

Review of Department Fuel Cards
Division of Administrative Services

Report: A-1718DEP-022

Office of Inspector General

Internal Audit Section

Florida Department of Environmental Protection

December 17, 2018

3900 Commonwealth Boulevard, MS 40
Tallahassee, Florida 32399-3000

<https://floridadep.gov/>





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The Office of Inspector General (OIG) conducted a review of Department of Environmental Protection (Department) fuel card use, which is managed by the Division of Administrative Services (Division), Bureau of General Services (Bureau). This review was initiated as a result of the Fiscal Year (FY) 2017-2018 Annual Audit Plan.

Scope and Objectives

The scope of this review included select fuel card activities during the period of July 1, 2017, through December 31, 2017, as well as current processes. The objectives were to:

- Determine whether fuel cards are used in compliance with DEP Directive 660 and the State Fuel Card Program Standards and Procedures
- Evaluate management oversight of fuel card activities

Methodology

This review was conducted under the authority of Section 20.055, Florida Statutes (F.S.), and in conformance with the *International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors. Our procedures included review of authoritative documents, fuel card records, follow up on the prior OIG Fuel Card Process Review, and interviews with Division and Bureau management.

Background

The Department has been authorized by the Department of Management Services (DMS) to utilize the State Fuel Card Program established under State Term Contract 973-163-10-1. DEP Directive 660, State Fuel Card Program, establishes the policies and procedures to be followed by staff authorized to operate, maintain, and fuel Department vehicles, boats, and other equipment for authorized State business. Fuel cards are either dedicated for use with an assigned

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vehicle or designated as miscellaneous for varying equipment use. Cardholders must complete training to receive authorization from the Fuel Card Administrator to use fuel cards and are issued individual Personal Identification Numbers (PIN), which are required for transactions. Program areas maintain Monthly Vehicle/Equipment Usage Logs and receipts for fuel purchases.

The OIG conducted a prior Fuel Card Process Review (A-1415DEP-015) dated March 2015. The report contained one finding regarding the accuracy of reported purchases and lack of management oversight. We recommended that the Division require Program compliance with DEP Directive 660 and put processes in place to document the monitoring of fuel card activities. We also recommended the Division conduct periodic reviews of vehicle usage for reporting accuracy and justification of use. In response, the Division indicated that monitoring processes and periodic reviews would be put in place to increase oversight of fuel card usage. The Division advised that mandatory and refresher training would be provided to Program FLEET¹ Coordinators on an annual basis. The Division also advised that DEP Directive 660 would be revised to incorporate updated language for monitoring and training.

At the time of this review, the Division was in the process of updating DEP Directive 660, the State Fuel Card Program Standards and Procedures, and associated forms. During the six-month period of July through December 2017, the Department paid \$856,502.67 in fuel card expenses. This included expenditures from 20,596 transactions.

¹ The Florida Equipment Electronic Tracking (FLEET) system is a Department of Management Services database used to record vehicle usage and expenses on a monthly basis.

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Results

Compliance with DEP Directive 660 and State Fuel Card Program Standards and Procedures

Of the 1,010 fuel cards utilized during the sample month of November 2017, we reviewed a sample of 137 for compliance with DEP Directive 660 and the State Fuel Card Program Standards and Procedures. Paragraph 9(b) of the procedures requires Program areas to scan and enter Monthly Vehicle/Equipment Usage Logs into OCULUS² by the 12th day of the following month. Of the 137 fuel cards, 129 had usage logs uploaded to OCULUS as required. The following table provides a summary of the results of the 129 Monthly Vehicle/Equipment Usage Logs and receipts reviewed from OCULUS records.

	REQUIREMENT	RESULTS	PERCENTAGE
8	Receipts will be attached to a Monthly Log Receipt Submittal Form and attached to the appropriate Usage Log.	115 usage logs included receipts.	89%
8(a)	All receipts from State Fuel Card transactions must be signed on the front by the user authorizing the purchase, which must be the same user issued the PIN.	114 usage logs included receipts with the user's signed name.	88%
8(b)	All receipts from State Fuel Card transactions must include the user's printed name under the signature.	60 usage logs included receipts with the user's printed name.	47%
8(c)	All receipts from State Fuel Card transactions must be dated with the date of the purchase.	122 usage logs included receipts with the purchase date.	95%
8(d)	All receipts from State Fuel Card transactions must include the tag/equipment or MFC number listed on the card.	76 usage logs included receipts with the tag/equipment or MFC number.	59%
9	Monthly Usage Logs are required for all active fuel cards. For vehicles/equipment with dedicated fuel cards, program areas shall complete a Monthly Vehicle/Equipment Usage Log. For miscellaneous fuel cards, program areas shall complete a Monthly Miscellaneous State Fuel Card Usage Log.	122 usage logs utilized the correct version.	95%
9(a)	Usage logs must be reconciled and posted to FLEET ³ by the 12 th day of the month following each completed calendar month.	121 usage logs were posted to FLEET.	94%
9(b)	Usage logs and receipts must be scanned and entered directly into the OCULUS system by the 12 th day of the month following each completed calendar month.	98 usage logs were uploaded to OCULUS in a timely manner.	76%
	Usage logs should include user's signed or printed name for each entry.	115 usage logs included the user's signed or printed name.	89%

² The Department's electronic document management system

³ Florida Equipment Electronic Tracking System

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During the course of our review we also noted several instances of errors or discrepancies related to calculating or transposing mileage, odometer readings, fuel costs, amounts purchased, and dates in comparison to corresponding receipts.

Management Oversight of Fuel Card Activities

According to the Division's response to the prior OIG Fuel Card Process Review, the Division indicated that the Bureau would create a standardized monitoring plan that would require all Program areas to demonstrate compliance with DEP Directive 660. The Bureau would also begin conducting periodic reviews of vehicle usage logs and transactions, and providing mandatory and refresher trainings to Program FLEET Coordinators. In addition to these measures, the Bureau would update DEP Directive 660 to include language that would allow the implementation of these measures.

The Division currently has updates to DEP Directive 660 in draft. However, due to Bureau administrative changes, updates to DEP Directive 660 have not been formalized. The Bureau has also worked to develop a process for periodic reviews of fuel card usage logs and transactions. However, this process has also not been formalized and initial review results have not been communicated with Program areas. In addition, the Bureau has not established a standard monitoring plan for Program fuel card use or training for Program FLEET Coordinators.

To evaluate management oversight of fuel card activities, we interviewed Division management and Program FLEET Coordinators from 18 program areas, including Department Regulatory District and Division of Recreation and Parks District offices. Based on these interviews, some areas of the Department indicated a greater level of management oversight and

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review than others regarding fuel card activities. Program FLEET Coordinators indicated that assigned staff review monthly usage logs to ensure completeness and accuracy. However, based on our review, monthly usage logs did not appear to be consistently reviewed.

Conclusions

Based on our review and follow up of events subsequent to the prior Fuel Card Process Review, the Department's use of fuel cards does not demonstrate that fuel card activities are being accurately recorded or sufficiently monitored. Updates to DEP Directive 660, which outline additional monitoring and training planned by the Bureau, remain in draft and have not been established.

Finding and Recommendation

Finding 1: Compliance with DEP Directive 660 and State Fuel Card Program Standards and Procedures and Management Oversight

During our review of a sample of fuel cards, we noted errors and discrepancies between fuel card usage logs and corresponding receipts consistent with errors noted during the prior Fuel Card Process Review. We also noted several usage logs that had not been uploaded to FLEET and OCULUS in a timely manner as required. In addition, of the 137 sampled, eight fuel cards with documented usage did not have usage logs uploaded to OCULUS.

In response to the prior Fuel Card Process Review, the Division was working to update DEP Directive 660 and establish additional monitoring and training processes. While an updated draft of DEP Directive 660 has been developed and the Bureau has taken steps to

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establish a process for periodic monitoring, these processes have not been finalized or formally established.

Recommendation:

We recommend the Division take necessary steps to finalize updates to DEP Directive 660 and the State Fuel Card Program Standards and Procedures. In addition, planned processes for periodic monitoring of fuel card use should be formally established along with processes to monitor timely submission of monthly usage logs to FLEET and OCULUS. As indicated in the Division's prior response, we also recommend the Division formally establish additional training for Program FLEET Coordinators to increase effective monitoring and oversight of Department fuel card activities.

To promote accountability, integrity, and efficiency in state government, the OIG completes audits and reviews of agency programs, activities, and functions. Our review was conducted under the authority of Section 20.055, F.S., and in conformance with the International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors, and Principles and Standards for Offices of Inspector General, published by the Association of Inspectors General. The review was conducted by Adam Crump and supervised by Valerie J. Peacock.

Please address inquiries regarding this report to the OIG's Audit Director by telephone at (850) 245-3151. Copies of final reports may be viewed and downloaded via the internet at <https://floridadep.gov/oig/internal-audit/content/final-audit-reports>. Copies may also be obtained by telephone (850) 245-3151, by fax (850)245-2994, in person or by mail at Department of Environmental Protection, Office of Inspector General, 3900 Commonwealth Boulevard, Mail Station #41, Tallahassee, FL 32399.

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Memorandum

TO: Valerie Peacock, Audit Director
Office of the Inspector General

FROM: Darinda McLaughlin, Director
Division of Administrative Services

SUBJECT: Report A-1718DEP-022
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DATE: December 11, 2018

This memorandum will serve as the Division's response to the subject audit findings and recommendations.

Finding 1: Compliance with DEP Directive 660 and State Fuel Card Program Standards and Procedures and Management Oversight

- *Recommendation: We recommend the Division take necessary steps to finalize updates to DEP Directive 660 and the State Fuel Card Program Standards and Procedures.*

Response: The Division has consolidated DEP Directives 620 "Motor Vehicles Watercraft Assignment and Utilization", 630 "Reporting of Accidents Involving State Owned Motor Vehicles/Watercraft & Procurement of Related Repairs", and 660 "State Fuel Card Program" into Directive 310 "Fleet, Motor Pool, and Fuel Card." The revised procedure is currently with DEP leadership pending approval.

- *Recommendation: In addition, planned processes for periodic monitoring of fuel card use should be formally established along with processes to monitor timely submission of monthly usage logs to FLEET and OCULUS.*

Response: The Bureau of General Services' Operational Support Services section has implemented a new log review process beginning with the review of the November usage logs that includes the review of the Monthly Fleet Usage Log, Monthly Usage Log Receipt Submittal form, Fuel Card Transaction Report, and the DMS FLEET online system to ensure data is being accurately recorded and to identify discrepancies, if applicable.

- *Recommendation: As indicated in the Division's prior response, we also recommend the Division formally establish additional training for Program FLEET Coordinators to increase effective monitoring and oversight of Department fuel card activities.*

Response: The Bureau of General Services will provide information to Fleet Custodians in that includes a review of the revised directive, new process for log reviews, and addresses any common issues or errors identified in the review of November and December logs.