



DALLAS COUNTY

COUNTY AUDITOR

Memorandum

To: Chris Thompson
Director, Communications & Central Services

From: Virginia Porter
County Auditor

A handwritten signature in cursive script, appearing to read "Virginia Porter".

Re: Gas Card Cards: Fuelman, Exxon and Shell

Date: Issued: March 12, 2013
Released: May 13, 2013

Scope

As a part of ongoing review of County departments and contracts, we have reviewed financial records associated with the following gas credit cards: Fuelman, Exxon and Shell for period May 1, 2012 to July 1, 2012. (Card usage/reimbursement of personal cards excluded).

Review Procedure

Standard review processes were applied to sample data from payable files and from the vendor in order to evaluate internal controls and reporting accuracy. A random sampling of the total activity was selected for certain procedures, while others were reviewed in their entirety. Transactions were evaluated based on risk and dollar value. Review steps included but were not limited to the following:

- Requested Fuelman System access and reporting functionality
- Reviewed contractual obligations from Fuelman
- Extracted payables records for other fuel card payments
- Compared cost/price variances amongst fuel vendors
- Analyzed non-fuel purchases, questioned options configure system denials
- Developed exception reports, reviewed existing management reports/controls
- Confirmed county fuel locations, processes and hours open
- Requested vehicle/card/driver logs and associated policy

Findings

This initial report is being issued to document status and allow time to address weaknesses. Listed below are findings of the special review.

1. Fuel card -- driver and cost controls not documented nor consistently monitored.
2. Lower cost options not consistently evaluated/utilized.
3. Purchase tickets for higher cost fuels and other items did not evidence specific need. System configuration to "deny" purchase not consistently reviewed.
4. Ongoing cash management and budget review for cost control not consistently addressed.

Response:

- *Cards and pins are issued to employee's name and KRONOS ID.*
- *Each employee receiving a pin for fuel access is required to read and sign the Fuel Credit Card Policy" prior to pin being issued.*
- *County Policy 90-198 & 199 and Driver policy handbook 3.24 & 3.25 states:*
- *"When feasible, all gasoline should be obtained from the ASC shop."*
- *"When is not feasible to obtain gasoline at ASC, drivers may use the fuel credit card assigned to each vehicle to purchase gasoline."*
- *"Credit cards may not be used for nonfuel items such as food."*
- *Invoices are reviewed from nonfuel purchases. Department heads are notified of the nonfuel purchase for repayment by employee.*
- *Department heads are responsible for the driver's routes and fuel purchases (including locations). ASC has no authority over the department heads to Insist on drivers researching lowest fuel cost based on vicinity of the driver's needing fuel.*

Recommendation

Listed below are recommendations of the special review. Deficiencies noted for the specific findings are delineated in the attached finding templates and summarized as follows:

ASC and department supervisors should jointly develop performance standards relevant to vehicle/fuel cost control. Control points for policy should include or address:

- Card/vehicle/driver match by pin or employee ID
- Policy for usage and cost control
- Driver expectations for card usage
- Encourage fueling at County locations
- Document special need purchase for higher fuel cost option
- Ongoing cash management and budget review for cost control

Control/use of non – Fuelman gas cards should be reviewed and the costs justified.

Summary

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

The significant control deficiencies include a lack of consistent centralized policy statements and management review of budgetary decisions.

Development of and adherence to a corrective action plan addressing the recommendations should provide for improved departmental processes. Other expanded audit steps will be performed with the assistance of Dallas County Sheriff's Department, ASC, and selected department heads during the next fiscal year to further reduce risks of loss and strengthen controls.

cc: Darryl Martin, Commissioners Court Administrator

Finding Number: 12-ARC-01-01

County Auditor
Dallas County, Texas

Date:	10/12/12
Audit:	Fuel Audit
Auditor(s):	TG
Finding:	<p>Fuel card – driver and cost controls not documented nor consistently monitored.</p> <ol style="list-style-type: none"> 1. Card/vehicle/driver match by pin or employee ID – distribution logs out of date, don't include control reference such as employee ID. Asset control policy for cards not documented. 2. Policy for usage and cost control – management expectations regarding county site/public fueling site; management expectations reporting not documented. 3. Driver expectations for card usage- out of county purchases without travel authority, multiple same day/same user purchases without necessary verification.
Work paper reference (or other method by which finding was identified)	<p>Reviewed Fuelman out of county and invoice records.</p> <ol style="list-style-type: none"> 1. Vehicle/driver logs-work and storage locations 2. Fueling locations, cost differences 3. Reporting/follow-up of Fuelman exception reports
Condition:	<p>ASC manages the Fuelman contract which provides credit cards in the name of Dallas County with payment guaranteed by the County. Department heads (Constable, Public Works, Juvenile division) provide names and specific authorization for those individuals to be issued Fuelman cards by ASC. Official policies and workflow is sparsely documented. Timeliness, consistency, and accuracy regarding names/ID/vehicles do not appear to be enforced.</p> <p>Dallas County Sheriff Officers (patrol) use multiple vehicles that aren't officially designated to individual officers. Fuelman cards are "assigned" to individual vehicles and stored within the vehicle.</p> <p>For all Fuelman cards, drivers are provided with a PIN for tracking and authorization of those cards. Correspondence for PIN tracking is maintained by each department. The Fuelman report reflects vehicle number versus driver. The current Fuelman system requires users to enter the assigned PIN and mileage at the time of purchase. The system functionality does not edit accuracy of odometer entry. Individual purchase tickets are turned in daily to the officer's department and logged in the fuel log. The fuel log is then given to ASC for verification against the Fuelman report. ASC approves monthly invoice for payment.</p> <p>Sheriff's office, Fiscal Division, manages the Exxon and Shell contract with assistance of Purchasing. These cards are issued with Dallas County's name and logo on the face of the card. Cards are secured by the Sheriff's fiscal officer and handed out "as needed." Cards are returned with the trip log.</p> <p>Neither County policy, nor signed acknowledgements of drivers was found detailing whether to fill up at the end of shift, inside county, on county property or card preference. Cost controls testing, out of county travel and fuel charges for Fuelman revealed there were 80 out-of-county purchases from May 1, 2012 thru July 1, 2012. Of those transactions 21 were juvenile/fugitive officers transporting youths, 17 had prior travel approval by Commissioners Court, and 4 were CSCD. Authorizations for the remaining 38 purchases were untraceable.</p>
Criteria:	<p>Regarding travel, training, and credit card usage, Dallas County Policy states the following: (Section 90-147)</p> <p>County-owned autos may not be taken across the county lines except by express approval by</p>

Finding Number: 12-ARC-01-01

County Auditor
Dallas County, Texas

	<p>order of the commissioner's court.</p> <p>(Section 90-199)</p> <p>(A) When feasible, all gasoline should be obtained from the ASC shop.</p> <p>(B) When it is not feasible to obtain gasoline at the ASC shop, drivers may use the fuel credit card assigned to each vehicle to purchase gasoline as follows:</p> <p>(1) Vehicles regularly used within the county:</p> <p>a. Fuel credit cards will be limited to the purchase of regular unleaded gasoline (87 octane) from self-service pump only;</p> <p>b. All oil will be obtained from the ASC shop or road and bridge districts; and</p> <p>c. Credit cards may not be used for nonfuel items such as food.</p> <p>(2) Vehicles regularly used outside the county:</p> <p>a. At the request of the department head to the ASC shop, a non-restricted fuel credit card may be issued for vehicles regularly traveling outside the county; and</p> <p>b. All gasoline purchased on this card must be regular unleaded (87 octane) from a self-service pump.</p> <p>(C) When possible, this fuel credit card should be used in place of other credit cards an employee may have.</p> <p>(D) The ASC shop will coordinate initial distribution of fuel credit cards, replacement of lost cards and assignment of new cards.</p> <p>(E) If a card is lost or stolen, it is the driver's responsibility to immediately notify the credit card company to cancel the card. Also, the driver must immediately notify the ASC shop by the next business day.</p> <p>(F) Failure to use a fuel credit card according to these procedures without prior approval of a department head or the ASC shop will subject the driver to reprimand and/or disciplinary action.</p>			
Effect:	Unauthorized travel and inefficient fuel consumption is a misappropriation of county property and funds.			
Cause:	No centralized control policy.			
Recommendation:	<p>1. Limited management oversight of employee decisions/budget impact</p> <p>ASC and department supervisors should jointly develop performance standards relevant to vehicle/fuel cost control. Inputs would include card/vehicle/driver information. Outputs would include statistics relevant to employee training, exception to policy monitoring, department flagging repeated misuse and corrective action when warranted.</p> <p>Record keeping should include employee transfers/terminations and cancellations of PIN's. Specific approval of 'out-of-county' purchases including date of Commissioners Court approval or policy should be reflected on the invoice submitted for payment.</p> <p>Documented policy statements and employee acknowledgements are necessary as guidance in enforcing the timeliness, consistency, and rigidity of data necessary for strong oversight.</p>			
Responsible Department:	Sherriff's Department, ASC			
Management's Response:	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Disagree	Respondent: Julio Cuin, Interim ASC Fleet Manager	Date: 4/25/13
Comments:	Response doesn't specifically address recommendations.			
Disposition	<input checked="" type="checkbox"/> Audit Report Specific recommendations regarding control and oversight not yet addressed.	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration	

Finding Number: 12-ARC-01-02

County Auditor
Dallas County, Texas

Date:	10/12/2012					
Audit:	Fuel Audit					
Auditor(s):	TG					
Finding:	<p>Lower cost options not consistently evaluated/utilized.</p> <p>Instances noted when: Drivers with access to multiple cards (Fuelman, Exxon, Shell) fill up with higher cost fuel even though lower cost stations are in the vicinity.</p>					
Work paper reference (or other method by which finding was identified):	<ol style="list-style-type: none"> 1. Compared purchase locations to mapquest.com which verified proximity to a County fuel facility. 2. Exxon, Shell and Fuelman statements. 					
Condition:	<p>Competitive bidding conducted by Purchasing for lowest cost resulted in contracts with Fuelman. Other cards are issued/made available for drivers who routinely travel out-of-county and who have limited flexibility to "evaluate" cost options (fugitive, juvenile).</p> <p>Comparative tests for period May 1, 2012 to July 1, 2012, indicate there were 757 occurrences at Fuelman locations, 1 at Exxon Mobil, and 4 at Shell (including dual transactions) where an employee was 5 miles or less distance from an ASC/Road & Bridge site. In all noted instances fueling occurred during hours County sites were open.</p> <p>For the month of May, 2012, Fuelman's average cost (per gallon) was \$3.32, Exxon Mobil was \$3.60, Shell was \$3.59, and Automotive Service Center (ASC) was \$3.15 for the week of May 7, 2012 and \$2.97 for the week of May 25, 2012. ASC East had an average of \$3.18 for the week of May 7, 2012. For the month of June, 2012, Fuelman's average cost was \$3.12, Exxon Mobil was \$3.24, Shell was \$3.27, ASC was \$2.79, and ASC East \$2.97. For the month of July, 2012, (only the first week was calculated) Fuelman's average cost was \$3.05, Exxon Mobil was \$3.17, Shell was \$3.22, ASC was \$3.04, and ASC East was \$3.00. All of the prices listed were for unleaded fuel purchases.</p> <p>Officers are using their issued Shell/Exxon cards although station accepts Fuelman card resulting in higher fuel costs. During the period stated, there were 29 purchases made at Exxon, of those 5 were Fuelman enabled. There were 80 purchases made at Shell and 23 of those locations were Fuelman enabled. Additional costs incurred for these exceptions from May 1 to July 1, 2012 total \$73.23.</p>					
Criteria:	County policy requires (Sec. 90-199) a) When feasible; all gasoline should be obtained from the ASC shop. b) When it is not feasible to obtain gasoline at the ASC shop, drivers may use the fuel credit card assigned to each vehicle to purchase gasoline.					
Effect:	Higher fuel cost to the County.					
Cause:	Limited supervisory review and follow-up regarding purchase options.					
Recommendation:	Procedures should be implemented to encourage use of County facilities or Fuelman sites for purchases. Reasonable policy might include if within a 5 mile radius of a County fuel facility and within hours of operation, drivers should use an ASC or Road and Bridge facility for fill ups. Drivers should be made aware of which facilities provide the most efficient use of County resources through training and operations/card usage instructions.					
Responsible Department:	ASC, Users					
Management's Response:	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Disagree	Department Personnel:	Julio Cuin, Interim ASC Fleet Manager	Date:	4/25/13
Comments:	Response doesn't specifically address recommendations.					
Disposition	<input checked="" type="checkbox"/> Audit Report Specific recommendations regarding control and oversight not yet addressed.		<input type="checkbox"/> Oral Comment		<input type="checkbox"/> Deleted From Consideration	

Finding Number: 12-ARC-01-03

County Auditor
Dallas County, Texas

Date:	10/12/2012		
Audit:	Fuel Audit		
Auditor(s):	TG		
Finding:	<p>Sheriff's fugitive office purchase-tickets of higher cost fuels and other items did not evidence specific need. The system configurations to "deny" select purchase items are not consistently reviewed.</p> <p>1) Purchase excessive high cost carwash 2) Purchase premium unleaded plus</p>		
Work paper reference (or other method by which finding was identified)	Review of Shell, Exxon, and Fuelman invoices; and management approvals.		
Condition:	<p>A majority of gas purchases occur within the Fuelman system which was contracted by competitive bidding. Shell and Exxon cards are also distributed to county employees that travel outside county lines; for instance, when purchases through the Fuelman system are not viable.</p> <p>Premium gas and miscellaneous non-fuel purchases are prohibited by Dallas County policy, section 74-762 unless otherwise authorized by ASC or division managers prior to purchase. Sheriff's office fleet vehicles operate on regular unleaded gasoline with the exception of those that require diesel gasoline. Premium carwashes are generally prohibited with the same stipulations; as basic carwashes are allowed to ensure proper vehicle maintenance. There is not a policy in place enforcing the purchase of premium/super gasoline.</p>		
Criteria:	Current procedures require county employees to purchase unleaded fuel only unless previously approved by management. Carwashes are not prohibited and depend on conditions, but premium washes are considered to be an excessive purchase.		
Cause:	Employees selection of higher cost fuel type/carwash.		
Effect:	Lack of consistent monitoring/training and higher cost purchases increases operating costs.		
Recommendation:	<p>Employees should be reminded of fuel usage policy regarding fuel/carwash selection and be required to reimburse the County any additional cost for premium gas/carwash purchased without proper justification.</p> <p>ASC and department supervisors should jointly agree on invoice monitoring, method/timing of notification of exceptions and decisions relevant to budget control of excess charge.</p>		
Responsible Department:	Sherriff's Department, ASC		
Management's Response:	<input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree	Respondent:	Julio Cuin, Interim ASC Fleet Manager
		Date:	4/25/13
Comments:	Response doesn't specifically address recommendations.		
Disposition	<input checked="" type="checkbox"/> Audit Report Specific recommendations regarding control and oversight not yet addressed.	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration

Finding Number: 12-ARC-01-04

County Auditor
Dallas County, Texas

Date:	10/12/2012		
Audit:	Fuel Audit		
Auditor(s):	TG		
Finding:	<p>Ongoing cash management and budget review for cost control not consistently addressed.</p> <ol style="list-style-type: none"> 1) Late fee charges of \$78.12 incurred for the period May 1, 2012 through July 1, 2012, for the Exxon credit card. 2) MPG calculation as well as driver/route patterns and assignments (factors in budget management and cost control.) are not used to design efficient routes. 3) Out-of-County fill-ups are not matched to Out-of-County travel authority. 		
Work paper Reference: (or other method by which finding was identified)	Review Exxon and Shell credit card statements and Fuelman reports.		
Condition:	<p>The Sheriff's Office, Fiscal Division oversees management of all Exxon and Shell cards, which includes: issuance, monitoring card usage, and adhering to any and all cardholder agreements. Exxon/Mobil statements are not sent directly to the Auditor's office, Accounts Payable section. If any issues arise with an invoice, accounts payable works with sheriff's fiscal office to resolve but authorizes immediate payment to card vendor limiting late fee charges. However, delayed receipt of invoices and/or authorization to pay by department may result in late fees and interest charges.</p> <p>Authorization forms from department management do not evidence review for 'out-of-county travel. There were 80 Out-of-County purchases between May 1, 2012 and July 1, 2012. Of those transactions, 35 were both juvenile/fugitive officers transporting youths, 17 had prior travel approval by commissioner's court, and 4 were with CSCD employees. Authorization for the remaining 24 Out-of-County purchases were not determined.</p>		
Criteria:	Per the Dallas County Policies and Procedures, Section 94-93(b) (4), "invoices should be mailed to the auditor's office. However, if an invoice is mailed to the receiving department, the original and all copies are to be forwarded to the auditor's office as quickly as possible. The receiving department is also responsible for checking their records to ensure that an RMR (record of materials received) has been submitted for goods or services received."		
Effect:	<ol style="list-style-type: none"> 1) Additional County costs for late fees, penalties and interest. 2) Unauthorized travel and fuel consumption is a misappropriation of County property and funds. 		
Cause:	<ol style="list-style-type: none"> 1) Monthly statements/invoices are not consistently processed timely by approving department. 2) Limited supervisor review. 		
Recommendation:	<p>Procedures regarding cash management should be updated and documented to include:</p> <ol style="list-style-type: none"> 1) Sheriff's Department and Accounts Payable section should develop office policy relative to Texas Code of Ordinances section 94-93(b) (4) to avoid any future penalties, interest and all other associated charges. Statements/invoices should be sent directly to Accounts Payable for more efficient processing. 2) Written office policy regarding out of county fuel purchases and miles per gallon calculation need developing countywide. 		
Responsible Department:	Sherriff's Department, ASC		
Management's Response:	<input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree	Respondent:	Julio Cuin, Interim ASC Fleet Manager
Comments:	Response doesn't specifically address recommendations.		
Disposition	<input checked="" type="checkbox"/> Audit Report Specific recommendations regarding control and oversight not yet addressed.	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration