

Audit & Ethics Committee

Fuel Management Audit

Item 6a May 24, 2022

Fuel Management Audit

Audit Scope

- Vendor selection
- Purchasing
- Delivery
- Usage
- Payments
- Reporting



Product	FYE 2018/2019	FYE 2019/2020	FYE 2020/2021	Total
Gasoline (unleaded)	\$2,096,700	\$2,018,100	\$1,578,482	\$5,693,282
Diesel	407,500	380,500	255,221	1,043,221
Propane, CNG, Aviation Fuel	108,400	38,100	60,901	207,401
1 401	100,700	30,100	00,701	6,943,904

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Opinion: Less Than Satisfactory

- Fuel Disbursement
 - Control Design
 - Control Malfunctions
 - Circumvented Procedures
 - Inadequate Monitoring/Follow-up
- Equipment Malfunctions
- Inventory Procedures
- Invoice Review and Approval
- Fleet Card Transactions
- Mis-recorded and Underutilized Assets
- Fuel Tax Credits

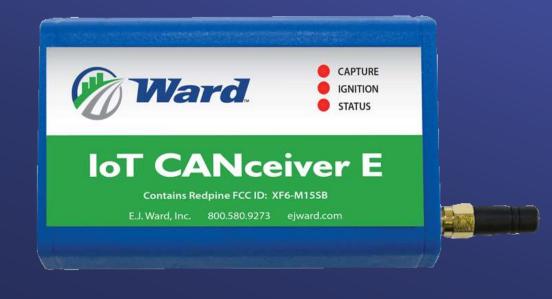
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Fuel Disbursement

Telematic Devices

- Installed on pumps and fuel burning assets
- Captures asset identity and gallons pumped



Fuel Disbursements Control Design

- Only 75% of District fuel burning assets have telematics
- Without telematics
 - Manual data input
 - Inadequate procedures to ensure correct vehicle information
 - Potential for unauthorized fueling



Fuel Disbursements Securitas Example

- Securitas contract authorizes fueling of 17 vehicles
- None fitted with telematics
- Fuel Management System had 39 vehicles assigned to Securitas
 - 15 District vehicles
 - Four vehicles fueled after Securitas reported them sold (\$14,212)
 - Securitas staff input sold vehicle data to pump into other vehicles
 - One vehicle did not belong to Securitas; unable to determine ownership

Fuel Disbursements Equipment Malfunctions

- Telematics should stop dispensing fuel after removing the nozzle from the tank
 - Fuel pumped exceeded asset tank capacity for 71 transactions (1,378 gallons)
- Fuel dispensing should not occur unless asset odometer reading is higher than that of previous recorded refueling
 - 353 of 945 refuelings showed lower odometer readings

Fuel Disbursements Equipment Malfunctions

- Malfunctioning Telematics not identified and corrected
 - 663 of 1,227 assets fitted with telematics also had Employee Fueling transactions. We could not determine telematics status when fueling occurred.
 - The telematics on a Metropolitan vehicle assigned to California Fish and Game had not worked for more than 3 years

Fuel Disbursements Circumvented Procedures

- Operators can place pumps in "Bypass Mode"
 - Between July 2017 and March 2021
 - "Bypass" disbursements not tracked
 - Pumps operated in Bypass Mode at all facilities for some period of time
 - Gene Camp diesel pump operated in Bypass Mode continuously for 11 months (4,010 untracked gallons); only deactivated after Internal Audit identified the situation.

Invoice Review/Approval

- Invoiced quantities should be verified by physical tank measurements before and after each delivery.
 - No evidence of physical measurement for 15 of 63 invoiced deliveries
 - Receiving logs did not agree with the inventory report for 31 of 63 invoices

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Mis-recorded/Underutilized Assets

- New Chevy Colorado Truck purchased in April 2019 driven 39 miles as of March 2021
- New Dodge Sedan purchased in December 2014 driven only 10,603 miles as of May 2021
- Asset custodians told us a GMC truck, a generator, and a reciprocating air compressor were salvaged
 - No record of salvage
 - GMC truck found parked in salvage yard
 - Generator found at Lake Mathews
 - Reciprocating air compressor still missing

