

Memorandum



CITY OF DALLAS

Date: June 23, 2006

To: Honorable Mayor and Members of the City Council

Subject: Follow-Up Report of the October 29, 2004, *Performance Audit of Fuel Service Cards*

We conducted this audit under the authority of Chapter IX of the City Charter and according to applicable government auditing standards. We conducted tests of records and reviews of program guidelines and procedures that we considered necessary in the circumstances. Our objective was to determine whether management had implemented the audit's recommendations or taken other acceptable actions to remedy the control weaknesses identified in the original report.

The original audit contained three findings with nine recommendations. Management has implemented all nine recommendations.

1. Fuel card procedures and activity reports are inadequate.

We recommended that the Director of Equipment and Building Services (EBS):

Develop written City-wide guidelines, such as an AD, for using fuel cards. These guidelines should address EBS and user department responsibilities, as well as operational guidelines. **(Implemented)**

Ensure that user departments are provided copies of the City-wide guidelines and are requested to comply or develop internal procedures for fuel cards that will include periodic and frequent monitoring of obtained fuel. **(Implemented)**

Ensure that fuel activity reports (with information on issued cards, usage, and other relevant information) are generated and periodically (no less than quarterly) issued to user departments, and perform a cost-benefit analysis to limit individual cards within a department and to validate cards assigned to a department. **(Implemented)**

On September 2, 2004, EBS management issued Standard Operating Procedures (SOP) for Fuel Cards and distributed the SOP to all department fuel coordinators. User departments receive and review monthly employee fuel card reports. However, we found no evidence that user departments are completing monthly cost-benefit analyses. EBS is reviewing and verifying SOP for Fuel Cards to incorporate language that requires departments to justify why they need the number of cards they have or are requesting.

2. Some requesting and authorizing documents were not readily available and were missing appropriate authorization signatures.

We recommended that the Director of EBS ensure that:

A logical and systematic approach is documented and implemented for filing and storing fuel card request and replacement forms. **(Implemented)**

Gas Card Group (GCG) staff follows established procedures and ensure that user department personnel complete the pick-up log. **(Implemented)**

EBS' SOP for Fuel Cards specifies the process for filing and storing fuel card request and replacement forms. The SOP for Fuel Cards also specifies that customers must complete the Fuel Card Pick-Up log when cards are received from the Fuel Section. We also noted that completed fuel card requests and replacement forms were properly filed and stored.

3. CNG (Compressed Natural Gas) Cards are not adequately controlled.

We recommended that the Director of EBS:

Ensure that:

- Transtar* is requested to update and provide periodic listings that reflect only currently authorized and activated cards. **(Implemented)**
- Periodic reconciliations of CNG cards used and CNG cards authorized, issued, and activated are performed on at least a quarterly basis. **(Implemented)**

Clean Energy provided a listing of CNG fuel cards dated April 18, 2006. EBS staff performed a detailed reconciliation on the listing and requested Clean Energy to deactivate specific cards. EBS staff indicated that another reconciliation will be performed for the period ending June 30, 2006.

Ensure that:

- Spare cards are kept in a more secured area and that access is restricted in accordance with procedures established by management. **(Implemented)**
- The log is revised to include blocks to record detailed information on spare cards received, including currently recorded information on issuances and other revisions deemed necessary. **(Implemented)**

* Clean Energy bought out Transtar

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The SOP for Fuel Cards specifies that cards “not yet distributed to customer departments will be stored in the established secured area.” We also observed that spare cards are now kept in a more secured area and that the Pick-up Log has been amended to include blocks for recording pertinent information.

We appreciate management’s cooperation in this follow-up. If you have any questions, please contact me at 214-670-3223.

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c: Mary K. Suhm, City Manager
Jack Ireland, Director of Equipment and Building Services