



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER 0

PAGE 1 OF 4

DATE: 6/9/2009

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF CONTROLS OVER THE COUNTY'S FLEET CARD AND FUEL MANAGEMENT SERVICES**

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's Report of Controls Over the County's Fleet Card and Fuel Management Services.

BACKGROUND:

At the request of the Commissioners Court, the Auditor's Office staff reviewed the controls over the fleet card and fuel management services for the three months ended November 30, 2008. The objective of the review was to determine whether controls were adequate over the procurement of fuel using the County's Fuelman cards.

FISCAL IMPACT:

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditor

PREPARED BY: S. Renee Tidwell
APPROVED BY:



TARRANT COUNTY

TARRANT COUNTY ADMINISTRATION BUILDING - ROOM 506
100 E. WEATHERFORD
FORT WORTH, TEXAS 76196-0103
817/884-1205
Fax 817/884-1104

S. RENEE TIDWELL, CPA
COUNTY AUDITOR
rtidwell@tarrantcounty.com

RONALD D. BERTEL, CPA
FIRST ASSISTANT COUNTY AUDITOR
rbertel@tarrantcounty.com

March 12, 2009

The Honorable District Judges
The Honorable Commissioners Court
Mr. G.K. Maenius, County Administrator
Tarrant County, Texas

RE: Auditor's Report – Controls Over the County's Fleet Card and Fuel Management Services

SUMMARY

At the request of the Commissioners Court, we reviewed the controls over the fleet card and fuel management services for the three months ended November 30, 2008. The objective of our review was to determine whether controls were adequate over the procurement of fuel using the County's Fuelman cards. During our review, we found that controls should be improved. Furthermore, current procedures related to Fuelman cards did not always comply with the current policy.

On April 17, 2009, we discussed our observations and recommendations with management from the County Administrator's Office and the Purchasing Department.

BACKGROUND

Since May 1998, Tarrant County has contracted with the vendor to provide fleet card and fuel management services. Currently, Fuelman of DFW (Fuelman) provides these services. Fuelman is a nationwide commercial fueling network and fuel management program offering over 500 fuel sites throughout the Dallas-Fort Worth metroplex.

About 75 fleet fuel cards were originally authorized to accommodate law enforcement officers and Precinct 2 since it did not have on-site fuel at the maintenance facility. Over time, the number of cards has expanded to facilitate convenience to other County departments. As of November 30, 2008, there were 237 Fuelman cards issued to County departments. Tarrant County paid approximately \$156,000 to the vendor during the three-month review period.

OBSERVATIONS AND RECOMMENDATIONS

Controls over the County's fleet cards and fuel management services should be improved.

During our review, we observed that the Vehicle Policy states that the Purchasing Department is the only agent authorized to make account changes. However, County departments contacted the vendor directly to make account changes, such as the activation and deactivation of fuel cards. Furthermore:

1. Fuelman cards were not assigned to a specific user, but rather to a specific County vehicle. Therefore, the fuel card stays in the vehicle and multiple individuals use the card. Controls were not adequate to provide accountability over individual fuel transactions. Although Personal Identification Numbers (PINs) are used to activate the fuel pump, PINs were oftentimes recycled and shared among employees. As a result, we could not conclusively determine whether individual fuel transactions were appropriate.
2. Retired, terminated, and transferred employees and employees who are no longer authorized to drive a County vehicle were still listed as active users according to the vendor's records. Although some departments obtained reports to verify the users and the appropriateness of the transactions from the vendor, other departments did not know that these reports were available. As a result, unauthorized and inappropriate fuel transactions may not be detected.

Recommendations

We recognize that portions of the County's Vehicle Policy are outdated and do not reflect current procedures related to fleet card and fuel management services. We recommend that the County Administrator's Office revise the policy accordingly. To strengthen controls over the fuel cards, the policy should also address the following:

1. Each user should have a unique Personal Identification Number (PIN) to provide accountability over fuel transactions. PINs should not be recycled or shared among users.
2. Usage reports, detailing the time and date of fuel transactions, should be obtained from Fuelman at least on a monthly basis. These reports should be reviewed by the department head or designee to verify the appropriateness of fuel transactions. Furthermore, the reviewer should verify that only authorized personnel are listed on the Fuelman account as active users. The reviewer should sign and date the report as evidence of his/her review.

The policy should also describe the user departments' responsibilities related to the review and approval of monthly invoices.

Management's Response

Management concurred with the observations and recommendations as stated above. They will begin reviewing current policies and make appropriate changes to strengthen controls over fleet card and fuel management services.

OBJECTIVE, SCOPE, METHODOLOGY

The objective of our review was to determine whether controls were adequate over the procurement of fuel using County's Fuelman cards during the three months ending November 30, 2008.

Management is responsible for the implementation and application of effective internal controls. The objective of an internal control structure is to provide management with reasonable, but not absolute, assurance regarding the achievement of objectives such as the safeguarding of assets, reliability of financial reporting, and compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors or irregularities may occur and may not be detected. It is our responsibility to review and assess the effectiveness of those controls. During our review, we gained an understanding of the internal controls, as they relate to our objective. We believe that our review provides a reasonable basis for our conclusion.

CLOSING REMARKS

We appreciate the cooperation of the County Administrator's Office and the Purchasing Department during our review. If you have any questions concerning this report, please don't hesitate to call.

Sincerely,



S. Renee Tidwell, CPA
County Auditor

Team:

Kim Trussell, Audit Manager
Maki Ogata, Internal Auditor

Distribution:

Jay Singleton, Assistant County Administrator
Jack Beacham, County Purchasing Agent