



Audit Oversight Committee Agenda

Items listed on the agenda may be taken out of the order presented; two or more agenda items for consideration may be combined; and any item on the agenda may be removed or related discussion may be delayed at any time. Backup material for this agenda may be obtained from LuAnn D. Holmes, City Clerk, at the Office of the City Clerk, 495 South Main Street, 2nd Floor or on the city's webpage at www.lasvegasnevada.gov.

1. **Call to Order and Roll Call**
2. **Announcement Regarding: Compliance with Open Meeting Law**
3. **Public Comment:** Comment during this portion of the agenda must be limited to matters on the agenda for action. If you wish to be heard, come forward and give your name for the record. The amount of discussion, as well as the amount of time any single speaker is allowed, may be limited.
4. For possible action to approve the Final Minutes by reference of the Regular Meeting of April 12, 2021
5. Discussion for possible action regarding Audits of Operations & Maintenance Divisions - Fueling Transactions Oversight for Facilities (CW015-2021-11), Streets & Sanitation (CW015-2021-12), and Fleet & Fuel Services (CW015-2021-13) and (CW015-2021-14)
6. Discussion for possible action regarding Audit of Department of Information Technologies – Change Control Procedures (IT005-2021-15)
7. Report by staff regarding the City of Las Vegas' cybersecurity threat controls
8. Report by staff regarding current audits
9. **Discussion regarding topics for future agenda items.** Comments made during this portion of the agenda by individual members shall refer solely to proposals for future agenda items and any discussion shall be limited to whether or not such proposed items are within the purview of the Committee and/or whether such proposed items shall be placed on a future agenda. No discussion regarding the substance of any such proposed topic shall occur and no action shall be taken.
10. **Citizens Participation:** Public comment during this portion of the agenda must be limited to matters within the jurisdiction of the Committee. No subject may be acted upon by the Committee unless that subject is on the agenda and is scheduled for action. If you wish to be heard, come forward and give your name for the record. The amount of discussion on any single subject, as well as the amount of time any single speaker is allowed, may be limited.
11. **Adjournment**

Facilities are provided throughout City Hall for the convenience of persons with disabilities. Reasonable efforts will be made to assist and accommodate persons with disabilities or impairments. If you need an accommodation to attend and participate in this meeting, please call the City Clerk's office at 702-229-6311 and advise of your need at least 48 hours in advance of the meeting. Dial 7-1-1 for Relay Nevada.

THIS MEETING HAS BEEN PROPERLY NOTICED AND POSTED AT THE FOLLOWING LOCATIONS:

City Hall, 495 South Main Street, 1st Floor
Clark County Government Center, 500 South Grand Central Parkway
Grant Sawyer Building, 555 East Washington Avenue
Howard Lieburn Senior Center, 6230 Garwood Avenue



Background

- The city's **Fleet and Fuel Services Division** (Fleet Services) of the Operations & Maintenance Department administers the city's fueling operations including 19 city fuel sites.
- To access a city fuel pump, a plastic electronic fob known as a **prokee** must be placed into a slot at the pump.
- **Primary Prokee** – Assigned to a specific vehicle.
- **Secondary Prokee** – Not assigned to any specific vehicle or piece of equipment. Used for filling gas cans and small equipment.





Objectives

Our audit objectives were as follows:

- **Forms** - To determine whether a secondary prokee request form signed by a current employee and manager exists for every secondary prokee issued.
- **Logs and Reconciliations** - To determine whether a secondary prokee use log is being maintained and reconciled to the monthly secondary prokee fueling reports.
- **Review of Reports** - To determine whether management is reviewing the primary and secondary prokee fueling reports from Fleet Services for irregular transactions and researching any identified irregularities.
- **Document Retention** - To determine whether use logs, reconciliations, and fueling report review documentation are being retained in accordance with the fueling procedures.



Primary Prokee Activity – O&M

O&M DIVISION	# Primary Transactions in FY20	# Primary Gallons in FY20
Facilities	1,417	28,580
Fleet & Fuel Services	379	4,827
Streets & Sanitation	10,345	240,288



Secondary Prokees – O&M

O&M DIVISION	# Secondary Prokees	# Secondary Transactions in FY20	# Secondary Gallons Used in FY20
Facilities	1	7	33
Fleet & Fuel Services	5	26	64
Streets & Sanitation	17	285	1,217



Findings

SECONDARY PROKEE TESTING RESULTS

O&M DIVISION	# Emp Signature Exceptions	# Mgr Signature Exceptions	Log?	Recon?	Recon Doc Complete?	Reports Reviewed?	Review Documentation Adequate?
Facilities	0	1	Y	N	N	Y	N
Fleet & Fuel Services	5	5	N	N	N	N	N
Streets & Sanitation	9	8	Y	Y	N	Y	N



Findings

PRIMARY PROKEES TESTING RESULTS		
	Primary Qtrly Reports Reviewed for Irregularities?	Review Documentation Adequate?
O&M DIVISION		
Facilities	Y	N
Fleet & Fuel Services	N	N
Streets & Sanitation	Y	N



Recommendations

Operations and Maintenance Divisions should:

- Update outdated secondary prokee request forms
- Evaluate whether all of their secondary prokees are still needed
- Document and implement department procedures requiring that use logs be maintained for all secondary prokees and that they be reconciled to the fueling reports and signed and dated by the preparer and reviewer
- Document and implement department procedures requiring that the monthly and quarterly fueling reports be reviewed for irregular transactions and that this review be appropriately documented



Fleet & Fuel Services Fueling Program Administration

- City Auditor's Office completed 10 fueling transaction oversight audits in the 8 departments with secondary prokees.
- During these audits, improvements needed in the administration of the fueling program were identified.
- This report includes those recommendations for improvement.



Finding #1

Improved Communications on Fueling Procedures Needed

Recommendations

- 1.1 Improve communication of fueling policies and procedures with city departments.
- 1.2 Implement procedures for periodically reminding departments of the fueling policies and procedures.
- 1.3 Create citywide fueling policies and procedures.
- 1.4 Review compliance periodically by city departments.

16



Finding #2

Improvements Needed to Fueling Reports

Recommendations

- 2.1 Review fueling report deficiencies identified and make improvements where possible to the fueling reports.
- 2.2 Implement procedures to ensure data on the fueling reports is accurate and complete.



Finding #3

Improved Management of Secondary Prokees Needed

Recommendations

- 3.1 Document and implement procedures to keep records current.
- 3.2 Review records to ensure a request form exists for every secondary prokee.
- 3.3 Identify secondary prokees with infrequent use and inquire as to whether they are still needed.



Questions?

CITY AUDITOR'S OFFICE



**AUDIT OF
OPERATIONS & MAINTENANCE DEPARTMENT**

FACILITIES DIVISION

FUELING TRANSACTIONS OVERSIGHT

Report CW015-2021-11

June 10, 2021

RADFORD K. SNELDING, CPA, CIA, CFE

CITY AUDITOR

TABLE OF CONTENTS

BACKGROUND	1
OBJECTIVES	2
SCOPE AND METHODOLOGY.....	2
FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS.....	2
1. Lack of Secondary Prokee Use Log Reconciliations	3
2. Lack of Documented Evidence of Review of Fueling Reports.....	5
Appendix A	7
Appendix B.....	8
MANAGEMENT RESPONSE	9

**AUDIT OF OPERATIONS & MAINTENANCE DEPARTMENT
FACILITIES DIVISION
FUELING TRANSACTIONS OVERSIGHT
Report CW015-2021-11**

BACKGROUND

The city's Fleet and Fuel Services Division (Fleet Services) of the Operations and Maintenance Department (Operations and Maintenance) administers the city's fueling operations. Fleet Services oversees the operation of 19 city fuel sites. City employees utilize the fuel pumps at these fuel sites for fueling city vehicles and equipment.

The staff of the Facilities Management Division (Facilities) of Operations and Maintenance utilize city fuel sites for fueling department vehicles and equipment. To access a city fuel pump, a plastic electronic fob known as a prokee must be placed into a slot at the pump.

All city vehicles have an assigned prokee that is programmed with that vehicle's information. These prokees are referred to as primary prokees. In order to access a fuel pump for fueling equipment without a designated prokee or for filling a gas can, city employees must utilize what is referred to as a secondary prokee. Considering secondary prokees are not assigned to any specific vehicle or piece of equipment, there is greater risk of fuel theft occurring with these prokees.

In order to obtain a secondary prokee, a city employee and their manager must complete and sign a secondary prokee request form (see Appendix A). This form requires the employee and manager to agree to comply with a list of rules documented on the form including "tracking all fuel disbursements" and the "reconciliation of disbursement logs." The *Small Equipment Fueling Operations Procedure (O&M-FS-Fuel02)* further explains that the departments are responsible for "recording all disbursements on a log sheet (see Appendix B) and for reconciling the log sheet against an automated monthly disbursement report provided by the Fleet Services Division."

Fleet Services currently generates 1) quarterly primary prokee fueling transaction reports and 2) monthly secondary prokee fueling transaction reports from the city's fueling system and emails these reports to city departments. According to the *Fuel Transaction Monitoring Procedure (O&M-FS-Fuel06)*, departments are responsible for "reviewing reports for assigned units, identifying and investigating concerns, and for taking appropriate action for misuse of the fuel system by subordinate personnel."

During fiscal year 2020, Facilities had 1,417 primary prokee transactions totaling 28,580 gallons and 7 secondary prokee transactions totaling 33 gallons.

OBJECTIVES

Our audit objectives were as follows:

- To determine whether a secondary prokee request form signed by a current employee and manager exists for every secondary prokee issued to Facilities.
- To determine whether Facilities is maintaining a secondary prokee use log and reconciling the log to the monthly secondary prokee fueling reports.
- To determine whether Facilities management is reviewing the primary and secondary prokee fueling reports from Fleet Services for irregular transactions and researching any identified irregularities.
- To determine whether use logs, reconciliations, and fueling report review documentation are being retained in accordance with the fueling policy by Facilities.

SCOPE AND METHODOLOGY

The scope of our work was limited to the management controls within the context of the audit objectives and scope of the audit. The scope of the audit was limited to the review of fueling logs, reconciliations, and fueling reports in fiscal year 2020. The last date of fieldwork was February 3, 2021.

Our audit methodology included:

- Review of fueling policies and procedures
- Review of secondary prokee request forms
- Review of fueling reports issued by Fleet Services
- Interviews with city employees
- Testing of reconciliations of fueling use logs to fueling reports

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 reasonable basis for our findings and conclusions based on our audit objectives.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

The following findings and conclusions to the audit objectives were noted:

A secondary prokee request form is on file with Fleet Services for Facilities' one secondary prokee; however, the manager who signed the form is no longer in Operations and Maintenance. (See Finding #1)

A secondary prokee use log is being maintained by a Facilities supervisor for secondary prokee transactions. However, there is no documented evidence that the use log is being formally

AUDIT OF OPERATIONS & MAINTENANCE DEPARTMENT
FACILITIES DIVISION
FUELING TRANSACTIONS OVERSIGHT
CW015-2021-11
June 10, 2021

reconciled to the monthly fueling reports and reviewed for irregular transactions. (See Finding #1)

The fueling reports are being reviewed for irregular transactions by a Facilities supervisor and manager; however, there is no documented evidence of this review (i.e., identification of irregular transactions, notes and conclusions on the research into the irregular transactions, supervisor and manager's signature and date of their review). (See Finding #2)

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

Contributors to this report included:

Radford K. Snelding, CPA, CIA, CFE
City Auditor

Bryan L. Smith, CPA, CFE
Internal Audit Section Manager

Gary L. Phillips, CFE
Senior Internal Auditor

1. Lack of Secondary Prokee Use Log Reconciliations

Criteria

The *Small Equipment Fueling Operations Procedure (O&M-FS-Fuel02)* states the following:

In order to obtain assignment of a secondary unit prokee for general utilization (e.g., small equipment, rental unit, gas can), a user organization must complete and submit a "Secondary Prokee Request Form". The form allows the user to select all 3 fuel types for approval, plus define the daily limit of each type.

A secondary prokee will be assigned to a specific individual only, and that individual is responsible for the appropriate use of all gasoline dispensed using the prokee, for recording all disbursements on a log sheet, and for reconciling the log sheet against an automated monthly disbursement report provided by Fleet Services Division. Fleet Services Division recommends that individuals responsible for the secondary prokees be at a supervisory level or higher.

Managers are responsible for assignment of prokee responsibility to a specific individual and for ensuring that tracking logs are kept appropriately and are reconciled with monthly reports

AUDIT OF OPERATIONS & MAINTENANCE DEPARTMENT
FACILITIES DIVISION
FUELING TRANSACTIONS OVERSIGHT
CW015-2021-11
June 10, 2021

received from Fleet Services Division. Employees who are designated for assignment of a prokee are responsible for ensuring proper use of fuel disbursement, following operational processes and rules, maintaining adequate logs, and reconciling disbursements on a monthly basis.

Fueling operations of this type provide a potential for misuse and must be monitored and controlled. The reconciliation records are subject to review by Fleet Services Division or the Office of the City Auditor.

Tracking logs and reconciliation documents are under the control of the user organizations, and it is recommended they be kept for a minimum of one year.

The secondary prokee request form signed by an employee and their manager includes the following rules agreed to by each employee requesting a secondary prokee:

- *User is responsible for tracking all fuel disbursements.*
- *Respective management staff members are responsible for the oversight of fuel operations and reconciliation of disbursement logs.*

Condition

Considering secondary prokees are not assigned to a specific vehicle or piece of equipment, there is greater risk of fuel theft. Accordingly, a secondary prokee request form is required to be signed by an employee and manager for each secondary prokee and departments are required to record secondary prokee usage on a use log and to reconcile the use log to the monthly secondary prokee fueling system reports. See the suggested use log at Appendix B.

Facilities has one active secondary prokee that was used seven times during fiscal year 2020. A secondary prokee request form is on file with Fleet Services for this secondary prokee; however, the manager who signed the form is no longer with Operations and Maintenance.

While a secondary prokee use log is being maintained by a Facilities Supervisor, there is no documented evidence that the use log is being formally reconciled to the monthly secondary prokee fueling reports and reviewed for irregular transactions.

Cause

- Facilities staff did not update their secondary prokee request form when there was a change in management.
- Fleet Services has not requested new secondary prokee request forms when employees transfer to another department or leave employment with the city.
- Lack of documented procedures on how to appropriately complete and document a secondary prokee fueling report reconciliation.

Effect

- Lack of accountability of staff and management without properly signed secondary prokee request forms.
- Fuel theft may occur without detection without a reconciliation of the use log to the secondary prokee fueling reports.

Recommendations

- 1.1 Facilities management working with Fleet Services should update its secondary prokee request form to include the signature of the manager responsible for oversight of the secondary prokee use log reconciliation.
- 1.2 Facilities management should document and implement procedures for reconciling the use logs to the secondary prokee fueling reports. These procedures should require that all transactions on the monthly secondary prokee fueling reports be traced to the corresponding entries on the use log and that any unrecorded transactions be identified, researched, and explanations documented on the fueling report. The procedures should also require that the secondary prokee fueling reports be reviewed for irregular transactions and if any are found that they be researched and explanations documented on the fueling report.
- 1.3 Facilities management should document and implement procedures requiring that the secondary prokee reconciliation documentation (including the use logs and fueling reports used in the reconciliation) be reviewed by a manager and retained for a minimum of a year in accordance with policy. The reconciliations should be signed and dated by the preparer and manager.

2. Lack of Documented Evidence of Review of Fueling Reports

Criteria

According to the *Fuel Transaction Monitoring Procedure (O&M-FS-Fuel06)*, departments are responsible for reviewing the fueling reports for any irregular transactions:

The Fleet Services Division Manager is responsible for generating and sending the various reports to all departments. The respective managers for the various budget organizational numbers are responsible for reviewing reports for assigned units, identifying and investigating concerns, and for taking appropriate action for misuse of the fuel system by subordinate personnel.

Records generated by user divisions should be maintained for a minimum of 1 year.

AUDIT OF OPERATIONS & MAINTENANCE DEPARTMENT
FACILITIES DIVISION
FUELING TRANSACTIONS OVERSIGHT
CW015-2021-11
June 10, 2021

Condition

While Facilities management stated that they are reviewing the monthly and quarterly fueling reports for irregular transactions, there is no documented evidence of their review such as the identification of irregular transactions, notes on their research into these transactions, and reviewer signatures and dates of review on the reports.

Cause

- Lack of documented procedures on how to properly complete and document the review of the fueling reports and the required retention of this documentation.

Effect

- Lack of documented evidence of review of fueling reports.
- Lack of accountability for review of fueling reports without documented evidence of the review.
- Fuel theft may occur without detection.

Recommendation

- 2.1 Facilities management should document and implement procedures for reviewing the fueling reports for irregular transactions. Documented evidence of the review should include a copy of the fueling reports along with the identification of irregular transactions, the reviewer's notes on research into these transactions, the reviewer's signature, and the date of the review. If the initial reviewer is not a manager, the review documentation should subsequently be reviewed, approved, and signed by a manager. Review documentation should be retained for a minimum of a year to comply with fueling policy.

AUDIT OF OPERATIONS & MAINTENANCE DEPARTMENT
 FACILITIES DIVISION
 FUELING TRANSACTIONS OVERSIGHT
 CW015-2021-11
 June 10, 2021

Appendix A

SECONDARY PROKEE REQUEST FORM

I, _____, hereby request secondary prokee(s) to access to the CLV fuel system and agree to follow the process steps, and abide by the rules listed below. The process for dispensing fuel is as follows:

Prokee Transaction

- Drive up to appropriate fuel dispenser
 - Insert prokee into electronic reader
 - Remove and reinsert prokee as prompted
 - As prompted enter employee identification number
 - As prompted enter pump number desired
 - Remove respective nozzle and turn pump lever to initiate operation and squeeze nozzle handle to dispense fuel
 - Return pump lever and nozzle to original positions upon completion
 - Insert prokee into electronic reader to update daily data
- **CLV fueling locations and products are for official approved use only. Misuse may constitute theft in accordance with *NRS 205.0832*, and in accordance with the City Fraud Policy FSD will report any reasonable suspicion of theft or fraud to the Department of Detention and Enforcement City Marshals.**
 - No smoking is allowed in or around a fuel pump area.
 - No loitering is allowed in or around a fuel pump area.
 - A vehicle in a fuel pump area is to be turned off and attended to at all times.
 - During fueling activities the vehicle operator is to be in control of the fuel pump nozzle until it is returned to the dispenser cabinet.
 - Utilize approved transport containers only.
 - **User is responsible for tracking all fuel disbursements.**
 - **Respective management staff members are responsible for the oversight of fuel operations and reconciliation of disbursement logs.**
 - Follow the process steps as provided above, and as prompted by the electronic reader. Failure to do so may result in automated lockout of fueling privileges. Restoration of lockout applications will be at the discretion of FSD.
 - Report the loss of any prokee immediately. Cost assessments will apply to prokee replacements.
 - The user is responsible for knowing and following all other applicable safety rules and precautions
 - **Use of the City fuel sites is a privilege and not a right of employment. Continued or blatant misuse of the system will result in temporary or permanent suspension of fueling privileges.**

Prokee Request No.	Unit No.	Max Gallons Gasoline	Max Gallons Diesel	Max Gallons Bio-Diesel
1				
2				
3				
4				
5				

Employee Printed Name

Employee Signature

Date

Manager Printed Name

Manager Signature

Date

MANAGEMENT RESPONSE

1. Lack of Secondary Prokee Use Log Reconciliations

- 1.1 Facilities management working with Fleet Services should update its secondary prokee request form to include the signature of the manager responsible for oversight of the secondary prokee use log reconciliation.

Management Action Plan: The current list of assigned prokees for the division will be updated to current status, and new request forms submitted to Fleet as needed.

Estimated Date of Completion: March 31,2021

- 1.2 Facilities management should document and implement procedures for reconciling the use logs to the secondary prokee fueling reports. These procedures should require that all transactions on the monthly secondary prokee fueling reports be traced to the corresponding entries on the use log and that any unrecorded transactions be identified, researched, and explanations documented on the fueling report. The procedures should also require that the secondary prokee fueling reports be reviewed for irregular transactions and if any are found that they be researched and explanations documented on the fueling report.

Management Action Plan: A new departmental procedure will include requirements for monthly review and reconciliation of Fleet provided transaction summary with the divisional use, including documentation of any discrepancies.

Estimated Date of Completion: April 26, 2021

- 1.3 Facilities management should document and implement procedures requiring that the secondary prokee reconciliation documentation (including the use logs and fueling reports used in the reconciliation) be reviewed by a manager and retained for a minimum of a year in accordance with policy. The reconciliations should be signed and dated by the preparer and manager.

Management Action Plan: The new departmental procedure will include requirements for review and approval of the monthly transaction documentation reconciliation with the annual log, via signature acceptance by both the Responsible Employee to whom the prokee is issued and the respective division manager. The records will kept on a calendar year basis, for a minimum to the beginning of 2 calendar years forward (e.g., CY-2021 records will be kept at a minimum until January, 2023), but afterwards should routinely be disposed of as part of the annual process.

Estimated Date of Completion: April 26, 2021

2. Lack of Documented Evidence of Review of Fueling Reports

- 2.1 Facilities management should document and implement procedures for reviewing the fueling reports for irregular transactions. Documented evidence of the review should include a copy of the fueling reports along with the identification of irregular transactions, the reviewer's notes on research into these transactions, the reviewer's signature, and the date of the review. If the initial reviewer is not a manager, the review documentation should subsequently be reviewed, approved, and signed by a manager. Review documentation should be retained for a minimum of a year to comply with fueling policy.

Management Action Plan: The new departmental procedure will include requirements for review of the monthly reports, and documented acceptance of any color coded (i.e., irregular) transactions as reported by Fleet on the transaction summary. Monthly review and records retention will be as described in response to items 1.2 and 1.3.

Estimated Date of Completion: April 26, 2021

CITY AUDITOR'S OFFICE



**AUDIT OF
OPERATIONS & MAINTENANCE DEPARTMENT**

STREETS AND SANITATION DIVISION

FUELING TRANSACTIONS OVERSIGHT

Report CW015-2021-12

June 10, 2021

RADFORD K. SNELDING, CPA, CIA, CFE

CITY AUDITOR

TABLE OF CONTENTS

BACKGROUND	1
OBJECTIVES	2
SCOPE AND METHODOLOGY.....	2
FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS.....	2
1. Outdated Secondary Prokee Request Forms.....	3
2. Lack of Documented Evidence of Review.....	5
Appendix A	7
Appendix B.....	8
MANAGEMENT RESPONSE	9

**AUDIT OF OPERATIONS & MAINTENANCE DEPARTMENT
STREETS AND SANITATION DIVISION
FUELING TRANSACTIONS OVERSIGHT
Report CW015-2021-12**

BACKGROUND

The city's Fleet and Fuel Services Division (Fleet Services) of the Operations and Maintenance Department (Operations and Maintenance) administers the city's fueling operations. Fleet Services oversees the operation of 19 city fuel sites. City employees utilize the fuel pumps at these fuel sites for fueling city vehicles and equipment.

The staff of the Streets and Sanitation Division (Streets) of Operations and Maintenance utilize city fuel sites for fueling department vehicles and equipment. To access a city fuel pump, a plastic electronic fob known as a prokee must be placed into a slot at the pump.

All city vehicles have an assigned prokee that is programmed with that vehicle's information. These prokees are referred to as primary prokees. In order to access a fuel pump for fueling equipment without a designated prokee or for filling a gas can, city employees must utilize what is referred to as a secondary prokee. Considering secondary prokees are not assigned to any specific vehicle or piece of equipment, there is greater risk of fuel theft occurring with these prokees.

In order to obtain a secondary prokee, a city employee and their manager must complete and sign a secondary prokee request form (see Appendix A). This form requires the employee and manager to agree to comply with a list of rules documented on the form including "tracking all fuel disbursements" and the "reconciliation of disbursement logs." The *Small Equipment Fueling Operations Procedure (O&M-FS-Fuel02)* further explains that the departments are responsible for "recording all disbursements on a log sheet (see Appendix B) and for reconciling the log sheet against an automated monthly disbursement report provided by the Fleet Services Division."

Fleet Services currently generates 1) quarterly primary prokee fueling transaction reports and 2) monthly secondary prokee fueling transaction reports from the city's fueling system and emails these reports to city departments. According to the *Fuel Transaction Monitoring Procedure (O&M-FS-Fuel06)*, departments are responsible for "reviewing reports for assigned units, identifying and investigating concerns, and for taking appropriate action for misuse of the fuel system by subordinate personnel."

During fiscal year 2020, Streets had 10,345 primary prokee transactions totaling 240,288 gallons and 285 secondary prokee transactions totaling 1,217 gallons.

OBJECTIVES

Our audit objectives were as follows:

- To determine whether a secondary prokee request form signed by a current employee and manager exists for every secondary prokee issued to Streets.
- To determine whether Streets is maintaining a secondary prokee use log and reconciling the log to the monthly secondary prokee fueling reports.
- To determine whether Streets management is reviewing the primary and secondary prokee fueling reports from Fleet Services for irregular transactions and researching any identified irregularities.
- To determine whether use logs, reconciliations, and fueling report review documentation are being retained in accordance with the fueling policy by Streets.

SCOPE AND METHODOLOGY

The scope of our work was limited to the management controls within the context of the audit objectives and scope of the audit. The scope of the audit was limited to the review of fueling logs, reconciliations, and fueling reports in fiscal year 2020. The last date of fieldwork was February 3, 2021.

Our audit methodology included:

- Review of fueling policies and procedures
- Review of secondary prokee request forms
- Review of fueling reports issued by Fleet Services
- Interviews with city employees
- Testing of reconciliations of fueling use logs to fueling reports

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 reasonable basis for our findings and conclusions based on our audit objectives.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

The following findings and conclusions to the audit objectives were noted:

Outdated and missing secondary prokee request forms were identified. In addition, nine secondary prokees were found to not have been used at all during fiscal year 2020 and therefore may no longer be needed. (See Finding #1)

Secondary prokee use logs are being maintained and reconciled monthly by a Streets manager. However, the reconciliations are not being signed and dated by the manager and the reconciliations

AUDIT OF OPERATIONS & MAINTENANCE DEPARTMENT
STREETS AND SANITATION DIVISION
FUELING TRANSACTIONS OVERSIGHT
CW015-2021-12
June 10, 2021

are not being reviewed, approved, signed, and dated by his supervisor, the deputy director. (See Finding #2)

The primary and secondary fueling reports are being reviewed for irregular transactions by a manager and deputy director, however, there is no documented evidence of this review (i.e., identification of irregular transactions, notes and conclusions on the research into the irregular transactions, and signature and date of the review). (See Finding #2)

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

Contributors to this report included:

Radford K. Snelding, CPA, CIA, CFE
City Auditor

Bryan L. Smith, CPA, CFE
Internal Audit Section Manager

Gary L. Phillips, CFE
Senior Internal Auditor

1. Outdated Secondary Prokee Request Forms

Criteria

The *Small Equipment Fueling Operations Procedure (O&M-FS-Fuel02)* states the following:

In order to obtain assignment of a secondary unit prokee for general utilization (e.g., small equipment, rental unit, gas can), a user organization must complete and submit a "Secondary Prokee Request Form". The form allows the user to select all 3 fuel types for approval, plus define the daily limit of each type.

A secondary prokee will be assigned to a specific individual only, and that individual is responsible for the appropriate use of all gasoline dispensed using the prokee, for recording all disbursements on a log sheet, and for reconciling the log sheet against an automated monthly disbursement report provided by Fleet Services Division. Fleet Services Division recommends that individuals responsible for the secondary prokees be at a supervisory level or higher.

AUDIT OF OPERATIONS & MAINTENANCE DEPARTMENT
STREETS AND SANITATION DIVISION
FUELING TRANSACTIONS OVERSIGHT
CW015-2021-12
June 10, 2021

Condition

A secondary prokee request form is required to be signed by an employee and manager for each secondary prokee issued. At the beginning of fiscal year 2020, Streets had 22 secondary prokees. During the fiscal year, an additional three secondary prokees were activated and eight were deactivated leaving Streets with 17 secondary prokees as of the end of fiscal year 2020. The following deficiencies were noted with the secondary prokee request forms and fueling system records for these secondary prokees:

- Three secondary prokees did not have completed forms.
- One form was missing the signature of the employee to whom the secondary prokee was assigned.
- Five forms were signed by employees who are no longer employed with Streets.
- Five forms were signed by a manager who is no longer employed with Streets.
- Three of the secondary prokees have employee names in the fueling system that are different than those on the corresponding forms.
- Four of the secondary prokees have names of employees in the fueling system that are no longer employed with Streets.

In our review of Streets' secondary prokee transactions during fiscal year 2020, we noted that eight prokees were not used at all. Five of these eight prokees were deactivated by Fleet in March 2020.

Cause

- Streets staff have not updated their secondary prokee request forms when there were changes in staff and management.
- Fleet Services has not requested new secondary prokee request forms when there were changes in staff and management.

Effect

- Lack of accountability of staff and management without properly signed secondary prokee request forms.

Recommendations

- 1.1 Streets management working with Fleet Services should update its secondary prokee request forms and request that Fleet Services update the fueling system records to reflect current secondary prokee assignments.
- 1.2 Streets management should evaluate whether all of their secondary prokees are still needed and return any that are not to Fleet Services.

2. Lack of Documented Evidence of Review

Criteria

The *Small Equipment Fueling Operations Procedure (O&M-FS-Fuel02)* states the following:

A secondary prokee will be assigned to a specific individual only, and that individual is responsible for the appropriate use of all gasoline dispensed using the prokee, for recording all disbursements on a log sheet, and for reconciling the log sheet against an automated monthly disbursement report provided by Fleet Services Division. Fleet Services Division recommends that individuals responsible for the secondary prokees be at a supervisory level or higher.

Managers are responsible for assignment of prokee responsibility to a specific individual and for ensuring that tracking logs are kept appropriately and are reconciled with monthly reports received from Fleet Services Division. Employees who are designated for assignment of a prokee are responsible for ensuring proper use of fuel disbursement, following operational processes and rules, maintaining adequate logs, and reconciling disbursements on a monthly basis.

Fueling operations of this type provide a potential for misuse and must be monitored and controlled. The reconciliation records are subject to review by Fleet Services Division or the Office of the City Auditor.

Tracking logs and reconciliation documents are under the control of the user organizations, and it is recommended they be kept for a minimum of one year.

According to the *Fuel Transaction Monitoring Procedure (O&M-FS-Fuel06)*, departments are responsible for reviewing the fueling reports for any irregular transactions:

The Fleet Services Division Manager is responsible for generating and sending the various reports to all departments. The respective managers for the various budget organizational numbers are responsible for reviewing reports for assigned units, identifying and investigating concerns, and for taking appropriate action for misuse of the fuel system by subordinate personnel.

Records generated by user divisions should be maintained for a minimum of 1 year.

Condition

Streets employees maintain secondary prokee use logs and they are being reconciled monthly to the secondary fueling reports by a Streets manager. These reconciliations are being appropriately retained by the manager. However, the reconciliations are not signed and dated by the manager and they are not reviewed, signed, and dated by the deputy director to whom the manager reports.

AUDIT OF OPERATIONS & MAINTENANCE DEPARTMENT
STREETS AND SANITATION DIVISION
FUELING TRANSACTIONS OVERSIGHT
CW015-2021-12
June 10, 2021

While the manager and deputy director receive the monthly and quarterly prokee fueling reports and represented to us that they review them for irregular transactions, there is no documented evidence of their review such as the identification of irregular transactions, notes on their research into these transactions, and their signatures and dates of their review.

Cause

- Lack of documented procedures on how to properly document the secondary prokee use log reconciliation and review of the fueling reports.

Effect

- Lack of documented evidence of who performed and reviewed the secondary prokee reconciliations.
- Lack of documented evidence that the primary and secondary prokee fueling reports are being reviewed for irregular transactions.
- Potential for fuel theft without detection if these procedures are not performed.

Recommendations

- 2.1 Streets management should document and implement procedures requiring that the secondary prokee reconciliation documentation (including the use logs and fueling reports used in the reconciliation) be subject to a supervisory review and approval and be retained for a minimum of a year in accordance with policy. The reconciliations should be signed and dated by both the preparer and reviewer.
- 2.2 Streets management should document and implement procedures for reviewing both the primary and secondary fueling reports for irregular transactions. Documented evidence of the review should include a copy of the fueling reports along with the identification of irregular transactions, the reviewer's notes on research into these transactions, the reviewer's signature, and the date of the review. If the initial reviewer is not a manager, the review documentation should subsequently be reviewed, approved, and signed by a manager. Review documentation should be retained for a minimum of a year to comply with fueling policy.

MANAGEMENT RESPONSE

1. Outdated Secondary Prokee Request Forms

- 1.1 Streets management working with Fleet Services should update its secondary prokee request forms and request that Fleet Services update the fueling system records to reflect current secondary prokee assignments.

Management Action Plan: The current list of assigned prokees for the division will be updated to current status, and new request forms compiled and submitted.

Estimated Date of Completion: March 31, 2021

- 1.2 Streets management should evaluate whether all of their secondary prokees are still needed and return any that are not to Fleet Services.

Management Action Plan: This will be completed as part of 1.1.

Estimated Date of Completion: March 31, 2021

2. Lack of Documented Evidence of Review

- 2.1 Streets management should document and implement procedures requiring that the secondary prokee reconciliation documentation (including the use logs and fueling reports used in the reconciliation) be subject to a supervisory review and approval and be retained for a minimum of a year in accordance with policy. The reconciliations should be signed and dated by both the preparer and reviewer.

Management Action Plan: A new departmental procedure will include requirements for monthly review and reconciliation of Fleet provided transaction summary with the divisional use, including documentation of discrepancies and record requirements.

Estimated Date of Completion: April 26, 2021

- 2.2 Streets management should document and implement procedures for reviewing both the primary and secondary fueling reports for irregular transactions. Documented evidence of the review should include a copy of the fueling reports along with the identification of irregular transactions, the reviewer's notes on research into these transactions, the reviewer's signature, and the date of the review. If the initial reviewer is not a manager, the review documentation should subsequently be reviewed, approved, and signed by a manager. Review documentation should be retained for a minimum of a year to comply with fueling policy.

AUDIT OF OPERATIONS & MAINTENANCE DEPARTMENT
STREETS AND SANITATION DIVISION
FUELING TRANSACTIONS OVERSIGHT
CW015-2021-12
June 10, 2021

Management Action Plan: The audit findings for the secondary prokee requirements will be addressed in accordance with item 2.1, and the unassociated monthly reports will be addressed separately and in a response to a different audit.

Estimated Date of Completion: April 26, 2021

CITY AUDITOR'S OFFICE



**AUDIT OF
OPERATIONS & MAINTENANCE DEPARTMENT**

FLEET AND FUEL SERVICES DIVISION

FUELING TRANSACTIONS OVERSIGHT

Report CW015-2021-13

June 10, 2021

RADFORD K. SNELDING, CPA, CIA, CFE

CITY AUDITOR

TABLE OF CONTENTS

BACKGROUND	1
OBJECTIVES	2
SCOPE AND METHODOLOGY.....	2
FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS.....	2
1. Lack of Secondary Prokee Forms, Use Logs, and Reconciliations	3
2. Fueling Reports Not Being Reviewed.....	5
Appendix A	7
Appendix B.....	8
MANAGEMENT RESPONSE	9

**AUDIT OF OPERATIONS & MAINTENANCE DEPARTMENT
FLEET AND FUEL SERVICES DIVISION
FUELING TRANSACTIONS OVERSIGHT
Report CW015-2021-13**

BACKGROUND

The city's Fleet and Fuel Services Division (Fleet Services) of the Operations and Maintenance Department (Operations and Maintenance) administers the city's fueling operations. Fleet Services oversees the operation of 19 city fuel sites. City employees utilize the fuel pumps at these fuel sites for fueling city vehicles and equipment.

The staff of Fleet Services utilize city fuel sites for fueling department vehicles and equipment. To access a city fuel pump, a plastic electronic fob known as a prokee must be placed into a slot at the pump.

All city vehicles have an assigned prokee that is programmed with that vehicle's information. These prokees are referred to as primary prokees. In order to access a fuel pump for fueling equipment without a designated prokee or for filling a gas can, city employees must utilize what is referred to as a secondary prokee. Considering secondary prokees are not assigned to any specific vehicle or piece of equipment, there is greater risk of fuel theft occurring with these prokees.

In order to obtain a secondary prokee, a city employee and their manager must complete and sign a secondary prokee request form (see Appendix A). This form requires the employee and manager to agree to comply with a list of rules documented on the form including "tracking all fuel disbursements" and the "reconciliation of disbursement logs." The *Small Equipment Fueling Operations Procedure (O&M-FS-Fuel02)* further explains that the departments are responsible for "recording all disbursements on a log sheet (see Appendix B) and for reconciling the log sheet against an automated monthly disbursement report provided by the Fleet Services Division."

Fleet Services currently generates 1) quarterly primary prokee fueling transaction reports and 2) monthly secondary prokee fueling transaction reports from the city's fueling system and emails these reports to city departments. According to the *Fuel Transaction Monitoring Procedure (O&M-FS-Fuel06)*, departments are responsible for "reviewing reports for assigned units, identifying and investigating concerns, and for taking appropriate action for misuse of the fuel system by subordinate personnel."

During fiscal year 2020, Fleet Services had 379 primary prokee transactions totaling 4,827 gallons and 26 secondary prokee transactions totaling 64 gallons.

OBJECTIVES

Our audit objectives were as follows:

- To determine whether a secondary prokee request form signed by a current employee and manager exists for every secondary prokee issued to Fleet Services.
- To determine whether Fleet Services is maintaining a secondary prokee use log and reconciling the log to the monthly secondary prokee fueling reports.
- To determine whether Fleet Services management is reviewing the primary and secondary prokee fueling reports for irregular transactions and researching any identified irregularities.
- To determine whether use logs, reconciliations, and fueling report review documentation are being retained in accordance with the fueling policy.

SCOPE AND METHODOLOGY

The scope of our work was limited to the management controls within the context of the audit objectives and scope of the audit. The scope of the audit was limited to the review of fueling logs, reconciliations, and fueling reports in fiscal year 2020. The last date of fieldwork was February 3, 2021.

Our audit methodology included:

- Review of fueling policies and procedures
- Review of secondary prokee request forms
- Review of fueling reports issued by Fleet Services
- Interviews with city employees
- Testing of reconciliations of fueling use logs to fueling reports

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 reasonable basis for our findings and conclusions based on our audit objectives.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

The following findings and conclusions to the audit objectives were noted:

No secondary prokee request forms are on file for Fleet Services' secondary prokees and the secondary prokees are not assigned to specific individuals. Secondary prokee use logs are not being maintained for these secondary prokees and therefore, no use log reconciliations are being performed. (See Finding #1)

AUDIT OF OPERATIONS & MAINTENANCE DEPARTMENT
FLEET AND FUEL SERVICES DIVISION
FUELING TRANSACTIONS OVERSIGHT
CW015-2021-13
June 10, 2021

While Fleet Services prepares the monthly and quarterly fueling reports for city departments, Fleet Services is not reviewing their own reports for irregular transactions and accordingly, there is no documented evidence of a review such as the identification of irregular transactions on the fueling reports, notes on research into these transactions, and reviewer signatures and dates of review on the reports. (See Finding #2)

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

Contributors to this report included:

Radford K. Snelding, CPA, CIA, CFE
City Auditor

Bryan L. Smith, CPA, CFE
Internal Audit Section Manager

Gary L. Phillips, CFE
Senior Internal Auditor

1. Lack of Secondary Prokee Forms, Use Logs, and Reconciliations

Criteria

The *Small Equipment Fueling Operations Procedure (O&M-FS-Fuel02)* states the following:

In order to obtain assignment of a secondary unit prokee for general utilization (e.g., small equipment, rental unit, gas can), a user organization must complete and submit a "Secondary Prokee Request Form". The form allows the user to select all 3 fuel types for approval, plus define the daily limit of each type.

A secondary prokee will be assigned to a specific individual only, and that individual is responsible for the appropriate use of all gasoline dispensed using the prokee, for recording all disbursements on a log sheet, and for reconciling the log sheet against an automated monthly disbursement report provided by Fleet Services Division. Fleet Services Division recommends that individuals responsible for the secondary prokees be at a supervisory level or higher.

Managers are responsible for assignment of prokee responsibility to a specific individual and for ensuring that tracking logs are kept appropriately and are reconciled with monthly reports received from Fleet Services Division. Employees who are designated for assignment of a prokee

AUDIT OF OPERATIONS & MAINTENANCE DEPARTMENT
FLEET AND FUEL SERVICES DIVISION
FUELING TRANSACTIONS OVERSIGHT
CW015-2021-13
June 10, 2021

are responsible for ensuring proper use of fuel disbursement, following operational processes and rules, maintaining adequate logs, and reconciling disbursements on a monthly basis.

Fueling operations of this type provide a potential for misuse and must be monitored and controlled. The reconciliation records are subject to review by Fleet Services Division or the Office of the City Auditor.

Tracking logs and reconciliation documents are under the control of the user organizations, and it is recommended they be kept for a minimum of one year.

The secondary prokee request form signed by an employee and their manager includes the following rules agreed to by each employee requesting a secondary prokee:

- *User is responsible for tracking all fuel disbursements.*
- *Respective management staff members are responsible for the oversight of fuel operations and reconciliation of disbursement logs.*

Condition

Considering secondary prokees are not assigned to a specific vehicle or piece of equipment, there is greater risk of fuel theft. Accordingly, a secondary prokee request form is required to be signed by an employee and manager for each secondary prokee and departments are required to record secondary prokee usage on a use log and to reconcile the use log to the monthly secondary prokee fueling system reports. See the suggested use log at Appendix B.

Fleet Services has five active secondary prokees that were used 26 times during fiscal year 2020. No secondary prokee request forms are on file for these secondary prokees and the secondary prokees are not assigned to specific individuals. Secondary prokee use logs are not being maintained for these secondary prokees and therefore, no use log reconciliations are being performed.

Cause

- Fleet Services management did not require the completion of secondary prokee request forms for their own secondary prokees.
- Lack of documented procedures on the maintenance and reconciliation of secondary prokee request logs.

Effect

- Lack of accountability of staff and management without properly signed secondary prokee request forms.
- Fuel theft may occur without detection without the maintenance and reconciliation of secondary prokee use logs.

Recommendations

- 1.1 Fleet Services management should have secondary prokee request forms completed for all of its secondary prokees.
- 1.2 Fleet Services management should document and implement procedures for maintaining secondary prokee use logs and reconciling the use logs to the monthly secondary prokee fueling reports. These procedures should require that all transactions on the monthly secondary prokee fueling reports be traced to the corresponding entries on the use log and that any unrecorded transactions be identified, researched, and explanations documented on the fueling report. The procedures should also require that the secondary prokee fueling reports be reviewed for irregular transactions and if any are found that they be researched and explanations documented on the fueling report.
- 1.3 Fleet Services management should document and implement procedures requiring that the secondary prokee reconciliation documentation (including the use logs and fueling reports used in the reconciliation) be reviewed by a manager and retained for a minimum of a year in accordance with policy. The reconciliations should be signed and dated by the preparer and manager.

2. Fueling Reports Not Being Reviewed

Criteria

According to the *Fuel Transaction Monitoring Procedure (O&M-FS-Fuel06)*, departments are responsible for reviewing the fueling reports for any irregular transactions:

The Fleet Services Division Manager is responsible for generating and sending the various reports to all departments. The respective managers for the various budget organizational numbers are responsible for reviewing reports for assigned units, identifying and investigating concerns, and for taking appropriate action for misuse of the fuel system by subordinate personnel.

Records generated by user divisions should be maintained for a minimum of 1 year.

Condition

While Fleet Services prepares the monthly and quarterly fueling reports for city departments, Fleet Services is not reviewing their own reports for irregular transactions and accordingly, there is no documented evidence of a review such as the identification of irregular transactions on the fueling reports, notes on research into these transactions, and reviewer signatures and dates of review on the reports.

AUDIT OF OPERATIONS & MAINTENANCE DEPARTMENT
FLEET AND FUEL SERVICES DIVISION
FUELING TRANSACTIONS OVERSIGHT
CW015-2021-13
June 10, 2021

Cause

- Lack of documented procedures on how to properly complete and document the review of the fueling reports and the required retention of this documentation.

Effect

- Fuel theft may occur without detection.

Recommendation

- 2.1 Fleet Services management should document and implement procedures for reviewing the monthly and quarterly fueling reports for irregular transactions. Documented evidence of the review should include a copy of the fueling reports along with the identification of irregular transactions, the reviewer's notes on research into these transactions, the reviewer's signature, and the date of the review. If the initial reviewer is not a manager, the review documentation should subsequently be reviewed, approved, and signed by a manager. Review documentation should be retained for a minimum of a year to comply with fueling policy.

MANAGEMENT RESPONSE

1. Lack of Secondary Prokee Forms, Use Logs, and Reconciliations

- 1.1 Fleet Services management should have secondary prokee request forms completed for all of its secondary prokees.

Management Action Plan: The current list of assigned prokees for the division will be updated to current status, and new request forms compiled and documented.

Estimated Date of Completion: March 31, 2021

- 1.2 Fleet Services management should document and implement procedures for maintaining secondary prokee use logs and reconciling the use logs to the monthly secondary prokee fueling reports. These procedures should require that all transactions on the monthly secondary prokee fueling reports be traced to the corresponding entries on the use log and that any unrecorded transactions be identified, researched, and explanations documented on the fueling report. The procedures should also require that the secondary prokee fueling reports be reviewed for irregular transactions and if any are found that they be researched and explanations documented on the fueling report.

Management Action Plan: A new departmental procedure will include requirements for monthly review and reconciliation of Fleet provided transaction summary with the divisional use, including documentation of any discrepancies.

Estimated Date of Completion: April 26, 2021

- 1.3 Fleet Services management should document and implement procedures requiring that the secondary prokee reconciliation documentation (including the use logs and fueling reports used in the reconciliation) be reviewed by a manager and retained for a minimum of a year in accordance with policy. The reconciliations should be signed and dated by the preparer and manager.

Management Action Plan: The new departmental procedure will include requirements for review and approval of the monthly transaction documentation reconciliation with the annual log, via signature acceptance by both the Responsible Employee to whom the prokee is issued and the respective division manager.

Estimated Date of Completion: April 26, 2021

2. Fueling Reports Not Being Reviewed

- 2.1 Fleet Services management should document and implement procedures for reviewing the monthly and quarterly fueling reports for irregular transactions. Documented evidence of the review should include a copy of the fueling reports along with the identification of irregular transactions, the reviewer's notes on research into these transactions, the reviewer's signature, and the date of the review. If the initial reviewer is not a manager, the review documentation should subsequently be reviewed, approved, and signed by a manager. Review documentation should be retained for a minimum of a year to comply with fueling policy.

Management Action Plan: The quarterly reports will be addressed separately and in a response to a different audit, but in response to the secondary procee use requirements the departmental procedure will provide for reconciliation of the monthly reports, including documentation and record keeping.

Estimated Date of Completion: April 26, 2021

CITY AUDITOR'S OFFICE



**AUDIT OF OPERATIONS & MAINTENANCE
DEPARTMENT**

FLEET AND FUEL SERVICES DIVISION

FUELING PROGRAM ADMINISTRATION

Report CW015-2021-14

June 10, 2021

RADFORD K. SNELDING, CPA, CIA, CFE

CITY AUDITOR

TABLE OF CONTENTS

BACKGROUND	1
OBJECTIVES	1
SCOPE AND METHODOLOGY.....	2
FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS.....	2
1. Improved Communications on Fueling Procedures Needed	3
2. Improvements Needed to Fueling Reports	4
3. Improved Management of Secondary Prokees Needed	6
Appendix A	8
Appendix B.....	9
MANAGEMENT RESPONSE	10

**AUDIT OF OPERATIONS AND MAINTENANCE DEPARTMENT
FLEET AND FUEL SERVICES DIVISION
FUELING PROGRAM ADMINISTRATION
Report CW015-2021-14**

BACKGROUND

The city's Fleet and Fuel Services Division (Fleet Services) of the Operations & Maintenance Department administers the city's fueling operations. Fleet Services oversees the operation of 19 city fuel sites. City employees utilize the fuel pumps at these fuel sites for fueling city vehicles and equipment.

In addition to administering the city's fueling operations, Fleet Services staff utilize city fuel sites for fueling division vehicles and equipment. To access a city fuel pump, a plastic electronic fob known as a prokee must be placed into a slot at the pump.

All city vehicles have an assigned prokee that is programmed with that vehicle's information. These prokees are referred to as primary prokees. In order to access a fuel pump for fueling equipment without a designated prokee or for filling a gas can, city employees must utilize what is referred to as a secondary prokee. Considering secondary prokees are not assigned to any specific vehicle or piece of equipment, there is greater risk of fuel theft occurring with these prokees.

In order to obtain a secondary prokee, a city employee and their manager must complete and sign a Secondary Prokee Request Form (see Appendix A). This form requires the employee and manager to agree to comply with a list of rules documented on the form including "tracking all fuel disbursements" and the "reconciliation of disbursement logs." The *Small Equipment Fueling Operations Procedure (O&M-FS-Fuel02)* further explains that the departments are responsible for "recording all disbursements on a log sheet (see Appendix B) and for reconciling the log sheet against an automated monthly disbursement report provided by the Fleet Services Division."

Fleet Services currently generates 1) quarterly primary prokee fueling transaction reports and 2) monthly secondary prokee fueling transaction reports from the city's fueling system and emails these reports to city departments. According to the *Fuel Transaction Monitoring Procedure (O&M-FS-Fuel06)*, departments are responsible for "reviewing reports for assigned units, identifying and investigating concerns, and for taking appropriate action for misuse of the fuel system by subordinate personnel."

OBJECTIVES

We completed audits of the eight departments with secondary prokees using the following objectives:

- To determine whether a secondary prokee request form signed by a current employee and manager exists for every secondary prokee issued to the departments by Fleet Services.

AUDIT OF OPERATIONS AND MAINTENANCE DEPARTMENT
FLEET AND FUEL SERVICES DIVISION
FUELING PROGRAM ADMINISTRATION
CW015-2021-14
June 10, 2021

- To determine whether departments are maintaining secondary prokee use logs and reconciling the logs to the monthly secondary prokee fueling reports.
- To determine whether departments are reviewing the primary and secondary prokee fueling reports from Fleet Services for irregular transactions and researching any identified irregularities.
- To determine whether use logs, reconciliations, and fueling report review documentation are being retained in accordance with the fueling procedures.

Reports were issued on each of these department audits. During these audits, we identified improvements that are needed in the administration of the fueling program by Fleet Services. Our findings and recommendations for improvements are included in this report.

SCOPE AND METHODOLOGY

The scope of our work was limited to the management controls within the context of the audit objectives and scope of the audit. The scope of the audit was limited to the review of fueling logs, reconciliations, and fueling reports for either calendar year 2019 or fiscal year 2020 depending on the specific department audit. The last date of fieldwork was February 3, 2021.

Our audit methodology included:

- Review of fueling policies and procedures
- Review of secondary prokee request forms
- Review of fueling reports issued by Fleet Services
- Interviews with city employees
- Testing of reconciliations of fueling use logs to fueling reports

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 reasonable basis for our findings and conclusions based on our audit objectives.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

The following findings and conclusions were noted:

Fleet Services needs to improve their communication of the fueling policies and procedures with city departments to increase compliance. Citywide fueling policies and procedures should be created. (See Finding #1)

Improvements are needed to the fueling reports being distributed to the city departments to make them more useful to city management. (See Finding #2)

AUDIT OF OPERATIONS AND MAINTENANCE DEPARTMENT
FLEET AND FUEL SERVICES DIVISION
FUELING PROGRAM ADMINISTRATION
CW015-2021-14
June 10, 2021

Fleet Services needs to improve its management of secondary prokees including documenting and implementing procedures on keeping secondary prokee request forms and fueling system records updated. (See Finding #3)

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

Contributors to this report included:

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1. Improved Communications on Fueling Procedures Needed

Criteria

In order for policies and procedures to be effective, they must be appropriately and regularly communicated to staff and be readily available for their reference.

Condition

Among the eight departments with secondary prokees, we found that only three were found to be maintaining secondary prokee use logs and reconciling these use logs to the monthly fueling transaction reports. We also found that the departments audited had not formalized a process for reviewing the primary and secondary prokee fueling reports for irregular transactions and documenting their reviews. Many city staff informed us that they were unaware of these requirements.

While Fleet Services' fueling policies and procedures outlining these requirements were shared with departments when initially approved, they were never approved as citywide policies and procedures and are not found on the city's policy and procedure website.

AUDIT OF OPERATIONS AND MAINTENANCE DEPARTMENT
FLEET AND FUEL SERVICES DIVISION
FUELING PROGRAM ADMINISTRATION
CW015-2021-14
June 10, 2021

The emails sent by Fleet Services to the departments with the monthly and quarterly fueling reports do not include any instructions on what the departments should be doing with the reports.

The fueling procedures state that “*the reconciliation records are subject to review by Fleet Services Division or the Office of the City Auditor.*” No review of department reconciliations has ever been performed by Fleet Services.

Cause

- Documented fueling policies and procedures have not been adequately communicated or made available to city departments.
- Fleet Services has not implemented procedures to review compliance by departments with the fueling policies and procedures.

Effect

- Lack of compliance by departments with fueling procedures.
- Fuel theft may occur without detection.

Recommendations

- 1.1 Fleet Services management should evaluate how to improve communication of fueling policies and procedures with city departments and implement those improvements.
- 1.2 Fleet Services management should document and implement procedures for periodically reminding departments of the fueling policies and procedures.
- 1.3 Fleet Services management should work with the City Manager’s Office in creating citywide fueling policies and procedures that are accessible by all city staff for reference.
- 1.4 Fleet Services management should implement procedures to review compliance by city departments with the secondary proksee reconciliation procedures.

2. Improvements Needed to Fueling Reports

Criteria

According to the *Fuel Transaction Monitoring Procedure (O&M-FS-Fuel06)*, departments are responsible for reviewing the fueling reports for any irregular transactions:

The Fleet Services Division Manager is responsible for generating and sending the various reports to all departments. The respective managers for the various budget organizational numbers are

AUDIT OF OPERATIONS AND MAINTENANCE DEPARTMENT
FLEET AND FUEL SERVICES DIVISION
FUELING PROGRAM ADMINISTRATION
CW015-2021-14
June 10, 2021

responsible for reviewing reports for assigned units, identifying and investigating concerns, and for taking appropriate action for misuse of the fuel system by subordinate personnel.

To facilitate this review by city management, the fueling reports must be accurate, complete, and understandable.

Condition

During our department audits and discussions with city staff, we identified the following deficiencies with the fueling reports:

- Employee names are not included on the reports, only employee numbers.
- Certain transactions are being incorrectly highlighted.
- Certain information used in the highlighting calculations is not disclosed on the fueling reports for reference (i.e., tank capacity, total possible miles per tank, and average miles per gallon).
- The employees to whom secondary prokees are issued are not identified on the secondary prokee fueling reports.
- Primary prokee fueling reports are only distributed quarterly which does not allow for timely identification of irregularities by department management.
- Fueling reports are not sent to departments when there are no transactions and consequently, city staff do not know whether the lack of a report is due to an omission by Fleet Services or due to there being no transactions.
- Fueling information on loaner cars used by departments is not included on the fueling reports. Without this information, the fueling reports cannot be reconciled to the department's fueling costs per the general ledger.
- The fueling reports are sent to the departments as pdf documents and therefore cannot be electronically sorted for analysis.

Cause

- Incomplete or inaccurate information within fueling system from which fueling reports are generated.

Effect

- Fueling reports lack information that would be useful to management in their review of the reports.

Recommendations

- 2.1 Fleet Services management should review the fueling report deficiencies identified in this audit finding and evaluate what improvements can be made to the fueling reports to make them more useful to city departments.
- 2.2 Fleet Services management should implement procedures to ensure data being input into the fueling system that impacts the information being reported and the highlighting of transactions on the fueling reports is accurate and complete.

3. Improved Management of Secondary Prokees Needed

Criteria

The Small Equipment Fueling Operations Procedure (O&M-FS-Fuel02) states the following:

In order to obtain assignment of a secondary unit prokee for general utilization (e.g., small equipment, rental unit, gas can), a user organization must complete and submit a "Secondary Prokee Request Form".

A secondary prokee will be assigned to a specific individual only, and that individual is responsible for the appropriate use of all gasoline dispensed using the prokee, for recording all disbursements on a log sheet, and for reconciling the log sheet against an automated monthly disbursement report provided by Fleet Services Division. Fleet Services Division recommends that individuals responsible for the secondary prokees be at a supervisory level or higher.

Managers are responsible for assignment of prokee responsibility to a specific individual and for ensuring that tracking logs are kept appropriately and are reconciled with monthly reports received from Fleet Services Division. Employees who are designated for assignment of a prokee are responsible for ensuring proper use of fuel disbursement, following operational processes and rules, maintaining adequate logs, and reconciling disbursements on a monthly basis.

Condition

As discussed in the fueling procedures, in order to obtain a secondary prokee, a department must complete and submit a secondary prokee request form that is signed by an employee and a manager. These employees are responsible for ensuring that secondary prokee transactions are recorded on a use log and that the use log is reconciled to the monthly fueling reports.

While a documented procedure exists for deactivation of employee fuel site access, no procedures exist specifically on the deactivation or reassignment of secondary prokees when an employee who has been assigned a secondary prokee separates from employment with the city or transfers to

AUDIT OF OPERATIONS AND MAINTENANCE DEPARTMENT
FLEET AND FUEL SERVICES DIVISION
FUELING PROGRAM ADMINISTRATION
CW015-2021-14
June 10, 2021

another department. No documented procedure exists outlining when a new secondary prokee request form needs to be completed and a previous form cancelled.

During our audits of departments with secondary prokees, we identified many secondary prokees with outdated request forms (i.e., employee and/or manager who signed the forms are no longer employed with the department or city). We also identified secondary prokees for which a secondary prokee request form did not exist. In addition, we identified differences between the names of employees to whom the secondary prokee was assigned per the request forms and the names recorded in the fueling system.

During our review of secondary prokee transactions, we identified secondary prokees with little or no use which may no longer be needed by the departments.

Cause

- Inadequate documented procedures to keep secondary prokee request forms and fueling system records current.
- Inadequate documented procedures to identify secondary prokees with limited use that may no longer be needed by the departments.

Effect

- Certain secondary prokees are being used without current secondary prokee request forms. Therefore, there is not an employee and/or manager specifically accountable for ensuring compliance with the use requirements for these prokees.
- Secondary prokees that are no longer being used continue to be held by departments.

Recommendations

- 3.1 Fleet Services management should document and implement procedures to be followed to keep secondary prokee request forms and the fueling records current. Procedures should outline the process to be followed when an employee with an assigned secondary prokee separates from employment with the city or transfers to another department and how that secondary prokee is reassigned or deactivated.
- 3.2 Fleet Services management should review its records to ensure a secondary prokee request form exists for every active secondary prokee and that the user names within the fueling records correspond with the submitted forms.
- 3.3 Fleet Services management should identify secondary prokees with infrequent use and inquire of the respective department management as to whether the secondary prokees are still needed. If not, those secondary prokees should be returned to Fleet Services, the prokees deactivated, the corresponding secondary request forms cancelled, and the fueling records updated.

MANAGEMENT RESPONSE

1. Improved Communications on Fueling Procedures Needed

- 1.1 Fleet Services management should evaluate how to improve communication of fueling policies and procedures with city departments and implement those improvements.

Management Action Plan: The O&M Fleet and Fuel Services Division (F&F) will provide for an annual communication to the user organizations regarding applicable policies and procedures.

Estimated Date of Completion: October 4, 2021

- 1.2 Fleet Services management should document and implement procedures for periodically reminding departments of the fueling policies and procedures.

Management Action Plan: These requirements will be included in the policies drafted for application in item 1.3.

Estimated Date of Completion: September 13, 2021

- 1.3 Fleet Services management should work with the City Manager's Office in creating citywide fueling policies and procedures that are accessible by all city staff for reference.

Management Action Plan: F&F will update applicable policies to citywide policy format standards and submit to CMO for consideration of inclusion within the citywide policy database.

Estimated Date of Completion: September 13, 2021

- 1.4 Fleet Services management should implement procedures to review compliance by city departments with the secondary prokee reconciliation procedures.

Management Action Plan: F&F will include in the annual communication a requirement for each respective user department to confirm assignment of secondary prokees and provide written confirmation by an executive employee that for each assigned prokee the required reconciliations were completed for the preceding year.

Estimated Date of Completion: October 4, 2021

2. Improvements Needed to Fueling Reports

- 2.1 Fleet Services management should review the fueling report deficiencies identified in this audit finding and evaluate what improvements can be made to the fueling reports to make them more useful to city departments.

Management Action Plan: F&F will review the formatting of the primary and secondary prokee reports and make corrections needed to streamline and facilitate efficient cost-effective review of the reports, including elimination of resource expenditures on superfluous considerations.

Estimated Date of Completion: September 13, 2021

2.2 Fleet Services management should implement procedures to ensure data being input into the fueling system that impacts the information being reported and the highlighting of transactions on the fueling reports is accurate and complete.

Management Action Plan: The reporting format updates will include elimination of unnecessary highlighting and irrelevant data so that the focus is on comparative mpg calculations.

Estimated Date of Completion: September 13, 2021

3. Improved Management of Secondary Prokees Needed

3.1 Fleet Services management should document and implement procedures to be followed to keep secondary prokee request forms and the fueling records current. Procedures should outline the process to be followed when an employee with an assigned secondary prokee separates from employment with the city or transfers to another department and how that secondary prokee is reassigned or deactivated.

Management Action Plan: To be included in updated procedure, see item 1.3.

Estimated Date of Completion: September 13, 2021

3.2 Fleet Services management should review its records to ensure a secondary prokee request form exists for every active secondary prokee and that the user names within the fueling records correspond with the submitted forms.

Management Action Plan: To be included in updated procedure, see item 1.3.

Estimated Date of Completion: September 13, 2021

3.3 Fleet Services management should identify secondary prokees with infrequent use and inquire of the respective department management as to whether the secondary prokees are still needed. If not, those secondary prokees should be returned to Fleet Services, the prokees deactivated, the corresponding secondary request forms cancelled, and the fueling records updated.

Management Action Plan: To be included in updated procedure, see item 1.3.

Estimated Date of Completion: September 13, 2021



Background

Change Control is a standard IT practice to ensure that any update to the city's hardware or software systems is appropriately tested & approved before it gets implemented in the live production environment.

The **Change Advisory Board (CAB)** holds the final authorization before an accepted change is scheduled & deployed.

Our audit objectives were to ensure that changes are:

- Authorized by appropriate levels of management
- Tested thoroughly in a test environment
- Recorded in detail in CLV Service
- Communicated to relevant departments



Finding #1

Inadequate Testing Documentation

Recommendations

- 1.1 Require that proposed changes to hardware/software include documented test plans and testing results.
- 1.2 Update IT policies & procedures to require the review of testing procedures and results before final approval.



Finding #2

Change Advisory Board Membership and Procedures Are Not Clearly Defined

Recommendations

- 2.1 Create & publish a roster of current CAB membership.
- 2.2 Implement voting procedures that acknowledge the formal voting actions of CAB members.
- 2.3 Update IT policies & procedures to outline the required size and makeup of the CAB.



Finding #3

Inadequate Communication of Upcoming Changes

Recommendations

- 3.1 Maintain a calendar of upcoming system changes and notify city departments of change decisions.
- 3.2 Update IT policies & procedures to include requirements for communication of upcoming change events to city departments.



Finding #4

Expired Change Control Policies and Procedures

Recommendations

- 4.1 IT management should update its policy & procedure documents to reflect current practices.



Expired Change Control Policy and Procedure Documents

No.	Policy/Procedure Title	Last Update
IT104	Configuration Control Policy	17-JUL-2009
IT104a	Information Technologies Configuration Control Committee Change Request Procedure	12-FEB-2007
IT104a.1	Configuration Management and Change Control Procedure	17-JUL-2009
IT104b	Information Technologies Configuration Control Committee (ITCCC) Change Request Procedure	17-JUL-2009
IT126	Software Change Control Policy	12-FEB-2007



Questions?

CITY AUDITOR'S OFFICE



**AUDIT OF DEPARTMENT
OF INFORMATION TECHNOLOGIES
CHANGE CONTROL PROCEDURES**

Report IT005-2021-15

June 10, 2021

RADFORD K. SNELDING, CPA, CIA, CFE

CITY AUDITOR

TABLE OF CONTENTS

BACKGROUND	1
OBJECTIVES	1
SCOPE AND METHODOLOGY.....	1
FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS.....	2
1. Inadequate Change Control Testing Documentation	4
2. ITCCC Membership and Procedures Are Not Clearly Defined.....	5
3. Inadequate Communication of Upcoming Changes	6
4. Expired Change Control Policies and Procedures	7
MANAGEMENT RESPONSE	10

AUDIT OF DEPARTMENT OF INFORMATION TECHNOLOGIES CHANGE CONTROL PROCEDURES Report IT005-2021-15

BACKGROUND

Change management is the process that ensures that all modifications to hardware and software systems are processed in a controlled manner, including standard changes and emergency maintenance relating to technological business processes, software applications, hardware, and underlying infrastructure. The main purpose of change management is to enable fast and reliable delivery of change to the organization and mitigation of the risk of negatively impacting the stability or integrity of the changed environment. Without a structured change management process, unplanned system outages could negatively impact organizations.

Change control procedures are part of change management and are defined by the city's Department of Information Technologies (IT) policies and procedures. Oversight of these policies is the responsibility of the IT Configuration Control Committee (ITCCC), which acts as a gatekeeper to the IT production systems. The ITCCC holds change control meetings biweekly to determine which application changes and infrastructure updates (programs, jobs, configurations, parameters, etc.) are ready to be moved from the test and development environments into the production environment.

Since the beginning of 2019, the city has utilized change management software (a module of ServiceNow, also known as CLV Service) to track and administer all change requests, including approval workflows, scheduling, and historical catalog of changes. The ITCCC began formalizing change control procedures in February 2019. Of the 540 change requests considered by the ITCCC during 2019, 2 were rejected and the rest approved.

OBJECTIVES

Our audit objectives were as follows:

- To determine whether change requests are recorded in sufficient detail to support discussion, testing, and assessment of the proposed changes.
- To determine whether change requests are authorized by management.
- To determine whether relevant stakeholders have access to and knowledge of change requests.
- To determine whether a formal change management process is documented and followed.

SCOPE AND METHODOLOGY

The scope of our work was limited to the management controls within the context of the audit objectives and scope of the audit. The scope of the audit was limited to the review of proposed change requests that were made between January 1, 2020 and March 31, 2020, with a focus on the supporting process to assess and authorize the changes before they are implemented. During this time period, 138 change requests were considered by the ITCCC, with only one rejected and the remainder approved. The last date of fieldwork was January 25, 2021.

Our audit methodology included:

- Review of change control policies and procedures
- Review of change requests entered into CLV Service
- Interviews with city employees
- Observation of change control meetings and procedures

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 reasonable basis for our findings and conclusions based on our audit objectives.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

The following findings and conclusions to the audit objectives were noted:

Objective:

To determine whether change requests are recorded in sufficient detail to support discussion, testing, and assessment of the proposed changes.

Conclusion:

All known change requests can be viewed in the CLV Service application by licensed users. The information captured in the application, however, includes only minimal descriptive information and does not include documentation of testing procedures or results. Testing procedures and results are not typically discussed in the change control meetings (See Finding #1).

Objective:

To determine whether change requests are authorized by management.

Conclusion:

The membership of the ITCCC is not clearly defined and does not include a robust group of city-wide representatives. There is currently only one apparent member of the ITCCC. Furthermore, the approval process observed during change control meetings does not follow a clear, formalized voting procedure (See Finding #2).

Objective:

To determine whether relevant stakeholders have access to and knowledge of change requests.

AUDIT OF DEPARTMENT OF INFORMATION TECHNOLOGIES
CHANGE CONTROL PROCEDURES
IT005-2021-15
June 10, 2021

Conclusion:

While there is some participation by city departments outside of IT during change control meetings, communication of upcoming changes and discussion of new change requests is limited to mostly IT personnel (See Finding #3).

Objective:

To determine whether a formal change management process is documented and followed.

Conclusion:

IT's policies and procedures that are on file for the change control process have expired and do not accurately reflect the current change management process (See Finding #4).

Further information on these areas is contained in the sections below. While other issues were identified and discussed with management, they were not deemed appropriate for reporting purposes.

Contributors to this report included:

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1. Inadequate Change Control Testing Documentation

Criteria

The city's Information Technologies Configuration Management and Change Control Procedure (IT104a.1) states the following:

For each change to operational systems or during the development or purchase of new systems, the following items must be accomplished...

- *Conduct a test of all changes prior to deployment on a production system...*

All screen forms and other application programs will be carefully tested to ensure that necessary security functions are present and that programs function as error-free as possible. No program testing will be allowed to take place on the production computers with the exception of load and performance testing, if necessary, without the approval of IT management.

Condition

Documented evidence of pre-production testing was unavailable within the CLV Service application for each of the 137 approved change requests submitted from January 1 to March 31, 2020. Details of test plans or testing procedures were missing from 73 of the change requests (53%) and results were not typically presented by the requesters or implementers of changes prior to approval in change control meetings. The facilitators of the change control meetings were not observed requesting details on testing procedures or results before approving change requests.

Cause

- IT policies and procedures do not explicitly require documentation or review of pre-production testing procedures and results as a part of the ITCCC's change request approval procedure.

Effect

- The ITCCC is not provided information on test procedures or results, and could be authorizing changes to be made to city hardware and software without adequate testing, which could result in system instability, security flaws, and unintended behavior. Without scrutiny of test results in a controlled environment, the impact of changes is unknown prior to deployment to production.

Recommendations

- 1.1 IT management should require that all change requests include documented test results in a non-production environment, based upon a testing plan that has been previously approved and documented. If a change cannot be fully tested in a controlled test environment, IT management should require a documented explanation of the impediment. Test results for

each change request should be submitted and assessed before approval in change control meetings, as well as attached to the request in the CLV Service application.

- 1.2 IT management should update its policies and procedures to require that testing procedures and results be reviewed before approval is granted by the ITCCC.

2. ITCCC Membership and Procedures Are Not Clearly Defined

Criteria

The city's IT Configuration Control Committee (ITCCC) Change Request Procedure (IT104b) states the following:

No changes will be made by IT staff (except for systems and database administrators for routine maintenance or in the case of an emergency) without prior approval. All requests must be sent to the ITCCC chairperson for disposition. Approvals are granted by a majority vote of a quorum (more than half) of committee members. In the case of email voting, a unanimous vote of available members is required, providing that a quorum is present. This is because an email setting limits discussion, and a unanimous approval indicates no further discussion is required by committee members. In a formal meeting environment, sufficient discussion can take place to allow a change to proceed without complete agreement.

The special circumstances request differs from the routine request as follows: if the request for change is urgent and can be justified, then email votes will be taken from members and the change allowed to proceed if approved by a majority of available members provided there is a quorum. If the change request is so urgent that time cannot be taken for an email vote, or if a quorum of voting members is not present, then the ITCCC Chairperson will seek approval from an IT Manager or the Director of IT. Sufficient information must be provided so the committee members may make their decision. Discussion at the next scheduled ITCCC meeting is also required.

Condition

No formal list of ITCCC members is published by the department or recognized during change activities. The required composition of the membership of the ITCCC is not clearly defined, and it is observed to operate at times with a rotating representation based on availability. The IT department is not in compliance with their own policies regarding quorum requirements and voting procedures during change control meetings or emergency (special circumstance) change approvals via email.

Cause

- IT policy does not address requirements around the required size, diversity, or qualifications of the ITCCC.

- IT policy does not include requirements that the current membership of the ITCCC is communicated to all city departments.

Effect

- The ITCCC does not have an adequate number of established members, representing a variety of expertise (cybersecurity, networking, database, etc.) to appropriately evaluate proposed changes to city infrastructure and systems. It is unclear which participants of formal change control meetings hold an official vote or what constitutes a quorum for voting purposes, either via email or in person.

Recommendations

- 2.1 IT management should create a roster of the current membership of the ITCCC that clearly identifies voting parties. This roster should be communicated to all city departments and updated regularly as needed.
- 2.2 IT management should document and implement procedures requiring that approval activities during change control meetings acknowledge the formal voting actions of the ITCCC members, including voting activities conducted via email. All voting results should be clearly documented in the meeting minutes for change control meetings.
- 2.3 IT management should update its policies and procedures with details on the required size and personnel makeup of the ITCCC. IT management should ensure that the group is inclusive of diverse expertise, knowledge, and skillsets.

3. Inadequate Communication of Upcoming Changes

Criteria

The following is an industry best practice for delivery of IT services (ITIL Foundation 4):

The change schedule is used to help plan changes, assist in communication, avoid conflicts, and assign resources. It can also be used after changes have been deployed to provide information needed for incident management, problem management, and improvement planning. Regardless of who the change authority is, they may need to communicate widely across the organization. Risk assessment, for instance may require them to gather input from many people with specialist knowledge. Additionally, there is usually a need to communicate information about the change to ensure people are fully prepared before the change is deployed.

Condition

Not all city departments are aware of change control decisions or of when changes impacting their departments are being considered. The calendar of planned changes is only available to city employees who hold a seat license for the CLV Service application, which limits access to mainly IT personnel. The meeting agendas and minutes are not widely distributed and available to all city departments.

Cause

- IT policy does not address requirements around the communication of upcoming changes to city departments.

Effect

- Departments outside of IT may not be aware of what system changes are being discussed and planned in the change control meetings, and have limited opportunity to provide input prior to approval. System users who are most affected, often in a department other than IT, may not be aware of upcoming changes.

Recommendations

- 3.1 IT management should maintain a calendar of planned changes that is accessible by all city departments. Representatives from each department should be notified of any change control decisions that may impact their operations and have access to meeting minutes that document ITCCC decisions.
- 3.2 IT management should update its policies and procedures to include requirements for communication to city departments about upcoming system changes.

4. Expired Change Control Policies and Procedures

Criteria

The city's Adding, Revising, and Deleting Policies/Procedures procedure (CM601) states the following:

The originating Department is responsible for:

1. *Proposing the development of citywide policies/procedures to the Executive Management Committee;*
2. *Writing and updating citywide policies/procedures, department policies/procedures, and SOPs/work rules relevant to their department functions and scope of work;*

AUDIT OF DEPARTMENT OF INFORMATION TECHNOLOGIES
CHANGE CONTROL PROCEDURES
IT005-2021-15
June 10, 2021

3. *Distributing approved department policies/procedures, and SOPs/ work rules to their employees;*
4. *Distributing approved citywide policies/procedures to applicable staff throughout the city after OAS has distributed the policy/procedure to TLV and Deputy Directors.*
5. *Ensuring that all department policies/procedures and SOPs/work rules have a commencement and expiration date that does not exceed five years;*
6. *Working with OAS to obtain approval of citywide policies/procedures;*
7. *Submitting all department policies/procedures and SOPs/work rules to the Director of Human Resources and City Attorney's Office for review as defined herein;*
8. *Obtaining feedback from the applicable Deputy City Manager on all department policies/procedures and SOPs/work rules;*
9. *Approving department policies/procedures and SOPs/work rules and uploading a signed PDF and the Microsoft Word version to the Governance Portal; and*
10. *Overseeing the maintenance, retention, administration and updates of all applicable department policies/procedures and SOPs/work rules.*

Expiration: All citywide policies/procedures, department policies/procedures and SOPs/work rules will expire five years after finalization and need to be reviewed, edited, reissued or archived.

Condition

During the course of our audit, we reviewed the IT change control management policies and procedures maintained on the IT Governing Documents webpage. We noted that they had not been updated in many years and have expired according to city policy. See the table below for a listing of the expired change control policies and procedures:

No.	Policy/Procedure Title	Last Update
IT104	Configuration Control Policy	7/17/2009
IT104a	Information Technologies Configuration Control Committee Change Request Procedure	2/12/2007
IT104a.1	Configuration Management and Change Control Procedure	7/17/2009
IT104b	Information Technologies Configuration Control Committee (ITCCC) Change Request Procedure	7/17/2009
IT126	Software Change Control Policy	2/12/2007

Cause

- The department has not conducted a recent review of the expired change control policies and procedures.

Effect

- Written policies include outdated information and do not reflect actual practices or management expectations. These policies are considered expired according to city policy CM601.

Recommendation

- 4.1 IT management should update its change control policies and procedures to reflect current practices. These updated policies and procedures should subsequently be communicated to staff and implemented. The new policies and procedures should include:
- A requirement that testing procedures and results be submitted and reviewed before approval is granted by the ITCCC (See Finding #1).
 - An outline of the required size and personnel makeup of the ITCCC, and require that the group is inclusive of diverse expertise, knowledge, and skillsets (See Finding #2).
 - Requirements for communication to city departments about upcoming changes at the change control meetings (See Finding #3).

MANAGEMENT RESPONSE

1. Inadequate Change Control Testing Documentation

- 1.1 IT management should require that all change requests include documented test results in a non-production environment, based upon a testing plan that has been previously approved and documented. If a change cannot be fully tested in a controlled test environment, IT management should require a documented explanation of the impediment. Test results for each change request should be submitted and assessed before approval in change control meetings, as well as attached to the request in the CLV Service application.

Management Action Plan:

IT will formalize the requirement of testing and signoff on all comprehensive change requests. Supporting documentation of appropriate Request for Change (RFC) requests will be archived within ServiceNow (CLV Service) and made available online to all internal stakeholders.

Estimated Date of Completion: September 30, 2021

- 1.2 IT management should update its policies and procedures to require that testing procedures and results be reviewed before approval is granted by the ITCCC.

Management Action Plan:

IT will publish Change Control policy and procedures, including requirements that address inclusion of testing results and signoff, or evidence of validation of changes where non-production environments are not available. All documentation will be made accessible.

Estimated Date of Completion: December 30, 2021

2. ITCCC Membership and Procedures Are Not Clearly Defined

- 2.1 IT management should create a roster of the current membership of the ITCCC that clearly identifies voting parties. This roster should be communicated to all city departments and updated regularly as needed.

Management Action Plan:

IT will create and maintain an online roster of voting members of the Change Advisory Board (CAB) accessible online.

Estimated Date of Completion: September 30, 2021

- 2.2 IT management should document and implement procedures requiring that approval activities during change control meetings acknowledge the formal voting actions of the ITCCC members, including voting activities conducted via email. All voting results should be clearly documented in the meeting minutes for change control meetings.

Management Action Plan:

IT will formalize, document and communicate the composition of the voting membership of the ITCCC, now known as the Change Advisory Board or (CAB). Policies and procedures will be updated to include formalization of change control group memberships and voting procedures. Documentation, including meeting minutes and voting results will be accessible online.

Estimated Date of Completion: December 30, 2021

- 2.3 IT management should update its policies and procedures with details on the required size and personnel makeup of the ITCCC. IT management should ensure that the group is inclusive of diverse expertise, knowledge, and skillsets.

Management Action Plan:

IT will update change control policy and procedures to include provisions concerning the Change Advisory Board (CAB) composition, as well as their associated responsibilities. IT will also review distribution lists associated with the change control process and adjust accordingly.

Estimated Date of Completion: December 30, 2021

3. Inadequate Communication of Upcoming Changes

- 3.1 IT management should maintain a calendar of planned changes that is accessible by all city departments. Representatives from each department should be notified of any change control decisions that may impact their operations and have access to meeting minutes that document ITCCC decisions.

Management Action Plan:

IT will create a Change Control Portal where departments and stakeholders can review agendas, documentation, meeting notes and locations and schedules of past and future meetings of the Change Advisory Board (CAB).

Estimated Date of Completion: September 30, 2021

- 3.2 IT management should update its policies and procedures to include requirements for communication to city departments about upcoming system changes.

Management Action Plan:

IT will revise change control policy and procedures to reflect additional requirements concerning dissemination of information to stakeholders and departments.

Estimated Date of Completion: December 30, 2021

4. Expired Change Control Policies and Procedures

- 4.1 IT management should update its change control policies and procedures to reflect current practices. These updated policies and procedures should subsequently be communicated to staff and implemented. The new policies and procedures should include:
- A requirement that testing procedures and results be submitted and reviewed before approval is granted by the ITCCC (See Finding #1).
 - An outline of the required size and personnel makeup of the ITCCC, and require that the group is inclusive of diverse expertise, knowledge, and skillsets (See Finding #2).
 - Requirements for communication to city departments about upcoming changes at the change control meetings (See Finding #3).

Management Action Plan:

IT will conduct a comprehensive review of all change control policies and procedures and revise as required. This will include incorporating and retiring policy and procedure recommendations identified in this report. All revised policies and procedures, once approved will be made available online for review by internal stakeholders and departments.

Estimated Date of Completion: February 3, 2022



Current Audits

- Finance – Accounting Operations
Petty Cash Funds
- Strategic Services – Customer Care Center
Financial Operations