



OFFICE OF INTERNAL AUDIT

Date: August 6, 2020

To: Michael Hill, Fire Chief

From: Elizabeth Somerindyke, Internal Audit Director

Cc: Audit Committee
Douglas J. Hewett, City Manager

Re: Follow-up WEX Fuel Card Compliance Audit (Fire Department) Issued May 2, 2019

The Office of Internal Audit has completed the follow-up on the WEX Fuel Card Compliance Audit Report approved by the Audit Committee on May 2, 2019. Internal Audit’s objective was to determine whether management implemented corrective actions to audit recommendations reported by the Office of Internal Audit.

Results

Finding #	Original Audit Recommendation Dated May 2, 2019	Implemented/Partially/Not Implemented
2.1	<p><i>Fraud, waste and abuse potentially existed due to lack of internal controls.</i></p> <p>Internal Audit recommends management of the Fire Department implement the recommendations as presented in the audit report to ensure internal controls are established, followed, maintained, and properly documented to include a process to ensure adequate follow-up regarding questionable fueling transactions is conducted.</p>	<p>IMPLEMENTED</p> <p>The Fire Department established the Use of Fuel Cards Policy #306 that established the internal controls identified in the WEX Fuel Card audit recommendations. In addition, requirements established in the City’s Fuel Card Practices and Procedures #315 was implemented.</p>
2.3	<p><i>Fraud, waste and abuse potentially existed due to lack of internal controls.</i></p> <p>Management should ensure WEX fuel card PINs are only assigned to personnel with the ability and need to use the fuel cards.</p>	<p>IMPLEMENTED</p> <p>Based on Internal Audit inquiry, the Fire Department no longer issues PINs to new personnel during the Fire Academy. PINs will not be issued until personnel are eligible to drive the Department’s vehicles.</p>

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<p>2.4</p>	<p><i>Fraud, waste and abuse potentially existed due to lack of internal controls.</i></p> <p>Assessment of a secure location in Fire vehicles and equipment should be completed to determine the safest location for fuel cards to be maintained. Policies should note suitable places to store the fuel card in City owned vehicles and equipment.</p>	<p>IMPLEMENTED</p> <p>The Fire Department Use of Fuel Card Policy # 306 designates suitable locations where the fuel cards should be stored. Based on the sample of six (5%) WEX fuel cards inventoried during the audit, the auditors noted the WEX fuel cards were secured in the designated locations.</p>
<p>3.1</p>	<p><i>City-wide and/or departmental written policies and procedures governing fuel card usage and management were not documented.</i></p> <p>Develop written city-wide and departmental policies and procedures for using WEX fuel cards, to include identifying the City administrator of the WEX fuel card program. These policies and procedures should address the City administrator and user department responsibilities, as well as operational guidance.</p>	<p>IMPLEMENTED</p> <p>The Fire Department established Policy # 306 Use of Fuel Cards effective July 1, 2019. This policy outlines the Department Fuel Card Administrator and individual users' responsibilities, and provides operational guidance.</p>
<p>3.2</p>	<p><i>City-wide and/or departmental written policies and procedures governing fuel card usage and management were not documented.</i></p> <p>Ensure user departments are provided copies of the city-wide policies and procedures and are requested to comply and develop internal procedures for fuel cards. Training should be given to personnel that use WEX fuel cards to ensure understanding and adherence to the policies and procedures.</p>	<p>IMPLEMENTED</p> <p>The Fire Department policy was distributed to Fire Department personnel on June 26, 2019 through PowerDMS, a policy management software.</p> <p>Training was distributed through PowerDMS in March 2020 based on the City policy #315. A block of instruction will be included in Fire Academy on WEX fuel card uses.</p>
<p>3.3</p>	<p><i>City-wide and/or departmental written policies and procedures governing fuel card usage and management were not documented.</i></p> <p>A process should be developed to ensure when personnel are no longer employed with the City, their WEX fuel card PIN number is deactivated immediately after their last day of employment.</p>	<p>IMPLEMENTED</p> <p>Based on Internal Audit inquiry, the Fire Department established a process to ensure PINs were deactivated for personnel no longer employed by the City. Based on the list of active WEX drivers for the Fire Department, Internal Audit found no former Fire Department employees who still had an active PIN.</p>
<p>3.4</p>	<p><i>City-wide and/or departmental written policies and procedures governing fuel card usage and management were not documented.</i></p>	<p>IMPLEMENTED</p>

	Sharing PIN's should be considered a violation of policy.	The Fire Department's fuel card policy stated the sharing of PIN's is not allowed. No instances of PIN sharing were noted.
4	<p><i>Departmental management should perform an appropriate level of review.</i></p> <p>Management should ensure fuel consumption of each vehicle and personnel are monitored and reviewed and any abnormalities in fuel consumption, to include purchases of higher grade fuel, is investigated. Additionally, trend analysis should be performed to identify and justify increases/decreases in monthly fuel consumption.</p> <p>Based on the type of apparatus/vehicle, management should establish a mechanism to track miles per gallon, assess vehicle utilization and monitor potential abuse.</p> <p>Although the WEX system allows fuel card controls, establishment of a process to review for exceptions is recommended.</p>	<p>IMPLEMENTED</p> <p>The Fire Department Use of Fuel Cards Policy # 306 required a fuel log and original receipts to be maintained monthly for each WEX fuel card. The fuel logs were submitted to the Fire Department's Fuel Card Administrator each month who reviewed the transactions for accuracy and completeness against the monthly invoice. Based on Internal Audit inquiry, the review also included spot checking the odometer readings, number of gallons and locations. A follow up is also conducted by another Fire Department employee on discrepancies.</p>
5.1	<p><i>WEX fuel cards were not inventoried and could not be located.</i></p> <p>Require an annual physical verification of all fuel cards, as evidenced by signature and date of the personnel conducting the inventory and the cardholder assigned to the vehicle.</p>	<p>IMPLEMENTED</p> <p>The Fire Department Use of Fuel Cards Policy # 306 required a bi-annual audit of WEX fuel cards. Based on Internal Audit inquiry, the first bi-annual audit was conducted by the Fire Department in January 2020.</p> <p>Based on Internal Audit Inquiry, the 2nd bi-annual inventory was completed in July 2020.</p>
5.2	<p><i>WEX fuel cards were not inventoried and could not be located.</i></p> <p>Unaccounted for fuel cards should be deactivated immediately.</p>	<p>IMPLEMENTED</p> <p>Based on Internal Audit inquiry, the bi-annual audit found no unaccounted for fuel cards.</p>
5.3	<p><i>WEX fuel cards were not inventoried and could not be located.</i></p> <p>Management should develop and maintain a listing of vehicles and the fuel cards assigned, to include spare and miscellaneous fuel cards.</p>	<p>IMPLEMENTED</p> <p>The assigned vehicle or station for each fuel card was listed in the WEX fuel card system. Therefore, an active WEX fuel card list from the WEX fuel card system would show the vehicles and fuel cards assigned to include miscellaneous fuel cards. This listing is used to perform the annual physical inventory.</p>

5.4	<p><i>WEX fuel cards were not inventoried and could not be located.</i></p> <p>Management should ensure cancellation of fuel cards due to disposal/surplus is completed on a timely basis and are followed-up to ensure they are deactivated.</p>	<p><i>IMPLEMENTED</i></p> <p>Based on Internal Audit review, no WEX fuel cards were noted as being assigned to surplus or disposed vehicles.</p>
5.5	<p><i>WEX fuel cards were not inventoried and could not be located.</i></p> <p>Establish a process in which fuel cards without activity for a given period of time are deactivated.</p>	<p><i>IMPLEMENTED</i></p> <p>The Fire Department could potentially have fuel cards with extended periods of non-use. Fire Department management had reduced fuel cards, but due to operational concerns, fuel cards could not be reduced any further. However, fuel cards assigned to stations are inventoried daily with the exception of miscellaneous cards which are kept secured in locations at the stations.</p>
6	<p><i>Internal controls were lacking in the City's WEX fuel card online program.</i></p> <p>Management should utilize the controls within the WEX fuel card online system when possible, and when not possible, alternative controls should be put in place to detect exceptions.</p>	<p><i>IMPLEMENTED</i></p> <p>Controls have been established to only allow the purchase of fuel on all Fire Department WEX fuel cards. In addition, the Fire Department established a process to review the WEX fuel card transactions every month to detect exceptions.</p>
8	<p><i>Training and accountability were not required.</i></p> <p>Management should ensure personnel sign a fuel usage agreement that details the terms and conditions on the proper use of the fuel card prior to issuing fuel cards.</p>	<p><i>IMPLEMENTED</i></p> <p>Although Internal Audit recommended personnel to sign a user agreement, Fire Department personnel acknowledged acceptance of both the Fire Department Use of Fuel Cards Policy # 306 and the City's Fuel Card Practices and Procedures # 315 through Power DMS along with training, whereby, accepting the terms and conditions of both documents.</p>