

CITY AUDITOR'S OFFICE



AUDIT OF FIELD OPERATIONS – FUELING ACCESS AND MONITORING

Report No. CAO 1705-1011-02

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CITY AUDITOR

TABLE OF CONTENTS

BACKGROUND	1
OBJECTIVES	2
SCOPE AND METHODOLOGY	2
CONCLUSIONS, FINDINGS, AND RECOMMENDATIONS.....	3
1. Fuel Transaction Monitoring	4
2. Compressed Natural Gas Card Oversight	6
3. Fueling of Bi-Fuel Vehicles	8
4. Terminating Access to Fuel System	9
5. Account Coding Updates to Fuel System	10
6. Key Fob Use and Oversight	11
7. Fueling Operations Policies and Procedures	12
8. Standard Operating Procedures	13
MANAGEMENT RESPONSES.....	16

AUDIT OF FIELD OPERATIONS – FUELING ACCESS AND MONITORING CAO 1705-1011-02

BACKGROUND

The City of Las Vegas has a fleet of approximately 1175 vehicles and equipment. These vehicles and equipment use a variety of fuels including reformulated gasoline (gasoline), diesel, bio-diesel, and compressed natural gas (CNG).

The administration of the City's fueling operations is the responsibility of the Fleet and Transportation Services division (Fleet Services) of the Department of Field Operations. The oversight of fueling activity is primarily performed by the Fleet Services Manager and a systems analyst. The systems analyst transferred to another city department during the audit. Fleet Services uses software known as WinC6 (fuel system) for controlling fuel pump access and the recording of fueling transactions.

City employees fuel city vehicles and equipment at city-owned fueling stations found at the City's East, West, and Satellite Service Centers, the Wastewater Pollution Control Facility, Floyd Lamb Park at Tule Springs, and at 14 fire stations. All fuel for these fueling stations, except for CNG, is purchased by the City. CNG fuel is available to city employees through a contractor who maintains and services CNG pumps at the West Service Center and at four other locations in the Las Vegas Valley. The City's fueling stations are available for use by the Las Vegas Housing Authority (Housing Authority). The Housing Authority is billed monthly by the City for its usage.

During 2009, the City used approximately 815,000 gallons of liquid fuels and approximately 25,000 gas gallon equivalents of CNG.

In order to access a city fuel pump, users must waive an active city proximity badge over a card reader, enter a valid vehicle or equipment number, and enter a valid odometer reading (i.e., number within an established range of the last fueling transaction for the vehicle or equipment). A key fob (plastic keychain with an internal computer chip) must be waived over the card reader when there is not a vehicle or equipment number associated with the transaction (e.g., filling gas cans, generators, and gas powered tools).

To access the CNG fuel pumps, users must use access cards provided by the CNG contractor. These cards are assigned to specific vehicles and can only be used at the CNG contractor's pumps. The CNG contractor bills the City monthly for its usage.

OBJECTIVES

The audit objectives were to:

- Evaluate the adequacy of the management controls over fueling transactions (i.e., controls are effective in identifying errors, irregularities, or abuse in fueling transactions).
- Evaluate the adequacy of the procedures being followed for recording fueling transactions and charging city departments and the Housing Authority for these transactions.
- Evaluate the adequacy of the documented policies and procedures related to the City's fueling operations.

SCOPE AND METHODOLOGY

The scope of this audit was limited to an evaluation of the controls over fueling access and monitoring of the fueling transactions. Detailed testing of records was primarily limited to transactions during calendar year 2009. The last fieldwork date of this audit was July 9, 2010. The scope of our work on internal control was limited to the controls within the context of the audit objectives and the scope of the audit.

Our audit methodology included:

- Research of applicable policies and procedures,
- Interviews of city personnel,
- Observations of work processes and select fueling stations, and
- Analysis of available data.

We conducted this performance audit in accordance with generally accepted government auditing standards except for the requirement for an external peer review every three years. 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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The exception to full compliance is because the City Auditor's Office has not yet undergone an external peer review. However, this exception has no affect on the audit or the assurances provided.

CONCLUSIONS, FINDINGS, AND RECOMMENDATIONS

The following conclusions were noted:

Adequacy of the management controls over fueling transactions (i.e., controls are effective in identifying errors, irregularities, or abuse in fueling transactions).

A process by which all city departments receive and review monthly fueling transactions needs to be implemented (see Finding #1).

Improvements are needed to the process by which CNG cards are placed in vehicles, tracked, and destroyed upon disposal of a vehicle (see Finding #2).

Improvements are needed in how CNG usage in bi-fuel vehicles is monitored (see Finding #3).

A process is needed for changing the status of ex-employee badge numbers to inactive within the fuel system (see Finding #4).

Documented policies and procedures on the use of key fobs are needed. In addition, improvements are needed in the tracking of key fobs and monitoring of their usage (see Finding #6).

Adequacy of the procedures being followed for recording fueling transactions and charging city departments and the Housing Authority for these transactions.

A formalized process for obtaining accounting coding updates from Finance and updating the fuel system with this information is needed (see Finding #5).

Adequacy of the documented policies and procedures related to the City's fueling operations.

Documented policies on the city's fueling operations are needed (see Finding #7)

Documented desk procedures on the administration of the City's fueling operations are needed (see Finding #8).

Further information is contained in the sections below. While other issues were identified and discussed with management, they were deemed less significant for reporting purposes.

1. Fuel Transaction Monitoring

Criteria

Effective systems of internal control include strong prevent and detect controls. *Prevent controls* are procedures designed to prevent an error or fraud before they occur, while *detect controls* are designed to monitor processes to identify errors or fraud that have occurred.

The monitoring of employee transactions and the identification of irregularities is most effectively completed by management and/or supervisors that are most familiar with the daily operations of the employees. Exception reports are useful tools in monitoring transactions.

Condition

Fleet Services has implemented a variety of prevent controls in the fuel system such as fuel pump timeouts, maximum fueling limits, and odometer range input requirements. While these controls minimize the risk of error or fraud, they must be accompanied by strong detect controls. The monitoring and analyzing of the validity of individual transactions is an example of a detect control.

While Fleet Services monitors fuel transactions on a limited basis, Fleet Services employees are not in a position to be able to fully evaluate the appropriateness of fueling transactions as they are not as familiar as department management or supervisors with individual employee job responsibilities, their assigned shifts, and the vehicles being fueled.

While detailed monthly fuel transaction reports are produced for select city departments upon request, they are not automatically distributed to all departments for review. Most city departments are only aware of the fuel costs charged to their respective department.

An analysis of fueling transactions during the period from January through November 2009 (approximately 48,472 transactions) identified certain transactions that are not currently being scrutinized where there could be opportunities for employee misuse of the fuel system:

- *Fueling Transactions Exceeding Vehicle Tank Capacity* – Transactions were identified that appeared to exceed the tank capacity of the related vehicle. For example, a pickup truck was identified as having been fueled with 69 gallons during a single transaction. Fleet Services management explained that employees will sometimes fuel multiple vehicles or equipment during a single transaction without starting a new fueling transaction. By doing this, the second vehicle or equipment is not identified in the fuel system.
- *Multiple Fueling Transactions within a Short Period for the Same Vehicle* – 290 fueling transactions greater than 10 gallons were identified where there was a subsequent fueling transaction for the same vehicle within 1 hour. Out of the 290 fueling transactions, 132

of the transactions had a subsequent transaction greater than 10 gallons. While suspicious, these transactions may be valid transactions as a result of:

- Employees fueling multiple tanks on a single vehicle.
- Employees fueling multiple vehicles or equipment during a single transaction.
- Fuel system timing out during fueling.
- Fuel system errors
- *Weekend, Holiday, Early Morning and Late Night Transactions* – City employees can be found working on weekends, holidays, and on early morning and late night shifts. There is potentially a higher risk of misuse of fuel during these days and times as there may be less activity at the fuel sites and less direct supervision of employees.
- *Key Fob Transactions* – Considering no vehicle identification number is associated with these transactions, this is potentially an area of higher risk of misuse.
- *Unusually Large Transactions*

Fleet Services currently faces several obstacles to monitoring these types of transactions and providing timely and useful detailed fueling transaction reports to city departments for review:

- The fuel system lacks enhanced transaction reporting capabilities.
- The fuel system being an older system is prone to “bugs” where incomplete transaction data will be captured or the system controls will fail.
- A systems analyst in Fleet Services with many fuel administration responsibilities recently transferred to another city department.
- While maximum fuel settings are established for vehicles within the fuel system, the actual fuel tank capacities of individual vehicles are not currently tracked.
- The miles per gallon calculation within the fuel system is unreliable when erroneous odometer readings are input by users. Fleet Services recently added system restrictions that have reduced the number of erroneous odometer readings.
- Inconsistent practices by employees in using the fuel system (e.g., fueling multiple vehicles or equipment in a single transaction).

Cause

- A formalized process has not been implemented in which all city departments are provided detailed fueling transaction reports for review.

Effect

- Detailed fueling transactions are not being regularly reviewed for irregularities by most department management or supervisors.
- Fueling irregularities may not be properly and timely identified.

Recommendations

- 1.1 Fleet Services management should implement a process by which all city departments receive monthly detailed fueling transaction reports of their employees along with instructions for review of the reports and a discussion of possible indicators of irregularities.
- 1.2 Fleet Services management should evaluate options for increased automation of the generation of the monthly detailed fueling transaction reports and what enhancements can be made to the reports to facilitate the monitoring and identification of fueling transaction irregularities. Consideration should be given to color coding the following types of transactions on the reports to facilitate departmental review.
 - Fueling transactions exceeding tank capacity
 - Multiple fueling transactions within a short period for the same vehicle
 - Weekend, holiday, late night, and early morning transactions
 - Key fob transactions
 - Unusually large transactions
- 1.3 Fleet Services management should begin tracking fuel tank capacities of vehicles for use in monitoring fueling transactions.

2. Compressed Natural Gas Card Oversight

Criteria

Effective oversight of a process requires the maintenance of timely and accurate records.

Condition

The City has 94 active CNG cards assigned to specific city vehicles and 10 active spare CNG cards (per a December 2009 report from the CNG contractor). The following issues were identified in a review of CNG activity from April through November 2009:

- 37 *active* CNG cards were identified with no activity during the period. The following reasons were found for this inactivity:
 - 19 of these cards had never been picked up by city departments to be placed in the respective city vehicle and were still being held by Fleet Services. All of the vehicles associated with these cards except one had non-CNG fueling transactions during the period which is evidence they are bi-fuel vehicles (i.e., can be fueled with either CNG or gasoline).
 - 9 of these cards were spare cards that had not been used during the period.

- 7 of these cards had been picked up from Fleet Services but had not been used during the period.
- 2 of these cards were assigned to vehicles that had been sent to auction and requests had not been made to the CNG contractor to deactivate the cards.
- 12 *deactivated* CNG cards were still in the possession of Fleet Services. Fleet Services subsequently learned from the CNG contractor that these cards could be shredded which was done.
- While Fleet Services maintains a CNG fuel card log identifying the employees to whom the CNG fuel cards are issued, it is not evident from the log which cards have been deactivated and destroyed.

Cause

- Reliance on city departments to pick up CNG cards for placement in vehicles.
- Lack of a formal reconciliation process to CNG contractor records.

Effect

- Delays in getting active CNG cards into city vehicles.
- CNG cards may not be deactivated upon disposal of a vehicle.
- Without CNG cards in bi-fuel vehicles, savings from fueling with CNG cannot be achieved.

Recommendations

- 2.1 Fleet Services management should implement and document a more formalized process for ensuring all active CNG cards are placed in their assigned vehicles.
- 2.2 Fleet Services management should implement and document procedures outlining actions to be taken with CNG cards upon disposal of a vehicle.
- 2.3 Fleet Services management should begin tracking the deactivation and card destruction date on the CNG fuel card log and at a minimum complete an annual reconciliation of the CNG fuel card log to the CNG contractor's records.
- 2.4 Fleet Services management should destroy all deactivated cards and evaluate whether all ten spare CNG cards are necessary.

3. Fueling of Bi-Fuel Vehicles

Criteria

The benefits of bi-fuel vehicles are achieved through the use of a lower priced alternative fuel whenever feasible.

Directive from City Manager on October 5th, 2005:

Where applicable, use compressed natural gas (CNG) as your primary fuel. Cost per gallon for this fuel is over \$1 less per gallon than gasoline or diesel fuel...When you keep the vehicle full with CNG, the vehicle uses that fuel as primary and gasoline as back up.

Condition

A formal policy regarding the use of CNG in bi-fuel vehicles has not been documented and a process is not currently in place for monitoring employee compliance with the directive from the City Manager.

In an analysis of CNG transactions from April through November 2009, 17 CNG cards were identified as being associated with bi-fuel vehicles as these vehicles were fueled with both CNG and gasoline during the period. These vehicles were on average fueled with CNG only 45% of the time. Five of these vehicles were fueled with CNG less than 10% of the time.

Fleet Services management indicated that certain employees consider fueling with CNG to be inconvenient as it sometimes takes longer to fill CNG tanks than liquid fuel tanks.

Cause

- Lack of a documented policy regarding use of CNG fuel in bi-fuel vehicles.
- Lack of a process for monitoring percentage use of CNG fuel in bi-fuel vehicles.

Effect

- Considering the City currently saves approximately 73¢ per gallon when CNG is used in place of gasoline, there are missed savings when gasoline is used rather than CNG in a bi-fuel vehicle.

Recommendations

- 3.1 Fleet Services management should document a policy for city employees outlining the expectations for use of CNG fuel in bi-fuel vehicles.

- 3.2 Fleet Services management should create a process in which CNG card activity is routinely analyzed for vehicles out of compliance with the established policy. Non-compliant employees should be identified and informed of their non-compliance.

4. Terminating Access to Fuel System

Criteria

An employee's access to the fuel system should be terminated upon their separation from employment with the City.

Condition

City employees waive their respective proximity access badges over a card reader to initiate the activation of city fuel pumps. The badge number is then verified against the fuel system's employee database before the fuel pump is activated. Upon review of the fuel system's employee database, we found that the last issued access badge number of employees who have separated from employment with the City remains active in the fuel system.

While ex-employee badge numbers remain active in the fuel system, the risk of an ex-employee activating a fuel pump is reduced by the following controls:

- The ex-employee would need their access badge. Access badges are typically collected from employees by Human Resources when they are processed out. However, an employee could retain his final badge if he requested to keep it as a souvenir of his employment or misrepresented to Human Resources that he had lost it.
- The ex-employee would need to input a valid city vehicle number.
- The ex-employee would need to input an odometer reading that is within an established narrow range of the last odometer reading input into the fuel system for the identified vehicle.

Cause

- The status of an employee's access badge number is not changed to inactive in the fuel system upon the employee's separation from employment with the City.

Effect

- Risk of unauthorized access to the City's fuel system.

Recommendations

- 4.1 Fleet Services management should implement and document a process (manually or automated) by which the status of employee badge numbers are changed to inactive within the fuel system upon termination of employment.
- 4.2 Fleet Services management should review through the fuel system employee database and deactivate the badge numbers of all ex-employees.

5. Account Coding Updates to Fuel System

Criteria

Efficient posting of operational transactions to a general ledger requires source systems to include correct accounting coding.

Condition

Each month a financial analyst in the Department of Finance downloads fuel transactions from the fuel system to electronic files used in the preparation for allocating fueling costs to city departments. The financial analyst must routinely make corrections, often reoccurring ones, to the accounting coding of the individual fueling transactions within the electronic files due to the accounting codes within the fuel system not routinely being updated by Fleet Services to reflect current coding.

Cause

- Lack of a defined process for updating the fuel system with the most current accounting codes.

Effect

- Inefficiencies in the process of posting fueling transactions to the general ledger.

Recommendation

- 5.1 Fleet Services management working with Finance should establish and document a formal process by which Fleet Services makes necessary accounting coding updates monthly to the fuel system based on feedback from Finance.

6. Key Fob Use and Oversight

Criteria

System access instruments must be properly controlled through the establishment of policies and procedures over their use and an accurate recordkeeping of to whom they are assigned.

Condition

Approximately 4,400 gallons of fuel were pumped using key fobs during 2009. At the request of city departments and the Housing Authority, key fobs are activated and issued by Fleet Services. City department representatives must sign a key fob log upon receipt of a key fob. This log is used to track the identification number of issued key fobs, the issuance date, and to whom the key fob was issued.

Fleet Services has not documented formalized policies for employees on the use of key fobs including their responsibilities for safeguarding them and returning them when no longer needed or upon separation from employment. City employees are not held to the same standard as Housing Authority employees with key fobs who are required to sign a form agreeing to the following conditions:

- *By signing below, this person agrees to guard and protect this key fob from harm, loss, and misuse, by themselves or any other person.*
- *The key fobs that you sign for are the property of the City of Las Vegas. They are not to be loaned, traded, or duplicated.*
- *Key fobs must be produced upon demand, for inventory, spot check, or any other legitimate reason by a City Official.*
- *If you should lose your key fob or fail to turn it in upon termination, a \$12.00 fee will be assessed.*

While a key fob log is currently being maintained, the log is incomplete as it was not immediately started when key fobs began being issued. Therefore, the location of all key fobs and to whom they were assigned is not known.

As discussed in Finding #1, the appropriateness of key fob transactions is not currently being monitored by all city departments.

Cause

- Lack of formalized policies and procedures over the use of key fobs.
- Lack of a formalized process for monitoring key fob activity.

Effect

- Lack of accountability of employees for proper use of key fobs.
- Incomplete records on outstanding key fobs.
- Irregular key fob transactions may not be identified.

Recommendations

- 6.1 Fleet Services management should document policies and procedures for city employees on the use and consequences of misuse or loss of key fobs.
- 6.2 Fleet Services management should update the key fob log with all known outstanding key fobs and the employees with responsibility for safeguarding the key fobs. This will require communication with city departments on which key fobs they have in their possession.
- 6.3 Fleet Services management should include key fob activity on detailed fueling transaction reports distributed to departments and ensure the reports clearly identify the key fob transactions.

7. Fueling Operations Policies and Procedures

Criteria

Documented policies and procedures formally establish employee accountability and provide orientation and reference material for employees.

Condition

Fleet Services does not have formalized policies and procedures that address the following areas of the fueling operations:

- Guidelines on the use of city fueling stations by employees
- Proper initiation and completion of fueling transactions at the pumps
- Guidelines on the use of CNG cards and CNG pumps
- Guidelines on the use of key fobs
- Consequences for misuse of the city fuel system
- Roles and responsibilities of departments in monitoring fueling transactions

Cause

- Fleet management has not documented formal policies and procedures on the City's fueling operations for employees and departments to follow.

Effect

- Inconsistent practices in the use of the fuel system.
- Inaccurate or incomplete fueling transaction records.
- Expectations of employees accessing fuel and consequences of misuse of fuel system are not documented.

Recommendation

7.1 Fleet Services management should document policies and procedures that address the following areas:

- Guidelines on the use of city fueling stations by employees
- Proper initiation and completion of fueling transactions at the pumps
- Guidelines on the use of CNG cards and CNG pump use
- Guidelines on the use of key fobs
- Consequences for misuse of the city fuel system
- Roles and responsibilities of departments in monitoring fueling transactions

These policies and procedures once adopted should be communicated and made accessible to city employees.

8. Standard Operating Procedures

Criteria

Standard operating procedures (also known as desk procedures) address the key activities and processes of an organization, how they are performed, and by whom. They assist employees and management in performing the daily functions of an organization. These procedures formally establish employee accountability, provide orientation and reference material for employees, and document the institutional knowledge of existing staff in case of employee turnover or extended absences.

Condition

Fleet Services has limited documentation outlining its procedures in the administration of the City's fueling operations. The following information and procedures are not formally documented for reference by Fleet Services employees:

Fuel System Administration

- Responding to common pump problems encountered by users
- Creation of fuel system reports
- Transaction monitoring procedures
- Updating the general ledger coding
- Calculating monthly fuel price changes and adding changes to fuel system

- Adjusting the fuel system for vehicle transfers and retirements
- Deactivation of employee badge numbers
- Routine fuel system updates
- Annual fuel system backups
- Contacts for servicing the fuel system

Fueling Transaction Reporting

- Reports to be provided monthly to Finance
- Reports to be prepared for Fleet Services management
- Reports to be prepared for city departments

CNG Cards Oversight

- Maintenance of CNG card log
- Ordering new CNG cards
- Deactivation of CNG cards
- CNG invoice review procedures
- Reconciliation of CNG log to CNG contractor records

Key Fobs Oversight

- Ordering new key fobs
- Activation and deactivation of key fobs
- Maintenance of the key fob log
- Issuance of key fobs to outside organizations

During the audit, a key employee involved in the administration of the City's fueling operations transferred to another city department. With the loss of this employee and the lack of documented desk procedures, Fleet Services lost a knowledge base and skills that had been acquired over the years by this employee. This transition would have been easier if desk procedures had been documented.

Cause

- Lack of formalized desk procedures specific to the City's fueling operations.

Effect

- Potential for inconsistencies in practices among staff members.
- Loss of knowledge base with employee rotations and/or turnover.

Recommendation

8.1 Fleet Services management should document desk procedures related to its responsibilities in the oversight of the City's fueling operations including the following areas:

Audit of Field Operations –
Fueling Access and Monitoring
CAO 1705-1011-02
September 22, 2010

- Fuel System Administration
- Fueling Transaction Reporting
- CNG Cards Oversight
- Key Fobs Oversight

MANAGEMENT RESPONSES

1. Fuel Transaction Monitoring

Recommendation 1.1

Fleet Services management should implement a process by which all city departments receive monthly detailed fueling transaction reports of their employees along with instructions for review of the reports and a discussion of possible indicators of irregularities.

Management Action Plan: Develop a Fleet divisional Policy & Procedure involving cross training of staff to provide fueling reports to each Department Director whose staff operate city owned vehicles and equipment on a quarterly basis.

Estimated Date of Completion: 4/1/2011

Recommendation 1.2

Fleet Services management should evaluate options for increased automation of the generation of the monthly detailed fueling transaction reports and what enhancements can be made to the reports to facilitate the monitoring and identification of fueling transaction irregularities. Consideration should be given to color coding the following types of transactions on the reports to facilitate departmental review.

- Fueling transactions exceeding tank capacity
- Multiple fueling transactions within a short period for the same vehicle
- Weekend, holiday, late night, and early morning transactions
- Key fob transactions
- Unusually large transactions

Management Action Plan: In conjunction with 1.1 above, work with I.T. to generate reports to track transactions that appear questionable for Department staff to follow-up with and report back to Fleet Services.

Estimated Date of Completion: 5/15/2011

Recommendation 1.3

Fleet Services management should begin tracking fuel tank capacities of vehicles for use in monitoring fueling transactions.

Management Action Plan: In conjunction with 1.1 above, develop a process to list fuel tank capacities of all city owned vehicles and equipment.

Estimated Date of Completion: 4/1/2011

2. Compressed Natural Gas Card Oversight

Recommendation 2.1

Fleet Services management should implement and document a more formalized process for ensuring all active CNG cards are placed in their assigned vehicles.

Management Action Plan: Use the current sign-out sheet for city employees driving a CNG fueled vehicle as a cross-check for identifying CNG cards that have been turned in and destroyed. If still in use, insure they are easily accessible by placing them in the glove box with the accident report kit that is in each city owned vehicle. Confirm compliance and indicate such compliance on the work order each time the vehicle is brought in for scheduled service.

Estimated Date of Completion: 1/1/2011

Recommendation 2.2

Fleet Services management should implement and document procedures outlining actions to be taken with CNG cards upon disposal of a vehicle.

Management Action Plan: Indicate on the work order generated when a vehicle is brought in for preparation for disposal, that the CNG card has been destroyed by Fleet Services staff.

Estimated Date of Completion: 1/1/2011

Recommendation 2.3

Fleet Services management should begin tracking the deactivation and card destruction date on the CNG fuel card log and at a minimum complete an annual reconciliation of the CNG fuel card log to the CNG contractor's records.

Management Action Plan: Same as 2.2 above. Track the specific deactivation date on the CNG fuel card log. Reconcile annually with the fuel billing report generated by the vendor Clean Energy.

Estimated Date of Completion: 1/1/2011

Recommendation 2.4

Fleet Services management should destroy all deactivated cards and evaluate whether all ten spare CNG cards are necessary.

Management Action Plan: In addition to 2.1 above, develop a CNG Card Deactivation Log that documents all inactive or returned CNG cards have been destroyed and document the date on the log.

Estimated Date of Completion: 1/1/2011

3. Fueling of Bi-Fuel Vehicles

Recommendation 3.1

Fleet Services management should document a policy for city employees outlining the expectations for use of CNG fuel in bi-fuel vehicles.

Management Action Plan: Develop a written Policy & Procedure specifying CNG card “user handling and responsibilities” including that CNG fuel use should be the primary fuel of choice i.e. first used.

Estimated Date of Completion: 2/15/2011

Recommendation 3.2

Fleet Services management should create a process in which CNG card activity is routinely analyzed for vehicles out of compliance with the established policy. Non-compliant employees should be identified and informed of their non-compliance.

Management Action Plan: Audit and report compliance on monthly CNG fuel use reports. Notify by e-mail, the Department Director and/or his/her responsible managing designee, of staff non compliance.

Estimated Date of Completion: 2/15/2011

4. Terminating Access to Fuel System

Recommendation 4.1

Fleet Services management should implement and document a process (manually or automated) by which the status of employee badge numbers are changed to inactive within the fuel system upon termination of employment.

Management Action Plan: HR notifications sent to Fleet Services Manager and Vehicle Services Supervisor when employees have processed out from City employment. Upon such notification, the employee(s) will be de-activated from the fueling system preventing access.

Estimated Date of Completion: 9/1/2010

Recommendation 4.2

Fleet Services management should review through the fuel system employee database and deactivate the badge numbers of all ex-employees.

Management Action Plan: Ask for assistance from D&E and HR to provide a current City ID badge listing. Fleet Services staff to cross-check the listing with all processed out employees and deactivate the active badge numbers of these ex-employees.

Estimated Date of Completion: 12/1/2010

5. Account Coding Updates to Fuel System

Recommendation 5.1

Fleet Services management working with Finance should establish and document a formal process by which Fleet Services makes necessary accounting coding updates monthly to the fuel system based on feedback from Finance.

Management Action Plan: Review with Finance and establish a notification process whereby Finance informs Fleet Services Manager when coding changes occur. In turn, the Manager or his designee will enter the new data upon receipt.

Estimated Date of Completion: 11/1/2010

6. Key Fob Use and Oversight

Recommendation 6.1

Fleet Services management should document policies and procedures for city employees on the use and consequences of misuse or loss of key fobs.

Management Action Plan: Develop a formal Policy & Procedure for the proper use of key fobs.

Estimated Date of Completion: 1/1/2011

Recommendation 6.2

Fleet Services management should update the key fob log with all known outstanding key fobs and the employees with responsibility for safeguarding the key fobs. This will require communication with city departments on which key fobs they have in their possession.

Management Action Plan: In conjunction with 6.1 above, conduct a physical inventory of all key fobs issued to date. Enlist the assistance of departments currently in possession of key fobs for an accounting and cross check that information with what we have on record.

Estimated Date of Completion: 1/1/2011

Recommendation 6.3

Fleet Services management should include key fob activity on detailed fueling transaction reports distributed to departments and ensure the reports clearly identify the key fob transactions.

Management Action Plan: In conjunction with 1.1 above, key fob fueling transactions will be included and identified on the quarterly fueling reports to departments for review. Any key fobs with low or no activity will be deactivated.

Estimated Date of Completion: 4/1/2011

7. Fueling Operations Policies and Procedures

Recommendation 7.1

Fleet Services management should document policies and procedures that address the following areas:

- Guidelines on the use of city fueling stations by employees
- Proper initiation and completion of fueling transactions at the pumps
- Guidelines on the use of CNG cards and CNG pump use
- Guidelines on the use of key fobs
- Consequences for misuse of the city fuel system
- Roles and responsibilities of departments in monitoring fueling transactions

These policies and procedures once adopted should be communicated and made accessible to city employees.

Management Action Plan: Develop a city wide Policy clearly explaining fueling procedures and in conjunction with recommendation 1.1, provide detailed reports so that each department can readily ascertain suspicious fueling activities and report such activity to appropriate city staff.

Estimated Date of Completion: 6/15/2011

8. Standard Operating Procedures

Recommendation 8.1

Fleet Services management should document desk procedures related to its responsibilities in the oversight of the City's fueling operations including the following areas:

- Fuel System Administration
- Fueling Transaction Reporting
- CNG Cards Oversight
- Key Fobs Oversight

Management Action Plan: Develop internal procedures and cross train Fleet Services staff in the monitoring of the city's fuel systems.

Estimated Date of Completion: 6/15/2011