

PAT FRANK  
Clerk of the Circuit Court  
13th Judicial Circuit

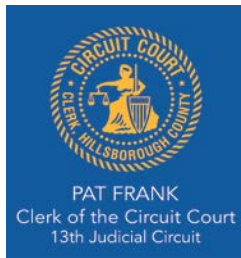
COUNTY AUDIT

HILLSBOROUGH COUNTY, FLORIDA

VEHICLE FUEL BILLING, PAYMENT, AND USAGE PROCESSES

REPORT # 283

APRIL 29, 2015



April 29, 2015

The Honorable Sandra L. Murman, Chairman  
The Honorable Kevin Beckner  
The Honorable Victor D. Crist  
The Honorable Ken Hagan  
The Honorable Al Higginbotham  
The Honorable Lesley "Les" Miller  
The Honorable Stacy R. White

Dear Chairman Murman and Commissioners:

The Audit Team performed an audit of the vehicle fuel billing, payment, and usage processes (Audit Report # 283, April 29, 2015). Responses to the Audit Team's recommendations were received from the Director of Fleet Management and have been included in the Report after each audit comment and recommendation.

The purpose of this Report is to furnish management independent, objective analysis, recommendations, counsel, and information concerning the activities reviewed. It is not an appraisal or rating of management.

Although the Audit Team exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud and/or employee abuse is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud or abuse will be detected.

The Audit Team appreciates the cooperation and professional courtesies extended to the auditors by the Director and personnel of Fleet Management during this audit.

Sincerely,

Peggy Caskey, CIA, CISA, CFE  
Director of County Audit

CC: Mike Merrill, County Administrator  
Greg Horwedel, Deputy County Administrator  
Tom Fass, Asset Mgmt. & Knowledge Commons Asst. County Administrator  
Bob Stine, Fleet Management Director  
Bruce Dangremond, Performance Mgmt., Management & Budget Office

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## EXECUTIVE SUMMARY

### BACKGROUND INFORMATION

As stated in the Fleet Management Department's (Fleet Management's) *Fleet Fuel Policy and Procedure FM-2.03*, Fleet Management is responsible for ordering and delivering fuel for departments and agencies supported under the County Administrator. Fleet Management is also responsible for receiving fuel at Fleet locations. Fleet Management's fuel program consists of automated and non-automated fuel sites.

Per Fleet Management, it is the user department's responsibility to ensure the efficient and effective use of fuel received from Fleet Management.

In fiscal year 2014, Fleet Management issued 849,252 gallons of unleaded fuel and 1,138,417 gallons of diesel fuel. Fleet Management bills user departments for fuel on a monthly basis. User departments' payments are made by an approved Oracle journal, check, or automated clearing house (ACH) payment. Payments go through an approval process and are posted to the general ledger by the Clerk of the Circuit Court's County Finance Revenue Section.

Whenever possible, vehicles are equipped with an Automotive Information Module (AIM2) on-board system that provides readings of the vehicle odometer. During each vehicle fueling transaction, the AIM2 transmits automatically to FuelMaster, the automated fuel management system. The FuelMaster information is then transferred to the Fleet Asset Works Management Information System (FleetFocus). This information is made available to the user departments via the FleetFocus online dashboard and through annual vehicle utilization reports.

### OBJECTIVE

The objective of the audit was to determine whether or not Fleet Management's control environment provides a reasonable level of assurance that:

- Vehicle fuel billing and payment processes are adequately controlled and documented; and
- Vehicle fuel usage is adequately and effectively monitored.

## SCOPE

The audit was conducted in accordance with the *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that County Audit plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the audit comments and conclusions based on the audit objectives. County Audit believes that the evidence obtained provides this reasonable basis.

The Audit Team:

- Identified, reviewed, assessed, and documented the control environment related to the fuel billing and payment processes.
- Performed testing to determine if any unusual fuel usage patterns, or red flags, were present to indicate potential misappropriation of fuel.

## SCOPE LIMITATION

Due to the unavailability of consistent and reliable vehicle odometer data, the Audit Team suspended the tests for unusual fuel usage patterns or red flags. See Audit Comment 2 for details.

## OVERALL EVALUATION

Fleet Management personnel were responsive to the Audit Team's inquiries and provided data and other requested information in a prompt and courteous manner. The Audit Team found Fleet Management personnel to be knowledgeable and dedicated employees who were receptive to the Audit Team's suggestions for improvements.

AUDIT COMMENT	CONCLUSION OF OBJECTIVE	PAGE
1	Fleet Management's control environments provide a reasonable level of assurance that the vehicle fuel billing and payment processes are adequately controlled and documented.	4
2	Consistent and reliable vehicle odometer data was not available to determine whether or not vehicle fuel usage is adequately monitored.	5

**OPINION**

The fuel billing and payment processes have adequate controls that provide a reasonable level of assurance that fuel is billed and paid appropriately.

Fleet Management was not able to provide the Audit Team with consistent and reliable vehicle odometer data. As a result, the Audit Team suspended vehicle fuel usage testing prior to determining if vehicle fuel usage is adequately monitored by user departments. The Audit Team was not able to test for unusual fuel usage patterns or red flags.

The exit conference was held on March 23, 2015.

Other minor concerns not included in this Report were communicated to management and/or corrected during fieldwork.

**AUDITED BY**

Peggy Caskey, CIA, CISA, CFE, Director of County Audit  
Mary Ann Kominsky, CIA, CISA, CPA, IT Audit Manager  
Heidi Pinner, CIA, CFE, Senior Auditor

## AUDIT COMMENTS & RECOMMENDATION

### AUDIT COMMENT 1

**Fleet Management's control environments provide a reasonable level of assurance that the vehicle fuel billing and payment processes are properly controlled and documented.**

The Audit Team determined whether or not the vehicle fuel billing and payment processes are adequately controlled and documented.

Fleet Management has both internal and external fuel users. Internal fuel users include Hillsborough County Board of County Commissioner departments and the Supervisor of Elections and make payments via an approved Oracle journal. External fuel users include non-Hillsborough County Board of County Commissioner departments and agencies and make payments by check or ACH.

The Audit Team identified, reviewed, assessed, and documented the control environments related to the vehicle fuel billing and payment processes and found that Fleet Management implemented the following:

- Automated collection of vehicle fueling data.
- Separation of duties among the vehicle fuel billing, collections, and payment posting processes.

Fleet Management's vehicle fuel billing and payment processes appear to be adequately controlled and documented. No material concerns were identified.

### RECOMMENDATION

The Audit Team did not identify any material concerns that require management's corrective action.



**AUDIT COMMENT 2****Consistent and reliable vehicle odometer data was not available to determine whether or not vehicle fuel usage is adequately monitored.**

The Audit Team attempted to determine if vehicle fuel usage is adequately and effectively monitored.

Fleet Management provided information from FleetFocus for the fiscal year 2014 population of 1,608 on-the- road vehicles.

The Audit Team calculated each vehicle's average miles per gallon (MPG) and flagged vehicles that appeared to have an unusual fuel consumption average. The Audit Team judgmentally selected a sample of 50 of these vehicles. The Audit Team obtained more detailed fuel transaction histories to determine the cause of the unusual fuel usage patterns.

When comparing the fuel transaction history to the original odometer data used to calculate each vehicle's average MPG, discrepancies were identified. The Audit Team determined that the original data was unreliable. The discrepancies were identified for vehicles with and without AIM2 units installed. An attempt was made to gather alternative data suitable for testing, but this data could not be made readily available. Audit testing was suspended. Fleet Management was made aware of the data challenges and began actively working towards a resolution with assistance from Information Technology Services and the FleetFocus vendor.

Fleet Management does not monitor individual vehicle fuel usage. Per Fleet Management, this is the responsibility of the user departments. Fleet Management has a responsibility to maintain reliable vehicle and fuel usage data. If reliable data is not maintained and provided to user departments, then those departments are in turn unable to effectively monitor fuel usage. Absent this type of analysis, there is limited assurance that fuel usage is adequately and effectively monitored for unusual patterns or red flags.

**RECOMMENDATION**

Consideration should be given to:

- Continuing Fleet Management's partnering with Information Technology Services and the FleetFocus vendor to determine and then address the cause of the inconsistent odometer data.

- Providing user departments with consistent and reliable vehicle odometer readings and fuel usage data for monitoring purposes.
- Adopting a Fleet or County administrative policy to prohibit the personal use of County fuel and formally assign responsibility for monitoring vehicle fuel usage to user departments.

**CLIENT RESPONSE**

Concur

**CORRECTIVE ACTION PLAN**

- *Asset Works has confirmed that mileage which is significantly off from software program calculated mileage (+/- expected usage), will result in no change from the previously entered reading. Additionally, data conflicts between FuelMaster software and AssetWorks software also contribute to inconsistent data and reporting. This combination of variables has driven the need for sole reporting from FuelMaster.*
- *Fleet Management in coordination with Information Technology Services is in the process of developing a report which will provide miles per gallon (MPG) based solely on data from the FuelMaster database. Once created, this report will be made available to all using departments via the County Online Information Network (COIN) website. Fleet Management anticipates this report being available to all departments by June 1, 2015.*
- *Fleet is updating Fleet Fuel Management Policies and Procedures Manual, FM-2.03 dated September 2013, to include statements which prohibit the personal use of County fuel and formally assigns the responsibility of monitoring fuel usage to using departments. These actions will be completed by June 1, 2015. Fleet will also incorporate this language into Administrative Directive (AD) FM-04 for the County Administrator's signature during this directive's annual review. Anticipated completion date is August 15, 2015.*

**TARGET COMPLETION DATE**

June 1, 2015