



**Mecklenburg County  
Department of Internal Audit**

Asset and Facility Management  
Fuelman Gas Card Program Follow-Up Audit  
Report 1823

October 5, 2018

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**Internal Audit's Mission** To support key stakeholders in cultivating an environment of accountability, transparency and good governance.

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**Staff Acknowledgements** Eric Davis, CIA, CISA, CRMA, Auditor-in-Charge

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MECKLENBURG COUNTY  
Department of Internal Audit

**To:** Dena Diorio, County Manager

**From:** Joanne Prakapas, Director, Department of Internal Audit

**Date:** October 5, 2018

**Subject:** Asset and Facility Management Fuelman Gas Card Program Follow-Up Audit Report 1823

The Department of Internal Audit completed a follow-up audit on reported issues from the Asset and Facility Management Fuelman Gas Card Program Report 1667 issued May 2, 2017. The follow-up audit objective was to determine with reasonable but not absolute assurance whether management took effective corrective action on the issues presented in the audit report.

Internal Audit staff interviewed key personnel; observed operations; reviewed written policies, procedures, and other documents; and tested specific transactions where applicable. Internal Audit conducted this audit in conformance with The Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing.

**FOLLOW-UP SUMMARY**

There were five recommendations in the Asset and Facility Management Fuelman Gas Card Program Report 1667. The following table provides the original number of recommendations and summarizes the follow-up audit results performed to date.

Fiscal Year	Audit Report	Implemented	Open	Not Implemented <sup>1</sup>	Withdrawn	Total Carryforward
2017	1667 <sup>2</sup>	N/A				5
2018	1823	1	4			4

The attached **Follow-Up Results** matrix provides details for the most recent follow-up audit. Internal Audit will review any carryforward issues later to verify recommendations are fully implemented and working as intended.

<sup>1</sup> Management assuming risk for not taking corrective action

<sup>2</sup> Initial report

The cooperation and assistance of the Asset and Facility Management staff are recognized and appreciated.

- c: Deputy County Manager/Chief of Staff
- Assistant County Managers
- Deputy County Attorney
- Senior County Attorney
- Board of County Commissioners
- Audit Review Committee
- Director, Asset and Facility Management

**Follow-Up Results**  
**Asset and Facility Management Fuelman Gas Card Program Report 1667**

- **Implemented** – Audit issue has been adequately addressed by implementing the original or alternative corrective action plan (**I**)
- **Open** – Corrective action for audit issue initiated but not completed (**P**); Implemented but not operating as intended (**IO**); Not been addressed but management fully intends to address issue (**O**)
- **Not Implemented** – Audit issue not addressed and management has assumed the risk of not taking corrective action (**NI**)
- **Withdrawn** – Audit issue no longer exist due to operational changes (**W**)

				Implementation Status	
Risk Observation	Recommendation	Management's Risk Mitigation Strategy	Original Implementation Date	Current Status	Comments
1.1	Internal Audit recommends management ensure AFM staff validates employees' COPs prior to issuing gas card PINs and on an ongoing basis after PINs have been issued.	<p>AFM is currently receiving monthly reports from Human Resources (started in December 2016) that are used to verify valid COPs prior to issuing PINs. To make this more manageable AFM will request a monthly list of only the changes made to this list. The list of all COP's will be audited annually.</p> <p>AFM is currently receiving PeopleSoft notifications and deactivating PINs of employees who have either been terminated or retired. AFM started receiving PeopleSoft notifications from HR in 2015.</p> <p>AFM will request from Insurance and Risk Management immediate notification of employees whose driving privileges have been terminated and deactivate those PINs as well.</p>	04/2017	I	
1.2	Internal Audit recommends management develop, regularly review, and follow up on routine exception reports to help detect anomalies or trends that are not compliant with the objectives and other requirements of the gas card program. Potential data analytics may include:	AFM will work with Internal Audit and Fuelman on creating monthly exception reports for four of the ten most critical data analytics listed above ( <b>multiple fuel purchases per vehicle per day, large quantity purchases, duplicate transactions and large miscellaneous card purchases</b> ). AFM deems that these are critical in identifying potential	05/2017	P (2)	This recommendation is pending Internal Audit's development of the data analytics to facilitate continuous monitoring.

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				Implementation Status	
Risk Observation	Recommendation	Management's Risk Mitigation Strategy	Original Implementation Date	Current Status	Comments
	<ul style="list-style-type: none"> <li>• Multiple fuel purchases per vehicle per day</li> <li>• After-hour purchases</li> <li>• Weekend purchases</li> <li>• Large quantity purchases</li> <li>• Non-gas related purchases</li> <li>• Duplicate transactions</li> <li>• Premium or diesel fuel purchases</li> <li>• Low odometer readings</li> <li>• Low miles per gallon</li> <li>• Large miscellaneous card purchases</li> </ul> <p>We further recommend management follow up on anomalies identified during this audit and seek available resolution. Results of this follow-up and resolution should be documented.</p>	<p>misappropriation of fuel. All exceptions will be reviewed and any exceptions deemed questionable will be forwarded to the proper fleet liaison for investigation and a follow up response. An Administrative Assistant III will review the exception reports and follow up, and their Supervisor will review exception reports monthly.</p> <p>AFM does not believe that monitoring of <b>after-hour purchases, weekend purchases, low odometer reading and low miles per gallon</b> are as beneficial to manage fuel risk, because there are numerous instances of these metrics with valid explanations, i.e., Park and Recreation and Youth and Family Services employees work regularly after hours and on weekends.</p> <p>AFM believes that <b>non-gas related purchases</b> can only be car washes that an employee may have selected at the pump. This cannot be controlled because it is a service offered at the fuel pump and the system is unable to catch this. AFM has tested the use of fuel cards to make in store purchases and they were disallowed by the system.</p>			

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				Implementation Status	
Risk Observation	Recommendation	Management's Risk Mitigation Strategy	Original Implementation Date	Current Status	Comments
2.1	Internal Audit recommends management develop and implement processes for appropriate gas card program oversight to mitigate the risk resulting from the lack of separated duties.	AFM will have the supervisor review monthly exception reports developed based on management's response to recommendation 1.2 to ensure gas cards and PIN numbers are being handled appropriately. In addition, a monthly transaction report by employee has been requested from Fuelman.	05/2017	P (2)	Management indicated the recommendation is partially implemented due to the implementation of review activities that initially focused on the utilization of gas cards by employees. Specific review activities to mitigate reported segregation of duties concerns are being developed for implementation.