were advised by the department there were no SOPs or written policies and procedures for the fuel card. It was further explained that procedural expectations are verbally communicated throughout the department. The lack of written policies is the result of management's failure to document the requirements of the program. The lack of SOPs may hinder departmental performance and productivity, cause miscommunication and increase errors.

Recommendation

Management should develop departmental SOPs to reflect daily operations and efficient administration of fuel cards. Management should also ensure staff are informed of these procedures and the significance of adhering to the processes and procedures within.

Finding 2 - Lack of Segregation of Duties

As a best practice, departments should separate duties of employees to prevent one person from having sole control over any task from beginning to end. The purpose of the segregation of duties allows the steps in key processes to be divided amongst two or more individuals. During our review, we noted one (1) staff member responsible for all day to day operations and administrative duties of the fuel cards. These duties include; receiving fuel cards from the vendor, safeguarding fuel cards, issuing fuel cards to departments and other staff, activating and deactivating fuel cards, monitoring fuel card usage, and individual fuel card utilization for County business. The lack of staffing prevented the department from properly segregating duties. Failure to have adequate segregation of duties may cause errors, misuse of County assets, as well as a lack of oversight within the department.

Recommendation

We recommend segregating the duties surrounding the administration of fuel cards so no one individual is responsible for performing the tasks of authorizing or approving the fuel card, maintaining the custody of assets, performing recordkeeping, and conducting reconciliations of the program. We also recommend an increased level of management review to mitigate current risks.

Finding 3 - Inconsistent Odometer Readings

The WEX fueling option requires users to enter an odometer reading before each fueling transaction. The odometer reading is used to track miles-per-gallon, track vehicle utilization and monitor possible abuse. During our audit, we reviewed thirty-five (35) WEX card transactions and twenty (20) JRP card transactions from various County employees. Of these transactions, we noted eleven (11) WEX card transactions and twenty (20) JRP transactions where the odometer readings appeared to be inconsistent or nonexistent. These inconsistencies contained current odometer readings that were less than the previous reading or no previous odometer reading was listed at all. These inconsistencies can be a result of various factors. Those factors include but are not limited to; employees driving different vehicles, lack of oversight and/or inaccuracy of card users. Inconsistent and nonexistent odometer readings, without inquiry or consequence, may lead to misuse of assets, lack of effective fuel and vehicle management and inability to assess possible instances of fraud.

Recommendation

We recommend the department implement controls to effectively monitor fuel utilization, hold users and departments responsible for entering accurate odometer readings, and ensure proper record keeping of fuel usage within the County.

Finding 4 – Card User Application and Agreement not on File for Users

According to the department, all WEX and JRP card users should have a user application and agreement form on file. Per the list of authorized card users for the County, there should be seventy-five (75) WEX card user applications and agreements and eight (8) JRP card user applications and agreements on file for 2021. The department provided WEX card application and agreement forms dated May and June of 2022, none covering the scope of the audit. Additionally, we were provided with only five (5) JRP card user applications and agreement forms. However, they were not signed nor dated by the user. This was a result of inadequate recordkeeping by the department. The absence of user agreements may lead to increased cost to the County, unauthorized card usage, and lack of accountability.

Recommendation

We recommend the department obtain completed and signed card user applications and agreements for all County personnel that encompass the guidelines for usage prior to issuance of a fuel card. Additionally, we recommend the implementation of an efficient process to ensure documentation is up to date, frequently reviewed by users and properly maintained.

Finding 5 – Lack of Training for Card Users

As a best practice, all fuel card users should be trained and educated on the proper use of fuel cards and made aware of the expectations set forth by the department administering and overseeing the cards. During our review, we were advised that users are not required to undergo any training prior to the issuance of fuel cards. According to the department, users do not undergo training; expectations are verbally communicated to card users by the department. Lack of training for card users may lead to misinterpretation of rules and regulations governing fuel card usage, unauthorized fuel purchases and lack of accountability.

Recommendation

We recommend the department formulate suitable training for the purpose of informing and educating card users on the appropriate use of cards and departmental expectations. This training should be completed prior to the issuance of fuel cards.

Finding 6 – Inefficient Cost Saving Measures

The County currently has six (6) offsite fueling stations, providing gas at wholesale prices. As such, these stations provide cost savings to the County when used by personnel. During our review, we noted fifteen (15) of the thirty-five (35) WEX card transactions sampled, were within five (5) miles of a County fueling station. There could be various reasons as to why County personnel opt to utilize the fuel card over the fueling station. These reasons may include but are not limited to convenience, lack of knowledge about the fueling stations, and inaccessibility based on job functions such as law enforcement. In an effort to prevent abuse of the fuel card option, County personnel should ensure proper due diligence takes place to select the most cost-efficient option. Failure to judiciously select the more cost efficient fueling option may result in increased costs to the County, potential budgetary increases and constraints.

Recommendation

We recommend the department implement measures to ensure County staff are properly informed of all County fuel station locations. We also recommend the department encourage users to utilize County fueling stations for maximum cost efficiency.

Finding 7 – Fuel Card Charges for Employees not listed as Authorized Card Users

The department maintains a list of authorized WEX card users, which contains a total of seventy-five (75) authorized users. During our review, we noted eleven (11) transactions where the staff

utilizing the cards were not listed as authorized users. These eleven (11) transactions consisted of seven (7) different users. Additionally, there were no user agreements or written authorization to support their use of the WEX card during this time frame. We were informed by the department that five (5) of the users are a part of the fleet motor pool within the Sherriff's department and are responsible for fueling numerous vehicles. The remaining two (2) users were not listed on the authorized user list due to an oversight by the department. Failure to update authorized personnel may lead to misuse, theft and a lack of accountability.

Recommendation

The department should ensure all personnel assigned to fuel cards are approved by the proper authorities. In addition, each user should have a signed user agreement on file prior to the issuance of a fuel card. Adequate support for approval should be well documented and properly maintained.

Finding 8 – Inadequate Oversight and Authority for Efficient Program Administration

Incorporating best practices with policies and procedures provides the necessary tools to identify and monitor program expectations and requirements. Along with the absence of Standard Operating Procedures, the Department of Real Estate and Asset Management has limited oversight and authority over the administration of fuel cards. The department lacks the authority for determining:

- Department fuel capacity
- Individual spending limits
- Validation of card usage for legitimate County business
- The appropriate number of cardholders per user department,
- Rationale for fuel type variances
- Multiple vehicle usage; and
- Inaccuracies in vehicle fuel consumption.

The program has a lack of institutional structure coupled with internal control weaknesses that impact the ability to properly monitor the program. Lack of proper oversight and authority decreases the ability to detect instances of non-compliance, improve processes and identify theft.

Recommendation

We recommend the County reinforce the institutional structure surrounding the fuel card program to ensure adequate oversight and authority over the program. We also recommend the strengthening of internal controls to reduce the risk of potential fraud and abuse.

CONCLUSION

Based on the audit performed, we identified the following eight (8) findings that require the attention of management:

- Lack of Standard Operating Procedures
- Lack of Segregation of Duties
- Inconsistent Odometer Readings
- Card User Application and Agreement not on File for Users
- Lack of Training for Card Users
- Inefficient Cost Saving Measures
- Fuel Charges for Employees not listed as Authorized Card Users; and
- Inadequate Oversight and Authority for Efficient Program Management

Please provide a written response to this audit within ten (10) business days. Be sure to address the written response to Anthony Nicks, County Auditor. The written response should be submitted through the County Manager's Office and to Joi Hargis, Audit Coordinator, in the Office of the County Auditor at joi.hargis@fultoncountyga.gov. We would like to thank management and staff for their timely cooperation and assistance during this audit. The distribution of this report is reserved for the executive management of Fulton County and the Board of Commissioners.