

GALVESTON COUNTY



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May 10, 2016

Honorable Mark A. Henry, County Judge, and
Members of the Commissioners Court

Honorable Mark A. Henry and Members of the Court:

Attached for your acceptance for filing is the county fuel usage audit report. The audit covered the period from November 1, 2014 through October 31, 2015.

Sincerely,

A handwritten signature in blue ink that reads "Rice CPA".

Randall Rice CPA
County Auditor

Attachment: Fleet Department – Fuel Usage Audit Report



Fleet Department - Fuel Usage Audit

February 18, 2016

Galveston
County
Internal Audit
Division

Randall Rice CPA
CITP CISA CIO CBM DABFA CGMA
County Auditor

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Executive Summary

Reliability and Integrity of Information (Pages 3-6)

- Fleet can improve upon the reliability and integrity of information by implementing the following recommendations:
 - To improve the monitoring of fuel usage as well as preventive maintenance, the county should consider purchasing a license for the Fuel Force system.
 - The Fleet Director should verify all transactions are downloaded from the Multiforce module to the Fuel Force system to ensure data is complete and accurate.
 - Complete the implementation of the Multiforce module at the Bolivar location to properly track and record fuel usage.
 - The Fleet Director should send monthly fuel usage reports to department heads for review to identify anomalies involving fuel usage. Any anomalies identified need to be further investigated and reported to the Fleet Director, and if deemed necessary, report the anomaly to Commissioners' Court.
 - Assign each gas can a unique equipment ID number to facilitate the monitoring of fuel usage for each can.
 - The Fleet Director should implement a policy that requires each department assigned a bulk tank to log the usage of each tank. These fuel logs should be reconciled on a monthly basis to ensure the validity of all fuel used by the bulk tanks.

Statistical Analysis (Page 7)

- Galveston County fuel usage has decreased in recent years in both unleaded and diesel fuel.
- Although county fuel usage as a whole has decreased over the past five years, several departments have seen an increase in fuel usage over the last two years.

Introduction

The Internal Audit Division conducted an audit of the county fuel usage in accordance with Local Government Code §115. The internal audit covered the period November 1, 2014 through October 31, 2015. The audit was performed from November 4, 2015 through February 10, 2016. The timeliness of the audit was impacted by delays in receiving fuel usage reports from the City of Galveston.

The primary objective of the internal audit is to provide reasonable assurance concerning reliability and integrity of the information. The scope of the internal audit encompassed the administrative procedures related to the monitoring of fuel usage by the Fleet Department. The internal audit included, but was not limited to, the books, accounts, reports and records of the Fleet Department. The internal audit also included reports and records of the County Auditor, other county officials and third party entities.

The internal audit included examining fuel transactions on a test basis, and required exercising judgment in the selection of such tests. As the internal audit was not a detailed examination of all transactions, there is a risk that errors or fraud were not detected during the internal audit. The official therefore retains the responsibility for the accuracy and completeness of the information.

Because of certain statutory duties required of the County Auditor, we are not independent with regard to the Galveston County Fleet Department, as defined by the AICPA professional standards. However, our internal audit was performed with objectivity and due professional care.

Eric Wolchko, Internal Auditor, performed the audit.

Reliability and Integrity of Information

Fuel Force Fleet Management Software

Fuel Force Fleet Management is the software used to monitor fuel usage throughout the county. Fuel transactions are tracked in the Multiforce module of the Fuel Force system. The transactions are downloaded (daily) into Fuel Force through an interface program within the system. Currently the system is owned and maintained by the City of Galveston. The Fuel Force system has the ability to collect and store fuel transactions and manage the maintenance and labor costs for fleet and equipment. Each fueling station has a Fuel Force keypad where the employee enters their driver's code (the last four digits of their social security number), the vehicle FAID#, the mileage and the fuel pump identification number. The Fuel Force system tracks the number of gallons pumped into each vehicle. Based on the mileage, the Fuel Force system can determine how much gas the vehicle has used and how much is necessary to fill up the tank. This control method is designed to prevent an individual from supplying gas/diesel to an unauthorized vehicle or equipment. The Fuel Force system also uses this information to determine the time and frequency of vehicle maintenance, such as oil changes and air filters.

The true value of any data system is the business intelligence it provides to management for running an operation successfully. The Fuel Force system is designed for asset management from initial acquisition through disposal. The Multiforce module has the ability to collect and store fuel transactions by manual process, electronic upload or integrated web services depending on the capabilities of the fuel provider. The Fuel Force system also has data export capabilities and can create custom reports necessary for effective fleet management and fuel usage.

Finding: The Fleet Director has limited access to the Fuel Force system and relies on the City of Galveston to provide monthly reports and information necessary for effective fleet management.

Recommendation FLT-16-01: To improve the monitoring of fuel usage as well as preventive maintenance, the county should consider purchasing a license for the Fuel Force system.

Finding: The following transactions were not included in the data downloaded from the Multiforce module into the Fuel Force system during the audit period:

Department	Unit #	# of Trans	Total Quantity	Comments
PARKS	CPCAN	3	26.450	
R&B	C513B	4	79.500	2 transactions were for a zero quantity
R&B	C5509B	3	165.900	1 transaction was for a zero quantity
R&B	C5812B	4	316.450	
R&B	C714B	6	-	All transactions were for a zero quantity
PARKS	C7064B	1	100.300	
PARKS	C7701B	1	60.000	
		Total	748.600	gallons

Recommendation FLT-16-02: The Fleet Director should verify all transactions are downloaded from the Multiforce module to the Fuel Force system to ensure data is complete and accurate.

Reliability and Integrity of Information (cont.)

Fuel Pump Locations

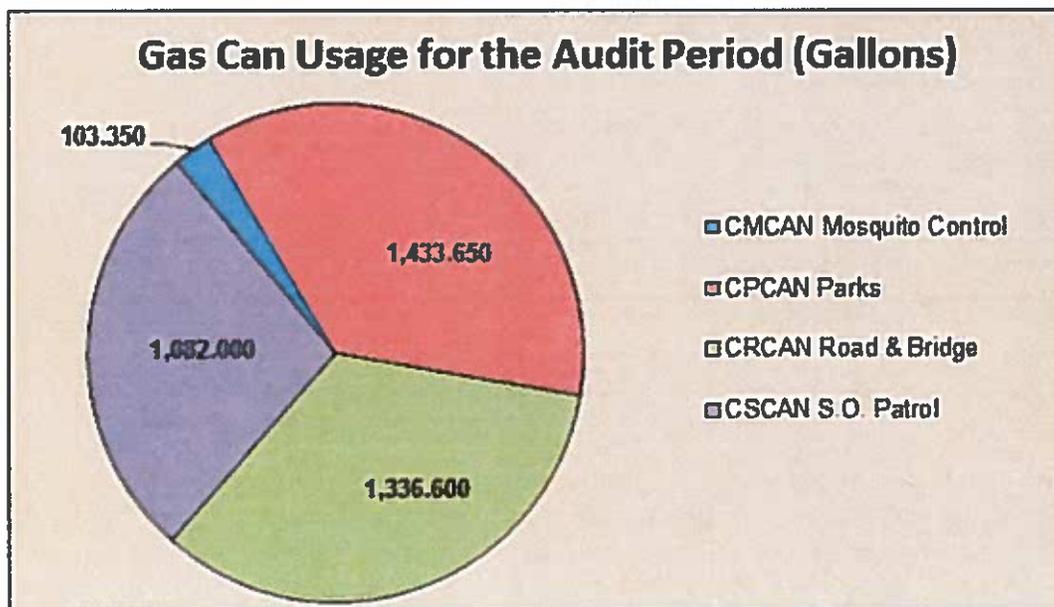
The county has three fueling stations: Santa Fe Fleet Service Center located at 5101 Avenue H, Dickinson Fleet Service Center located at 5115 Hwy. 3, and the Bolivar Fleet Service Center located at 920 Noble Carl Road, Crystal Beach. For convenience, the county is authorized to use the fueling station at the City of Galveston's main service facility located at 502 32nd Street.

Finding: The Fuel Force system has not been fully implemented at the Bolivar location. Fuel transactions are manually logged on a paper document.

Recommendation FLT-16-03: Complete the implementation of the Fuel Force system at the Bolivar location to properly track and record fuel usage to increase the reliability and integrity of the information.

Gas Cans

Gas cans are used to transport fuel to equipment when it is not feasible to bring the equipment to a fueling station (i.e., small tools, lawn equipment). The gas cans hold up to 10 gallons of fuel and are typically assigned to the crew leader of a department. The county currently has four gas cans being tracked in the Fuel Force system. The following chart reflects the usage of each gas can during the audit period:



Reliability and Integrity of Information (cont.)

Finding: The following gas can transactions occurred outside of regular county business hours:

Equipment	Date	DOW	Time	QTY	Product
CMCAN	2/20/2015	Friday	6:07:00 AM	5.10	Unleaded
CMCAN	5/19/2015	Tuesday	5:49:00 AM	5.30	Unleaded
CMCAN	9/4/2015	Friday	6:30:00 AM	5.80	Unleaded
CMCAN	9/18/2015	Friday	5:59:00 AM	6.50	Unleaded
CPCAN	1/10/2015	Saturday	4:26:49 PM	10.05	Diesel
CPCAN	9/5/2015	Saturday	10:52:06 AM	10.20	Unleaded
CPCAN	2/19/2015	Thursday	4:58:46 AM	5.50	Unleaded
CPCAN	7/14/2015	Tuesday	5:29:07 AM	6.30	Diesel
CRCAN	5/4/2015	Monday	5:31:17 AM	2.40	Unleaded
CRCAN	7/31/2015	Friday	5:23:49 AM	3.40	Unleaded
CRCAN	8/25/2015	Tuesday	5:23:29 AM	1.50	Unleaded
CRCAN	10/24/2015	Saturday	8:45:05 PM	3.20	Unleaded
				65.25	

Finding: The same employee used gas cans assigned to both the Mosquito Control Department (CMCAN) and the Sheriff's Office – Patrol (CSCAN). An employee of the City of Galveston pumped 18.850 gallons of unleaded fuel into CSCAN.

Recommendation FLT-16-04: The Fleet Director should send monthly fuel usage reports to department heads for review to identify anomalies such as unauthorized or excessive use of fuel (including gas cans and bulk tanks) and transactions made outside of normal business hours. Any anomalies identified need to be further investigated and reported to the Fleet Director. If the Fleet Director determines the response and/or reason for the anomaly is not adequate and/or reasonable, the Fleet Director should report the anomaly to Commissioners Court.

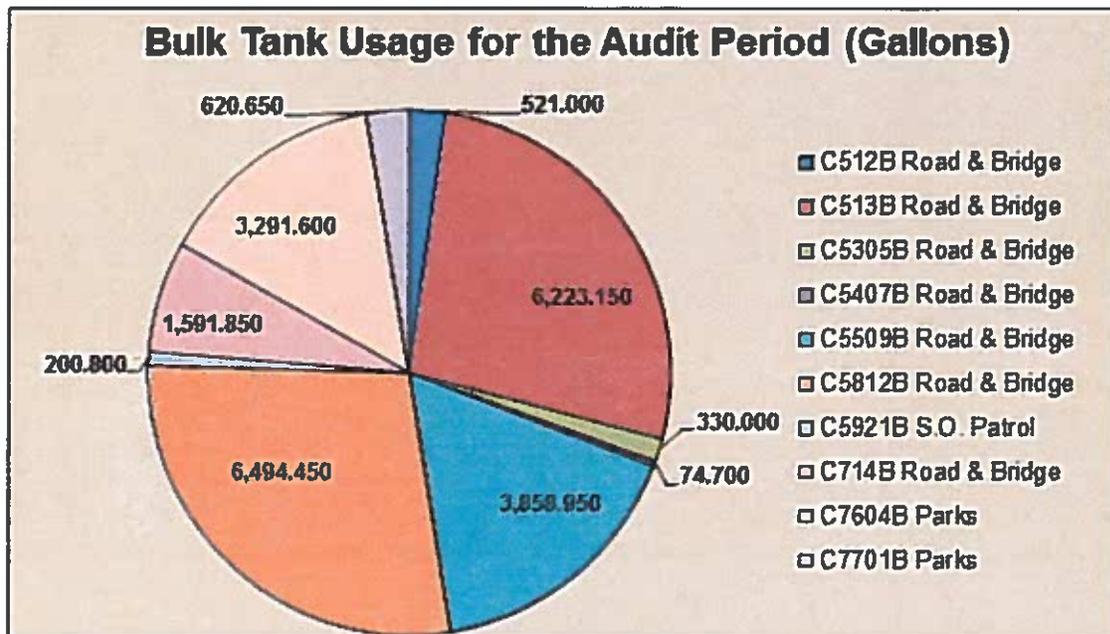
Finding: Fuel is being pumped into multiple gas cans using the same equipment ID number.

Recommendation FLT-16-05: Assign each gas can a unique equipment ID number to facilitate the monitoring of fuel usage for each can.

Reliability and Integrity of Information (cont.)

Bulk Tanks

Bulk tanks are used to transport fuel to tractors and heavy equipment when it is not feasible to bring the equipment to a fueling station. The bulk tanks hold 100-gallons of fuel and are attached to the bed of various county vehicles. The bulk tanks are assigned the same ID number as the vehicle it is attached to, with a 'B' at the end. The county has ten bulk tanks currently in use. Four of the bulk tanks made up 86% of total fuel usage of the bulk tanks. The following chart reflects the usage of each bulk tank during the audit period:



Finding: Road and Bridge bulk tank C512B had a total of 308.400 gallons of diesel pumped into it in two days: 156.000 gallons on Wednesday, April 22, 2015 and 152.400 gallons on Friday, April 24, 2015.

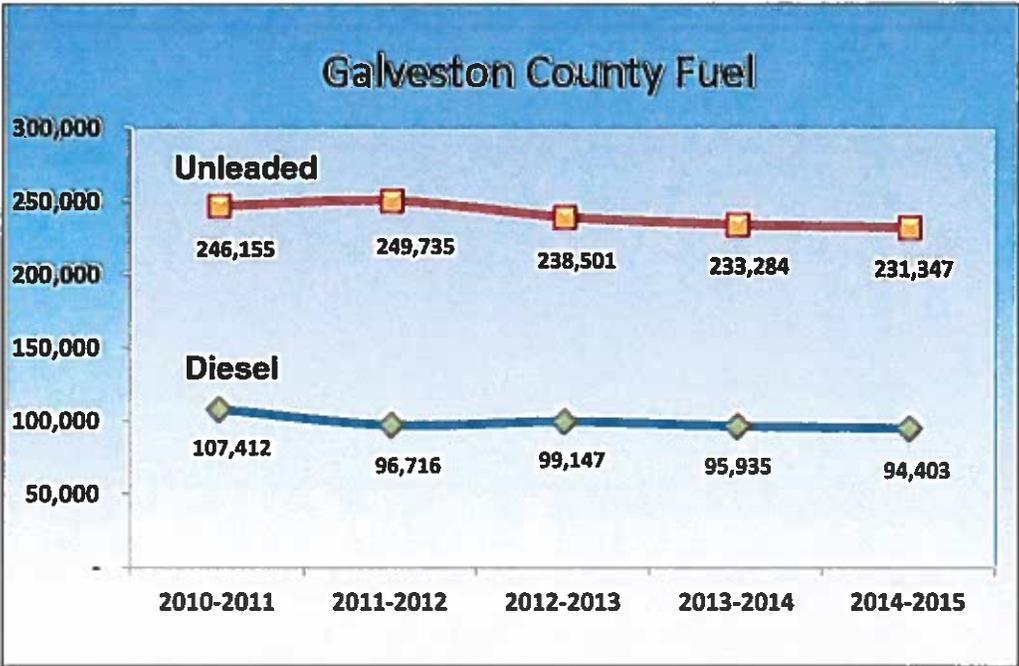
Finding: Road and Bridge bulk tank C513B had a fuel usage increase from 4,236.000 gallons in 2014 to 6,143.650 gallons in 2015, a 45% increase.

Finding: Road and Bridge bulk tank C5509B had a total of 200.700 gallons of diesel pumped into it in two days: 100.400 gallons on Thursday, July 23, 2015 and 100.300 gallons on Friday, July 24, 2015.

Recommendation FLT-16-06: The Fleet Director should implement a policy that requires each department assigned a bulk tank to log the usage of each tank. The fuel logs should reflect the following information per transaction: date and time of the transaction, unit # of vehicle/equipment fueled, printed name of individual delivering the fuel, printed name and signature of individual receiving the fuel, and the number of gallons per transaction. All fuel added and removed from the bulk tanks should be documented on the fuel logs. These fuel logs should be reconciled on a monthly basis to ensure the validity of all fuel used by the bulk tanks.

Statistical Analysis

Galveston County fuel usage has decreased in recent years in both unleaded and diesel fuel. From 2010 to 2015, unleaded and diesel fuel usage decreased by 6% and 12%, respectively. The chart below illustrates the total fuel usage for Galveston County from November 1, 2010 to October 31, 2015.



Although county fuel usage as a whole has decreased over the past five years, several departments have seen an increase in fuel usage over the last two years.

The table below reflects the departments in which fuel usage increased more than 10% from 2014 through 2015:

Department	2013-2014	2014-2015	Change
ZCADMI Administration	6,972.200	8,538.050	22.5% increase
ZCBAIL Bailiff	53.700	145.050	170.1% increase
ZCMARI Marine	3,574.050	4,188.250	17.2% increase
ZCRESV Reserves	1,755.000	2,302.550	31.2% increase
ZCTRAN Training	409.250	770.900	88.4% increase
ZDFLEP Fleet Motor Pool	6,244.250	7,029.300	12.6% increase