



AUDIT REPORT

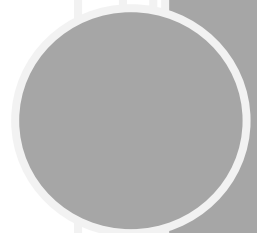
DALLAS COUNTY

FY2022 -Automobile Service Center - ASC

Darryl D. Thomas
Dallas County Auditor

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FY2022 -Automobile Service Center - ASC

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This report is intended for the information and use of the agency/department. While we have reviewed internal controls and financial reports, this review will not necessarily disclose all matters of a material weakness. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirements of laws, regulations, and contracts applicable to the department



DALLAS COUNTY
COUNTY AUDITOR

MANAGEMENT LETTER

Mr. Christopher Hooper
Director of Consolidated Services
Dallas, Texas

Attached is the County Auditor's final report entitled "FY2022 -Automobile Service Center - ASC" Report. In order to reduce paper usage, a hard copy will not be sent through in house mail except to the auditee.

In you prefer that released reports be emailed to a different (or additional) recipient, please inform me of the name and the change will be made.

Respectfully,

Darryl D. Thomas

Darryl D. Thomas
County Auditor

EXECUTIVE SUMMARY

We performed a walkthrough and observation of the Dallas County Automotive Service Center's (ASC) operations located at 321 Northgate in Desoto on August 24, 2022 and September 7, 2022. We also perform a reconciliation of ASC's Fuel usage and delivery for August 31, 2021 through August 24, 2022. In addition, we reviewed the NAPA contract, Edmonton Ledger Report, work order process and validation of parts and inventory as of August 24, 2022. ASC is a division of Consolidated Services and currently provides preventative maintenance and repair of approximately 1,070 County vehicles. Priority areas of risk that need consideration by management are:

Summary of Significant Observations

1. **Fuel Delivery and Usage Reconciliation** The ASC East unleaded fuel balance in Fuel Master was overstated by 12,960.83 gallons, totaling \$35,474.35 due to incorrect posting or not posting deliveries in a timely manner. The ASC Desoto unleaded fuel balance in Fuel Master was understated by 86,737.61 gallons, totaling \$249,961.99 and the diesel fuel balance was understated by 23,896.94 gallons, totaling \$78,777 due to incorrect posting or/and not posting deliveries in a timely manner.
2. **Parts Requests and FASTER WO's:** Several internal control weaknesses were noticed over processing and handling of work orders by a NAPA employee. Access to the FASTER inventory system was not restricted to non-ASC employees.
3. **IBS Operational Expense Invoices:** There was no invoice detail or explanation from management to support the various line item expenses (payroll, employee benefits, overtime, delivery, store, stationary supplies, IT processing, training). Invoices from July 2021 to August 2022 totaled \$170,271. The administrative assistant submits the invoice in Oracle and then signs a stamped statement on the invoice stating: "I certify that the items on this invoice were received, inspected and counted for the County and the condition verified" without review by management.
4. **Fuel Cards and Pins Review:** Several internal control weaknesses were noticed over the issuing and handling of credit cards. Detailed control issues are listed in body of the report.
5. **Fuel Master Postings:** Fuel usage from ASC pumps and deliveries posted to Fuel Master are not reviewed by management for accuracy and completeness. The shop assistant often changes the vehicle #, but also can change the odometer, unit cost, and user ID prior to posting fuel usage to Fuel Master without management oversight.

Repeat observations from Previous Audits:

1. Management does not review postings made to FASTER and invoice amounts paid to the vendor.

2. Errors and duplicate entries were made when posting fuel to the Edmonton report
3. ASC East: Unleaded fuel balance was understated and unleaded fuel delivery invoices were paid, but not posted to Fuel Master.
4. ASC Desoto: The diesel fuel balance was understated and delivery invoices were paid, but not posted to Fuel Master.

Only those weaknesses which have come to our attention as a result of the audit have been reported. It is the responsibility of the department management to establish and maintain effective internal control over compliance with the requirement of laws, regulations, and contracts applicable to the department.

INTRODUCTION

Dallas County Auditor's Office mission is to provide responsible, progressive leadership by accomplishing the following:

- Comply with applicable laws and regulations
- Safeguard and monitor the assets of the County utilizing sound fiscal policies
- Assess risk and establish and administer adequate internal controls
- Accurately record and report financial transactions of the County
- Ensure accurate and timely processing of amounts due to County employees and vendors
- Set an example of honesty, fairness and professionalism for Dallas County government
- Provide services with integrity
- Work in partnership with all departments to resolve all issues of the County
- Strive to utilize the latest efficient and effective technology in the performance of tasks
- Provide technical support and training in the development, implementation, and maintenance of information systems
- Hold ourselves accountable to the citizens of the County at all times
- Be responsive to the elected officials and department heads of Dallas County

The objectives of this audit are to: 1. Ensure compliance with statutory requirements 2. Evaluate internal controls 3. Verification of accuracy and completeness of reporting 4. Review controls over safeguarding of assets

This audit covered the period of October 1, 2021 through August 31, 2022.

The audit procedures will include interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used will also be reviewed and incorporated as part of the testing of transactions.



DETAILS

Fuel Delivery and Usage Reconciliation

Reviewed the Fuel Master (Edmonton Ledger Report), the Veeder Root readings on August 31, 2021 (beginning volumes) and August 24, 2022 (ending volumes), and fuel delivery invoices between August 31, 2021 and August 24, 2022 and identified:

ASC East

- The unleaded fuel balance in Fuel Master was overstated by 12,960.83 gallons, totaling \$35,474.35.
- The August 31, 2021 unleaded Veeder Root reading was 7,545 gallons while the balance per Fuel Master was 14,862.38 gallons.
- The August 24, 2022 unleaded Veeder Root reading was 10,500 gallons while the balance per Fuel Master was 23,460.83 gallons.
- Two fuel delivery invoices totaling 11,358 gallons were paid, but not posted to Fuel Master.

Three fuel deliveries totaling 17,068 gallons were incorrectly posted to the unleaded tank in Fuel Master.

ASC Desoto

- The unleaded fuel balance in Fuel Master was understated by 86,737.61 gallons, totaling \$249,961.99 and the diesel fuel balance was understated by 23,896.94 gallons, totaling \$78,777.61.

Unleaded

- The August 31, 2021 unleaded Veeder Root reading was 5,180 gallons while the balance per Fuel Master was (11,411.03) gallons.
- The August 24, 2022 unleaded Veeder Root reading was 11,338.1 gallons while the balance per Fuel Master was (75,399.51) gallons.
- Eight unleaded fuel delivery invoices totaling 59,834 gallons were paid, but not posted to Fuel Master.
- One unleaded fuel delivery in which the department posted 10 gallons less than the invoice to Fuel Master (7,829 gallons were posted instead of 7,839 gallons).



Diesel

- The August 31, 2021 diesel Veeder Root reading was 2,576 gallons while the balance per Fuel Master was (804.18) gallons.
- The August 24, 2022 diesel Veeder Root reading was 2,337.1 gallons while the balance per Fuel Master was (21,559.84) gallons. Five diesel fuel delivery invoices totaling 20,773 gallons were paid, but not posted to Fuel Master.

According to Dallas County policy Section 90-313(6), "It is the sole responsibility of the elected official/department head to which property is assigned to maintain a proper accounting of all property through proper inventory records." The department does not perform a periodic (monthly) reconciliation of fuel deliveries, fuel consumption, and fuel tank volume (Veeder Root) readings to detect errors and omissions. Staff post fuel deliveries and usage to Fuel Master without management oversight. As a result, the department is not able to accurately track fuel volumes in Fuel Master and may not be utilizing the full capabilities of the Fuel Master software to manage fuel. A lack of management oversight may increase the risk of further errors and omissions.

Recommendation

Fuel Inventory and Valuation

Management should make the following corrective actions:

- Post the 15 fuel deliveries from invoices that were not posted Fuel Master (59,834 unleaded and 20,773 diesel gallons for ASC Desoto, and 11,358 unleaded gallons to ASC East).
- Remove the fuel deliveries that were erroneously posted to the ASC East tank (17,068 unleaded gallons)
- Post the necessary adjustment to Edmonton so that ending fuel balances agree to Veeder Root fuel tank volume readings.
- Ensure fuel deliveries and usage is accurately posted to Fuel Master.
- Each month reconcile the Fuel Master (Edmonton Ledger Report) fuel balances to fuel deliveries, fuel usage, and fuel tank Veeder Root readings.
- Review pump controls that measure fuel usage and examine the fuel storage tanks for possible leakage or water contamination.

Management Action Plan

- Department leadership and the Fleet Operations management team acknowledges the discrepancies identified as a result of the audit. Fuel Management is an ongoing complex issue of which the department is proactive in addressing and has been shored up with a retooling of practices and procedures to strengthen controls as well as the onboarding of a Fleet Director



with solely a full-time dedication to the Fleet Operations Division. Furthermore, fuel balance overstatements and understatements, and inconsistent readings are challenges which coincide with personnel training and comprehension of fleet maintenance systems and processes. There now exists a step-by-step process that when followed properly, should result in more accurate reporting. Our team will refocus its efforts to refresh training content and ensure team members understand intricacies of our processes. Staff turnover through attrition and retirements have been experienced by this division which has resulted in the hiring of new and inexperienced employees who require additional training and development. Additionally challenges to this process have increased based on the Department's proactive leadership directives to maintain a higher balance of fuel reserves and tank top offs to counteract the effects of supply chain disruptions, delays, and shortages. Emergency planning protocols have also mandated that more frequent refueling of tanks occurs.

Auditors Response

- None

Parts Inventory and Valuation

Reviewed the Automotive Service Center's (ASC) parts inventory on August 24, 2022 and identified:

- ASC's inventory is overstated by a total of \$137,029.08 in the Faster Inventory system. The actual total value of ASC's inventory is \$249.94.
- 11,736 items are no longer in stock but still in the inventory system.
- Approximately 694 obsolete items valued at \$23,102.15 have not been transferred to surplus.

According to Dallas County policy Section 90-313(6), "it is the sole responsibility of the elected official/department head to which property is assigned to maintain a proper accounting of all property through proper inventory records." The department has not updated the inventory system to reflect the July 8, 2021 sale of inventory to NAPA or transferred unsold obsolete inventory to surplus. As a result, the inventory counts and values in Faster are not accurate and obsolete items are still on pallets on the shop floor.

Recommendation

Parts Inventory and Valuation

Management should make the following corrective actions:

- Write down inventory in Faster by \$137,029.08 for the 11,736 items that are no longer in stock.
- Surplus the 694 items listed by management as obsolete.

Management Action Plan

- Since the outsourcing of Parts and Inventory Management to NAPA IBS, the fleet operations team has no onsite parts inventory eligible for the audit. In collaboration with the IT Department, Fleet Operations has been proactive in the process to integrate part numbers between our



antiquated systems Faster Web with our vendor NAPA IBS. The progression of the integration process has been challenging and the process which started more than 12 months ago and is still ongoing. Fleet Operations has in progress the compilation of a comprehensive list of its obsolete parts which NAPA did not purchase, that will later be moved to auction. Additionally, as part of the outsource agreement with NAPA, the usable portion of the parts inventory was purchased by NAPA and a check for the valuation of the inventory was submitted to the County.

Auditors Response

- None

Parts Requests and FASTER WO's

A walkthrough of the work order (WO), part request, and invoicing workflow was performed on August 24, and September 7, 2022 and the following were observed:

- Parts are posted to Faster WO's by the NAPA IBS Manager, rather than ASC personnel. The IBS Manager has approximately 500 part requests that have not been posted to FASTER WO's, with the oldest requests dated June 23, 2022.
- Part requests are not posted to Faster WO's when requested by technicians; rather, technicians hand write part requests on printed WO's and provide them to the NAPA IBS Manager.
- NAPA's software has not been integrated with FASTER and management created a manual process for ordering and tracking parts on work orders.
- An annual key performance indicator analysis has not been completed to track the costs in parts/supplies, administrative fees, and fleet efficiencies. The contract started June 1, 2021.
- Invoices on parts are paid before FASTER WO's are closed and before parts are posted to the FASTER WO.
- No parts receiving documentation is provided from NAPA to use in three-way matching.
- The handwritten part request is kept by the NAPA IBS Manager.
- The Administrative Assistant submits the invoice in Oracle and then signs a stamped statement on the invoice stating: "I certify that the items on this invoice were received, inspected and counted for the County and the condition verified."

According to the court briefing of the Integrated Supply Agreement by and Between Genuine Parts Company and Dallas County, "the NIBS parts management software fully integrates with the FASTER Fleet Maintenance software, tying parts used directly to service work orders and handles all reconciliations." It states, "A key performance indicator analysis will be conducted annually for the term of the contract to track the costs in parts/supplies, administrative fees, and fleet efficiencies." Section 4(c) state's "NAPA shall provide all "reports necessary to monitor monthly expenses as they pertain to the daily operation of the Onsite Store(s) NAPA shall provide computer ordering and cataloging to each On Site Store." Section 4(f) state's "NAPA shall provide a total turnkey operation to the customer. NAPA will provide complete computerized inventory control as well as detailed monthly billing of parts and services invoiced." Section 7 state's "NAPA shall establish, document and maintain adequate



administrative and internal controls to ensure that only allowable and valid costs are billed to the customer." It is a best accounting practice for invoice verification to perform three way matching: matching requests, receiving documents and invoices. It is also ASC's procedure to verify parts are charged out correctly to work orders. Management stated it is behind on closing of work orders, which is its single control for detecting errors on work orders. Allowing the vendor to invoice the County and subsequently post parts to FASTER WO's is a segregation of duties risk in the process. The current process has resulted inefficiencies in operation, delays in processing WO's, and overtime incurred by the IBS manager (paid by the county). It is also possible the county could incur financial loss for invoices paid in error that were not timely detected.

Recommendation

Parts Requests and Faster WO's

Management should make the following corrective actions:

- Work with NAPA and Dallas County IT to ensure the ASC technician is able to request parts electronically utilizing the FASTER system, rather than the NAPA IBS Manager posting parts to FASTER after invoices are paid.
- Limit access to update Dallas County work orders to only Dallas County employees. Eliminate the need for technicians to hand write parts requests on printed Faster work orders.
- Complete the annual key performance indicator analysis to track the costs in parts/supplies, administrative fees, and fleet efficiencies.
- Work with NAPA and Dallas County IT to efficiently transfer part requests and part fulfillment between systems.
- Implement a process for Dallas County to obtain electronic receiving documents for parts given to ASC technicians from NAPA.
- Implement three-way matching of the work orders, part receiving documents, and invoices.
- Document defined and feasible timelines for initiating, completing, and closing work orders in a manner consistent with ASC business objectives. Ensure work orders are timely quality control reviewed with the reviewer's name and date documented, prior to closing work orders.

Management Action Plan

- Per the Parts and Inventory Management outsourcing contract, NAPA IBS posts parts to work orders due to the fact that they maintain ownership of the parts which comprise NAPA IBS's distribution and inventory system. Additionally, as part of the Parts and Inventory Management outsourcing agreement NAPA IBS personnel are the only authorized party to access the NAPA IBS storeroom. This control further solidifies the separation of the Fleet Maintenance Operations portion of this Division and the independently managed Parts and Inventory function which is handled solely by NAPA. Dallas County personnel does not have access to this space unless



authorized and escorted by NAPA IBS.

In an effort to improve and enhance controls, our team implemented several updates to the process to address parts requests. Additionally, Fleet Operations technicians are no longer permitted to order hand-written parts requests on the hard copy of the work order. While the NAPA IBS/Faster WEB integration is not complete, it has allowed for much needed improvements. Staff expects to continue to experience some parts posting variations, but quality control checks as well as monthly audits of postings by the Fleet Director will reduce discrepancies. Also, the Fleet Operations Division in FY23 will be implementing a new best-in-class Fleet Maintenance Software System, Global Positioning (GPS) technology system as well as a new Fuel Card vendor management system which will allow for a more seamless integration and sharing of data between systems. An annual key performance indicator (KPI) date has been not determined at this time based on the multiple updates and systems enhancements that will be implemented.

- Parts receiving documentation is provided by NAPA IBS through their submission of daily invoices. These invoices display part number(s), work order, and purchase order numbers with dates and quantities ordered. The fleet director receives NAPA IBS invoices, reviews, and approves. Following the approval process, invoices are then submitted to the administrative assistant for input into Oracle.

Auditors Response

- None

IBS Operational Expense Invoices

A walkthrough of the process for processing the NAPA Integrated Business Solutions (IBS) Operational Expense Invoice was performed on August 24 and September 7, 2022, and the following were observed:

- The IBS Operational Expense Invoice is not reviewed by management. The administrative assistant submits the invoice in Oracle and then signs a stamped statement on the invoice stating: "I certify that the items on this invoice were received, inspected and counted for the County and the condition verified."
- There is no invoice detail or explanation from management to support the various line item expenses (payroll, employee benefits, overtime, delivery, store, stationary supplies, IT processing, training). Invoices from July 2021 to August 2022 totaled \$170,271.
- A monthly allocation rate statement was not provided to determine the accuracy of expenses charged and the percentage of charges to total product sales; both of which vary on invoices.
- Overtime is charged to the county on the IBS Operational Expense Invoice, but overtime approval by the shop manager is not provided. The overtime expense on invoices from July 2021 to August 2022 totaled \$26,936.



According to Section 4, part C of the Integrated Supply Agreement by and Between Genuine Parts Company and Dallas County, NAPA shall provide all "reports necessary to monitor monthly expenses as they pertain to the daily operation of the On Site Store(s)". Section 4, Part E, stipulates that any overtime incurred must be preapproved by the customer, in this case the ASC manager, shop manager, and/or their assigned designee. A form will be signed between the ASC manager/shop manager/designee and the NAPA emergency point of contact showing that overtime was preapproved. Section 7, states the agreement pricing plan requires... reimbursement by customer of each on site store's operating expenses. The costs and expenses are subject to change based on actual monthly costs, expenses or corporate allocation expenses. Each on site store location is charged certain corporate allocation expenses for various line items, calculated as a percentage of total product sales each month. As such, there is not a supportive invoice for such expenses other than a monthly allocation rate statement. When presented with the IBS Operational Expense Invoice during the walkthrough management stated it had not seen it previously and does not review them. Management also stated that while it is aware the NAPA IBS Manager works overtime to catch up posting parts to work orders in FASTER, management did not know whether that time was explained by the overtime line item and that no approvals for paid overtime had been signed. Without adequate management oversight it is possible Dallas County may overpay for expenses or services.

Recommendation

IBS Operational Expense Invoices

Management should make the following corrective actions:

- Review each IBS Operational Expense Invoice, including line item detail for accuracy and completeness.
- Verify that services were requested as stipulated in the contract.
- Determine that expenses are supported by vendor provided on site store direct costing detail, timesheets, corporate allocation cost detail, monthly allocation rate statements, and other support.
- Receive and match vendor provided reports necessary to monitor monthly expenses.
- Ensure management preapproves and documents all overtime expenses per the contract and before expenses are incurred.

Management Action Plan

- In response to the audit findings and in an effort to ensure adequate oversight of this process, the department has modified its process. Moving forward, the NAPA IBS operational expense sheet, also referred to as the P&L statement in the contract, will now be reviewed and signed off on by the fleet director. The administrative assistant will then input into Oracle. The sheet is provided as specified by the contract terms and allocation rates and overtime charges are compliant per the contract. Also, the contract specifies NAPA IBS onsite presence from 6:30am to 5:00pm. This provides a 10hr/ week built-in overtime cost at an allocation rate of \$12/hr. The



\$26K figure is calculated from those hours. Any other overtime must be approved in writing by Fleet Operations management.

Auditors Response

- None

Fuel Cards and Pins Review

A walkthrough of the fuel card and fuel pin process was performed on August 24 and September 7, 2022 and the following were observed:

- The data analyst has access to set up new fuel cards, pins, receive cards in the mail, post fuel transactions and adjustments, terminate cards/pins, issue spare cards, and retain spare cards without oversight or segregation of duties.
- A log of deactivated cards is not retained.
- The active fuel card listing is not reviewed by management.
- Personnel did not sign off when they picked up a spare card. **Status: A column was added for drivers to sign when they pick up cards from ASC.**
- Nine generic "Spare Fuel Cards" are kept on top of the data analyst's desk and it was observed that the door was left open while the office was empty.
- Fuel cards request forms are stored electronically on a computer desktop, not a protected network drive, and the paperwork is shredded.

The ASC Fueling Instructions 4.39 state "The Fleet Manager will coordinate initial distribution of fuel credit cards. Replacement of lost cards, and assignment of new cards." It is a best accounting practice that the responsibilities of authorization, custody of assets, record keeping, and reconciliations should be assigned to different individuals to maximize the internal control in processes. Debit cards and monetary instruments should be locked in a safe and secured location, with physical access restricted to privileged personnel. It is an IT best practice to secure sensitive electronic files and data on drives that are regularly backed up. This occurred because management relies on staff to perform duties without oversight and the department does not have adequate written fuel card and pin procedures to assign incompatible responsibilities. A lack of segregation of duties and physical access to unsecured and active fuel cards may increase the risk of errors and create opportunities for the misuse of county assets. Without adequate management oversight it is possible the department may not timely detect risks to the department's business objectives.

Recommendation

Fuel Cards and Pins

Management should make the following corrective actions:



- Segregate incompatible duties involving authorization, custody of assets, record keeping and reconciliations to different individuals.
- Personnel issuing or terminating cards should not receive them in the mail or maintain their custody.
- Lock fuel cards in a safe and secure location, with access limited to privileged personnel.
- Ensure management reviews an inventory of cards and pins periodically (recommended monthly).
- Verify new cards and pins that are activated are supported by electronic authorization forms on a password protected drive that is backed up.
- Verify cards and pins are appropriately deactivated when cards are reported lost, damaged, and expired or employees no longer operate county vehicles.
- Establish a written policy and procedure for spare cards detailing the maximum number of spare cards at large, personnel responsible for securing cards, the purpose and business objectives of spare cards, and management's periodic review. The department should obtain the recipient's signature at the issuance and return of cards.
- Maintain a log of deactivated cards.

Management Action Plan

- Dallas County has chosen to use fuel cards as the primary method for refueling fleet whether that maintaining and infrastructure of in-house fueling resources which is not an industry best practice. Given this strategy chosen several years ago, the risk to maintain a fuel card system is high level and Fleet Operations has avoided much of the risk by using a double redundancy system. The data analyst and the assistant service administrator/safety coordinator are the only positions that have access to the card system. These two individuals have oversight through the shop manager and fleet director. Deactivated cards are "Dead" cards. Emergency cards are available, but inoperative until a PIN is issued. The PIN is not issued without a departmental form "P_8.5"-being completed. These cards are for emergency. There are no "spare" cards. The active fuel card listing has been reviewed by the fleet director. The office is locked at the end of the shift. Cards have inactive having "zero value" unless a form is completed and a PIN issued.

Auditors Response

- None

Fuel Master Postings

A walkthrough of the processes for posting fuel deliveries, usage, and entries to Fuel Master were performed on August 24 and September 7, 2022 and the following were observed:



- Fuel usage from ASC pumps and deliveries posted to Fuel Master are not reviewed by management for accuracy and completeness.
- A reconciliation of fuel in the tanks to the fuel volumes in Fuel Master is not performed.
- Fuel usage is posted first to Fuel Master and then to Faster, as a backup. Fuel Master transactions that go through an automated error check when posting to Faster are not updated in Fuel Master.
- While fuel usage is posted to both systems, deliveries are not posted to Faster.
- The shop assistant often changes the vehicle #, but also can change the odometer, unit cost, and user ID prior to posting fuel usage to Fuel Master without oversight.

According to Dallas County policy Section 90-313(6), "it is the sole responsibility of the elected official/department head to which property is assigned to maintain a proper accounting of all property through proper inventory records." As a best accounting practice, fuel volumes taken from the tank monitor unit (Veeder Root) should be reconciled at least monthly to the fuel volumes reported by Fuel Master. The Fuel Master manual states the Fuel Master Unit has the ability to communicate with the Tank Monitoring Unit to update inventory when a delivery is made. Currently management places sole reliance on staff to perform duties without any oversight; this resulted in 15 fuel deliveries that were not posted to Fuel Master, differences between fuel gallons in the tank and those tracked in Fuel Master, and negative ending balances reported in Fuel Master. Additionally, these risks may lead to ineffective use of Fuel Master or misuse of county assets.

Recommendation

Fuel Master Postings

Management should make the following corrective actions:

- Reconcile Fuel Master fuel balances to fuel deliveries, fuel consumption, and Veeder Root readings to ensure accurate and complete reporting of fuel purchases does not exceed the operational needs, and to provide management better oversight of fuel.
- Use the formula: Beginning balance + Purchases - Consumption = Ending balance.
- Compare ending balance to the Veeder Root reading.
- Research differences between the Veeder Root and Fuel Master ending balance for unposted transactions.
- Ensure the reconciliation is reviewed and approved by management.
- Changes made by the Shop Assistant when posting fuel usage should be reviewed by management.
- Utilize Fuel Master system capabilities by integrating the Fuel Master Unit and Tank Monitoring Unit.
- Ensure fuel deliveries posted to Fuel Master are reviewed by management.
- Ensure fuel usage errors in Faster are corrected in Fuel Master.

**Management Action Plan**

- The request forms for fuel cards are currently stored on the data analyst's desktop which is password protected for security purposes as per Dallas County policy. The office is locked at the end of the daily business cycle.
- Fuel usage and deliveries are now reviewed by the fleet director. Once approved the information is posted to Fuel Master. The Veeder Root system and fuel tank levels are reconciled with invoices. After errors are corrected in Fuel Master, the spreadsheet is forwarded to both budget and auditing departments. We do not currently have the capability to update to and from Faster Web.
- There is currently, no alternatives to the current process for Fleet Operations management to review, other than the Veeder Root system. Furthermore, Fuel Master does not have the capability to produce a report following corrections which are input into the system.

Auditors Response

- None

No Cameras Overlooking Fuel Pumps

A walkthrough of the ASC Desoto fuel pumps was performed on August 24, 2022 and it was observed that there are no cameras overlooking the fuel pumps. Per Dallas County Code Sec. 90-373, "all department heads and elected officials are responsible for maintaining property assigned to their department, proper inventory records, and making appropriate reports as required." As a best security practice to deter or detect the theft of assets, fuel pumps located at the ASC should be monitored through the use of cameras. Although ASC utilizes cameras, they are not positioned overlooking fuel pumps. The department does not have established security camera policies or procedures. A lack of monitoring of fuel pumps through video surveillance may result in the misappropriation and misuse of county assets that may go undetected.

Recommendation

No Cameras Overlooking Fuel Pumps

Management should make the following corrective actions:

- Position camera surveillance to overlook the fuel pumps at the ASC.
- Consider integrating surveillance of pumps to gate entry activity after hours.
- Monitor camera footage to detect policy breaches and fuel shrinkage.
- Create a security surveillance policy that states the purpose, business objectives, personnel duties and responsibilities, and data retention periods.

Management Action Plan

- We have held discussions with Facilities Management. We made this request, however, no determination has been set on a timeline.



- This FY2022 Audit Response is concluded by Douglas Hildebrand, Fleet Director for the County of Dallas. The future holds hope and progress in new reporting software, procedures, and policies to build trust in the functions provided to the customers of Fleet Operations and stakeholders in what we do. We would like to thank the Auditor's Office for its efforts in preparing this audit for the Fleet Operations Center.

Auditors Response

- None

cc: Darryl Martin, Commissioners Court Administrator