



**Mecklenburg County
Department of Internal Audit**

Fuelman Gas Card Investigation
Report 1288

November 29, 2012

Internal Audit's Mission

Through open communication, professionalism, expertise and trust, Internal Audit assists executive management and the Audit Review Committee in accomplishing the Board's objectives by bringing a systematic and disciplined approach to evaluate the effectiveness of the County's risk management, control and governance processes in the delivery of services.

Internal Audit Contacts

Joanne Whitmore, Audit Director, (704) 336-2575 or
joanne.whitmore@mecklenburgcountync.gov

Christopher Waddell, Audit Manager, (704) 336-2599 or
christopher.waddell@mecklenburgcountync.gov

Staff Acknowledgements

Joanne Whitmore, Audit Director
Richard Kring, Information Technology Auditor

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MECKLENBURG COUNTY Department of Internal Audit

To: Brian Cox, Director, Business Support Services Agency
Rodney Harris, Division Director, Business Support Services Agency Business and Financial Management

From: Joanne Whitmore, Director, Internal Audit

Date: November 29, 2012

Subject: Fuelman Gas Card Investigation Report 1288

A March 2012 Fuelman gas card exception report for transactions between March 12 – March 23, 2012, which is provided weekly to a Business Support Services Agency Business and Financial Management (BSSA-BFM) staff member, noted odometer entry anomalies on March 12 and March 14, 2012. The transactions in which the anomalies occurred were made by a Park and Recreation staff. The exception details were sent for further research to the Park and Recreation department transportation liaison. It was determined the staff in question inappropriately used at least three Fuelman gas cards between June 2, 2011 and April 5, 2012 to fuel one or more non-County vehicles after hours and on weekends. As reported to the Charlotte Mecklenburg County Police, the staff member made 62 fraudulent gas card transactions totaling \$2,087.47. The person ended service with the County on April 24, 2012.

On April 12, 2012 the County's Legal Department notified Internal Audit who then conducted data analysis of all County staff after hours and weekend Fuelman gas card transactions made between January 1, 2010 and April 22, 2012. Results were provided to department transportation liaisons for review to identify whether there was any other potential misuse. Some data analytics conducted included:

- Duplicate gas cards
- Off-hours fuel transactions
- Low miles per gallon
- Weekend fuel transactions
- Vehicle incompatible fuel transactions

INVESTIGATION CONCLUSION

Department transportation liaisons' review of Internal Audit's analysis of all County staff Fuelman gas card usage after hours and on weekends between January 1, 2010 and April 22, 2012 did not reveal any additional gas card misuse other than the Park and Recreation staff already identified. The Fuelman exception report and BSSA-BFM staff person's oversight alerted the Park and Recreation liaison to the potential misuse of one of their staff, which led to further investigation and ultimate charges filed with the

Charlotte Mecklenburg Police Department. The Fuelman vendor exception report does not, however, include after-hours, weekend and low miles per gallon gas card use analysis. Also, the BSSA-BFM has not formally developed and documented Fuelman gas card oversight policies and procedures for its staff member and the department transportation liaisons.

The issues listed below, as well as recommendations and management responses, are discussed in detail in the attached document. Internal Audit will conduct a follow-up review at a later date to verify that recommendations are implemented and working as expected.

ISSUES

1. The BSSA-BFM does not yet have a formally documented policy and procedure for Fuelman gas card usage oversight.
2. The Fuelman gas card exception report does not provide after-hours, weekend and low miles per gallon anomalies.

We appreciate the cooperation you and your staff provided during this investigation. Please feel free to contact me at 704-336-2575 if you have any questions or concerns.

c: Harry Jones, County Manager
Michelle Lancaster, General Manager
John McGillicuddy, General Manager
Bobbie Shields, General Manager
Leslie Johnson, Associate General Manager
Dena Diorio, Director, Financial Services Department
Tyrone Wade, Deputy County Attorney
Robert Thomas, Senior County Attorney
Board of County Commissioners
Audit Review Committee

BACKGROUND

Mecklenburg County (“County”) has approximately 1,100 active Fuelman gas cards for use by staff using fleet vehicles. As of July 1, 2012 oversight for the vehicles and gas cards was given to the Business Support Services Agency’s Business and Financial Management (BSSA–BFM) Division.

The BSSA–BFM staff member who receives weekly the Fuelman exception reports sends the reports on a bi-weekly basis to the liaisons. Each liaison acts as the point of contact to talk about fleet operation concerns. They receive a violation memo that notes any exceptions. The violation memos liaisons receive do not give individual driver detail and previously liaisons did not have access to the Fuelman vendor website to see that detail. As of May 2012, the liaisons have received training on the website and have access to view gas card transactions to assist in their oversight activities.

A March 2012 Fuelman gas card exception report for transactions between March 12 – March 23, 2012, which is provided weekly to a Business Support Services Agency Business and Financial Management (BSSA–BFM) staff member, noted odometer entry anomalies on March 12 and March 14, 2012. The transactions in which the anomalies occurred were made by a Park and Recreation staff. The exception details were sent for further research to the Park and Recreation department transportation liaison. It was determined the staff in question inappropriately used at least three Fuelman gas cards between June 2, 2011 and April 5, 2012 to fuel one or more non-County vehicles after hours and on weekends. As reported to the Charlotte Mecklenburg County Police, the staff member made 62 fraudulent gas card transactions totaling \$2,087.47. The person ended service with the County on April 24, 2012.

On April 12, 2012 the County’s Legal Department notified Internal Audit who then conducted data analysis of all County staff after hours and weekend Fuelman card gas transactions made between January 1, 2010 and April 22, 2012. Results were provided to department transportation liaisons for review to identify whether there was any other potential misuse. Some data analytics conducted included:

- Duplicate gas cards
- Off-hours fuel transactions
- Low miles per gallon
- Weekend fuel transactions
- Vehicle incompatible fuel transactions

Because some departments or agencies like the Department of Social Services and the Sheriff’s Office have staff with a legitimate need to use the gas card after normal business hours or on the weekends, the vendor exception reports did not provide exception reports for those activities. The reports also did not specifically analyze low miles per gallon, which could be an indicator that the gas card was used between County fueling to fuel non-County vehicles.

Each liaison receiving a violation memo is directed to research the exceptions, speak to the drivers associated with the exceptions and report back to the BSSA–BFM staff stating the cause for the exceptions and actions taken if necessary. For example, a liaison may coach staff on the need to accurately enter the odometer reading when using the gas card, which if inaccurate could lead to an exception.

Some department liaisons have also established fueling limits based on their specific business needs to further control the gas card usage. Each liaison follows his or her own procedure for Fuelman gas card usage oversight.

ISSUES, RECOMMENDATIONS AND RESPONSES

Issue 1. The BSSA–BFM does not yet have a formally documented policy and procedure for Fuelman gas card usage oversight.

Risk Observations

While a BSSA–BFM staff has a process to review the Fuelman vendor exception report and send liaisons violation memos that require their research and formal response, there is no formally documented policy and procedure. Further, there is no formally documented policy and procedure for liaisons to follow to ensure a consistent reconciliation and oversight process.

Formally documented policies and procedures, however, are important control activities to help ensure management’s directives are carried out while mitigating risks that may prevent the organization from achieving its objectives. Policy provides principles to guide decisions and procedures establish and define employees’ roles and responsibilities. Policies and procedures include a range of activities, such as approvals, authorizations, verifications, reconciliations, operational reviews, asset security and separation of duties.

Recommendations

Internal Audit recommends BSSA–BFM establish and implement a consistent, formally documented procedure for Fuelman gas card oversight. The policies and procedures should include, at a minimum:

- liaison and BSSA–BFM Fuelman billing reconciliation process
- liaison and BSSA–BFM staff exception report review and response process
- liaison and BSSA–BFM roles and responsibilities
- liaison and BSSA–BFM use of Fuelman vendor website for research and oversight
- Fuelman gas card user and oversight staff initial and ongoing training requirements
- Fuelman gas card policies and procedures review and update requirements

Management Response

Agree – BSSA-BFM will develop formal policies and procedures for gas card oversight to include all recommendations. The anticipated completion date is March 1, 2013.

County Manager Response

Management’s response is appropriate and consistent with the Internal Audit department’s recommendations

Issue 2. The Fuelman gas card exception report does not provide after-hours, weekend and low miles per gallon anomalies.

Risk Observations

Because some departments like the Sheriff's Office or the Department of Social Services have staff that needs to fuel vehicles after normal business hours and/or on weekend, BSSA-BFM had not requested Fuelman vendor exception analysis for after-hour and weekend usage. Nor does the vendor look for low miles per gallon, which could be another indicator the Fuelman gas card is being used to purchase fuel for other than the assigned County vehicle. While the recent misuse was initially identified based on odometer anomalies, after-hour and weekend usage and low miles per gallon analysis could provide additional information for gas card oversight.

Recommendations

Internal Audit recommends BSSA-BFM work with the Fuelman gas card vendor to expand its exception report activities to include after hours and weekend usage where practical. Management should also consider including low miles per gallon in the vendor's analysis. To facilitate reporting and response, BSSA-BFM may also want to consider using its SharePoint site to distribute exception reports, as well as receive and maintain liaison responses.

Management Response

Agree – BSSA-BFM will work with the Fuelman gas card vendor to expand the exception report to include after hours, weekend usage and low miles per gallon if the system can accommodate such categories. The anticipated completion date is March 1, 2013. Further, we are currently pursuing a Request for Information (RFI) for fleet GPS solutions that will greatly enhance the County's ability to monitor vehicle misuse. The RFI will result in a Technology Reserve funding request with the hope of deploying a solution in FY14.

In addition, the Park and Recreation Director will work with BSSA-BFM with the implementation and managing of a countywide Fuelman Card Policy. The Park and Recreation Department along with BSSA-BFM recently conducted a full analysis of all vehicle and miscellaneous Fuelman card assignments and added additional security features including quantity and use limits on all cards. The Department also requires managers to review and discuss all exceptions with the applicable employee(s) to determine if any action is required. These implemented processes have virtually eliminated Park and Recreation exceptions on Fuelman reports. The Department liaison will continue to monitor reports and work closely with BSSA-BFM to curb and identify possible fraudulent activity.

County Manager Response

Management's response is appropriate and consistent with the Internal Audit department's recommendations