



AUDIT REPORT



DATE April 20, 2021

NO. 2021-002

**CHARLOTTE COUNTY FUEL
CARD PROGRAM**

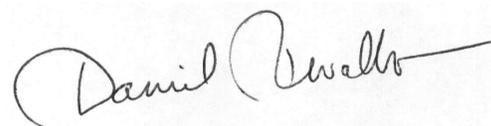
INTERNAL AUDIT DIVISION
ROGER D. EATON
CLERK OF THE CIRCUIT COURT AND COUNTY COMPTROLLER
CHARLOTTE COUNTY FLORIDA

Honorable Roger D. Eaton
Charlotte County Clerk of the Circuit Court and Comptroller
350 East Marion Avenue
Punta Gorda, Florida 33950

We have completed an audit of the fuel card program. The purpose of this audit was to verify that adequate controls exist in the administration, authorization and use of fuel cards.

The report details the current control environment and includes our comments and recommendations. Management responses have been included and immediately follows the audit report.

Respectfully submitted,

A handwritten signature in black ink that reads "Daniel Revallo". The signature is written in a cursive style with a long horizontal stroke at the end.

Daniel Revallo
Internal Audit Director

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EXECUTIVE SUMMARY

The Clerk and Comptroller's Internal Audit Division performed a compliance audit of the County's participation in the fuel card program. The period under review included December 1, 2018 through June 30, 2020. A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.

Based upon the results of our review, we offer a summary of recommendations. These recommendations are discussed in detail later in this report:

1. **We recommend** update of the Fuel Card Policy to accommodate Fire/EMS and Public Works – Signing and any future additions, with strengthening approval requirements of the Budget and Administrative Services Director and ensuring every employee is accountable for an individually assigned card.
2. **We recommend** the Fuel Card Administrator require departments to monitor and reconcile fuel card activity for compliance with the Fuel Card Policy and investigate premium fuels, out-of-County transactions, transaction limits and the return of fuel cards for reasonableness.
3. **We recommend** the Fuel Card Administrator reinstruct cardholders/supervisors on their requirements and require fuel card activity to be reconciled according to policy.
4. **We recommend** the Fuel Card Administrator inquire into departments whether there is a legitimate need for cards, and require the cancellation of unneeded cards.

BACKGROUND

Participation in the WEX Bank fuel card program began in early December 2018, by way of the State of Florida Fuel Card Services Contract #973-163-10-1 with WEX Bank (formerly known as Wright Express Financial Services Corporation).

The fuel card program serves as a refueling alternative when personnel driving County-owned vehicles are unable to, or it's impractical to, use a County fuel yard. WEX Bank fuel cards can be used at any participating fuel station.

The fuel cards are credit cards and are managed through a WEX Bank platform. Program administration is performed by the County's Fleet Management – Fuel and Vehicle Acquisition Coordinator.

County departments with assigned WEX Bank fuel cards include Community Development (Building and Construction Services, Code Compliance, and Licensing) and Public Safety (Fire/EMS). Departments are added at the discretion of the County's Budget and Administrative Services Director. The Public Works – Signing department was added subsequent to the audit period.

WEX Bank fuel cards were initially issued to unique drivers and vehicles. To purchase fuel, authorized personnel (drivers) must provide their assigned driver identification number (DIN). A current odometer reading is also required input at the pump. WEX Bank captures this information, identifying the card user, as well as the transaction date and time, the number of units (gallons) purchased, unit cost, product description, merchant name and address, prior odometer input and current odometer, etc.

Transaction and product restrictions are managed through the WEX Bank platform by card and the assigned authorization profile. Limits per policy include \$100 per transaction, with up to two (2) transactions per day.

Transaction reports include a monthly billing statement (net of exempt taxes and rebates), monthly purchase activity reports for each fuel card, and an Excel transaction download. Exception reports and ad hoc reports are also available through the WEX Bank platform for oversight and monitoring purposes (i.e. activity by quantity, fuel grade).

The following is a general overview of the County’s fuel card program:

Community Development and Fire/EMS maintain a total of fifty-eight (58) WEX Bank fuel cards. See the table below for details –

<u>Department</u>	<u># of Cards</u>	<u>% by Department</u>
Community Development:		
Building & Construction Services	30	52%
Code Compliance	13	22%
Licensing	6	10%
Total:	49	84%
Public Safety:		
Fire / EMS	9	16%
Total WEX Cards	58	100%

Transaction activity during the audit period in both Units (Gallons) purchased and Net Cost are summarized below –

TIME PERIOD	Units (Gallons)	Net Cost
Fiscal Year (FY) 2019 (12/2018-9/2019)	4,137	\$10,036
Fiscal Year (FY) 2020 (10/2019-9/2020)	7,471	15,176
Total:	11,608	\$25,752

DEPARTMENT	FY 2019 Units (Gal.)	FY 2019 Net Cost	FY 2019 % by Dept.	FY 2020 Units (Gal.)	FY 2020 Net Cost	FY 2020 % by Dept.
Community Development:						
Building & Construction Services	1,292	\$2,900	29%	1,513	\$2,900	18%
Code Compliance	1,204	2,738	27%	2,691	5,186	33%
Licensing	211	567	6%	311	642	4%
Total:	2,707	\$6,205	62%	4,515	\$8,728	56%
Public Safety:						
Fire/EMS	1,430	\$3,831	38%	2,956	\$6,988	44%
Totals per Fiscal Year:	4,137	\$10,036	100%	7,471	\$15,716	100%

We verified the net cost for Building and Construction Services for each fiscal year and concluded the amounts are the same for both years. The average price per gallon declined from an estimated \$2.42 per gallon to \$2.11 per gallon, allowing for a greater number of gallons purchased in Fiscal Year 2020.

AUDIT OBJECTIVES

1. Fuel cards are sufficiently administered in accordance with established laws, regulations, guidelines, and policies and procedures.
2. Fuel cards are needed and adequately controlled.
3. Proper internal controls exist to ensure that only authorized individuals use fuel cards; and
4. Fuel cards are used to obtain fuel for County purposes (uses) only.

AUDIT SCOPE AND METHODOLOGY

The period reviewed during this audit included activity beginning December 1, 2018 (at program implementation) through June 30, 2020. To achieve audit objectives, the Internal Audit Division performed procedures including (but not limited to) the following:

- Reviewed the State of Florida’s Contract with WEX Bank;
- Interviewed key County personnel with approval, monitoring and oversight responsibilities;
- Reviewed the County’s Fuel Card Policy;
- Identified and tested controls over WEX card usage; and
- Reviewed WEX card activity and support maintained for adherence to Fuel Card Policy.

Sampling techniques were also employed using CaseWare IDEA Data Analysis Software to identify transactions that occurred at times, days and/or locations that were outside of normal operations. Transaction sorts were also used to quantify transaction data (ie. transactions by fuel grade, or in-County vs. out-of-County use).

COMMENTS AND RECOMMENDATIONS

1. Fuel cards were issued out of compliance with established internal controls.

The Fire/EMS and Public Works – Signing departments were issued fuel cards out of compliance with established internal controls. Specifically;

- a) The Fuel Card Policy states, "This program is only approved for vehicles in Community Development where there is one designated driver for each unique vehicle."

Fuel cards were issued to Fire/EMS personnel and vehicles, as well as a boat utilized by Public Works – Signing. Fire/EMS vehicles with an assigned fuel card also maintain more than one designated driver, and contain a shared station driver identification number (DIN) by location.

- b) The Fuel Card Policy states, "The Charlotte County fuel card program is designed to allow a driver, at the discretion of the Budget and Administrative Services Director, to purchase fuel for county vehicles with the use of a fuel card."

The Fire/EMS Division was added with verbal approval, but the Public Works – Signing Division was added (subsequent to the audit period) without knowledge of the Budget and Administrative Services Director.

- c) The Fuel Card Policy states, "As a driver, the cardholder is required to sign a Fuel Card Services Contract Card User Agreement Form."

Individual Card User Agreements were not on file for Fire/EMS personnel who share a fuel card and station DIN.

- d) The Fuel Card Policy states, "This program is only approved for vehicles in Community Services where there is one designated driver for each unique vehicle."

The list of drivers and assigned DINs maintained on the WEX Platform by the Fuel Card Administrator was not up-to-date, as it excluded Rescue 9 and Rescue 13, and Engine 9 was identified as "Station 9". Individual drivers were also not identified, as these vehicles have multiple potential drivers.

- e) The Fuel Card Policy states, "Cardholders will receive training from the Fleet – Fuel Card Administrator at the time the card is issued."

Initially, Community Development cardholders received training. Subsequent cardholders are provided a copy of the Fuel Card Policy and asked to acknowledge receipt and understanding by signing the Card User Agreement, along with the requesting supervisor.

- f) The Fuel Card Policy states, "You must take precautions to protect the card from theft or loss and store it in a secure place. Delegation of authority to use the card is not permitted."

There is inadequate control over Fire/EMS fuel cards, as cards remain in vehicles where multiple drivers have access. There is no accountability of use as the drivers share DINs, and no accountability for loss as cards issued to Fire/EMS are not the responsibility of a specific driver.

The Fuel Card Policy has not been reviewed or considered by management for update since December 2018, when the fuel card program was implemented. Changes incurred, as departments were added to the program, weakened established internal controls and resulted in operations that are out of compliance with the Fuel Card Policy.

We recommend update of the Fuel Card Policy to accommodate Fire/EMS and Public Works – Signing and any future additions, with strengthening approval requirements of the Budget and Administrative Services Director and ensuring every employee is accountable for an individually assigned card.

2. Fuel card use is not in compliance with the Fuel Card Policy.

Fuel card use does not agree with policy. Specifically;

- a) The Fuel Card Policy states, "The fuel card is a credit card. You must take precautions to protect the card from theft or loss and store it in a secure place. ...You must safeguard the credit card from use by any other individual."

There were three (3) users identified where DINs assigned to Community Development users were stored with the fuel cards, as well as DINs assigned are employee numbers that may be known by supervisors or other County personnel.

- b) The Fuel Card Policy states, "The fuel card is restricted to the purchase of regular unleaded gasoline and diesel fuel only."

Premium fuel grades purchased during the audit period totaled \$752.33, or 3.5% of total fuel card purchases. These purchases included both premium unleaded and premium diesel fuels. Marine fuel purchased totaled \$123.53, or .6%.

- c) The Fuel Card Policy states, "Card use is not permitted outside of Charlotte County."

Fuel purchased outside of Charlotte County totaled \$9,065.25, or 41.9% of total fuel card purchases.

- d) The Fuel Card Policy states, "The general per transaction purchase limit is \$100. The general transaction count limit is (2) per 24 hours. If a need arises that will require an increased limit or number of transactions per day, you will need to contact the Program Administrator prior to the transaction to obtain a temporary increase."

Purchase and transactions limits assigned to fuel cards were less restrictive than the limits established by the Fuel Card Policy. We noted assigned limits as high as \$200 per transaction (up to \$500 per day) and allowable transaction counts of three (3) per day.

- e) The Fuel Card Policy states, "Upon transfer to another department or termination from employment, you must cease use of the fuel card and return it to your supervisor at least seven (7) days prior to your change in employment. Your supervisor must notify and return the fuel card to the Fuel Card Administrator prior to your change in employment, who will cancel your card."

The current process does not have a control to determine whether fuel cards are terminated in a timely manner.

The Fuel Card Policy may not have been consulted during program operations/card use. Deviations from the policy indicate the program is not operating as intended by Management.

We recommend the Fuel Card Administrator require departments to monitor and reconcile fuel card activity for compliance with the Fuel Card Policy and investigate deviations from policy for reasonableness.

3. Fuel card activity is not reconciled according to the Fuel Card Policy.

Procedures to reconcile fuel card activity do not agree with policy. Specifically;

- a) The Fuel Card Policy states, "It is the cardholder/department supervisor's responsibility to verify their monthly activity with the Fuel Card Administrator. This includes reporting a total dollar amount and monthly mileage amount to the Fuel Card Administrator."

No amounts are reported to the Fuel Card Administrator by the cardholder/department supervisor. Only receipts are provided to the Fuel Card Administrator.

- b) The Fuel Card Policy states, "The cardholder must sign the receipt as evidence of their presence at the transaction."

Only about 53.6% of transactions reviewed had receipts signed by the user. The remaining 46.4% had either no user notations or referenced the vehicle and/or driver identification number only.

- c) The Fuel Card Policy states, "In the event a receipt cannot be located, a Fuel Card Purchase Affidavit must be filled out and signed by your supervisor then emailed as an attachment to the Program Administrator within (5) business days of the transaction."

One affidavit reviewed contained an incorrect transaction date and did not meet the (5) business day threshold. Program participants are not provided formal training when a new fuel card is issued. Formal training only occurred with Community Development when the fuel program was first implemented.

Cardholders/supervisors may not be fully aware of their responsibilities and requirements. Procedures inconsistent with policy and established internal controls, can present opportunities for misuse and enable unauthorized transactions and/or deviations from policy to go undetected.

We recommend the Fuel Card Administrator reinstruct cardholders/supervisors on their requirements and require fuel card activity to be reconciled according to policy.

4. Fuel cards are issued for use by persons who do not necessarily have a legitimate need.

Some fuel cards issued may not be needed. Specifically;

- a) The Fuel Card Policy states, "The fuel card is intended for use by Charlotte County employees who have been identified as having a need to purchase fuel at times and/or locations when it would not be practical to travel to either the JB Yard, School Board Yard, West County Yard, or the Punta Gorda Yard."

Fuel purchased less than 5 miles from a designated County fuel yard totaled \$9,015.86 or 41.7% of total fuel card purchases.

- b) 23 cards or 39.7% of total cards issued had no transaction activity during the audit period. Of the 23 cards, 16 were issued at the start of the program and have never been used.

Program activity is not monitored for legitimate need and discussed with departments, which increases exposure to loss or misuse of County assets.

We recommend the Fuel Card Administrator inquire into departments whether there is a legitimate need for these cards, and require the cancellation of unneeded cards.

CONCLUSION

A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.

ACKNOWLEDGEMENT

We would like to thank the County's Fiscal Services, Fleet Management and Purchasing departments, as well as the Comptroller's Finance department for their assistance in the completion of this audit.

Audit performed by:

Misti Payette

Internal Auditor II

Charlotte County Clerk of Court and Comptroller



MEMORANDUM

Date: March 5, 2021

To: Dan Revallo, Internal Audit Director, Charlotte County Clerk of Courts and Comptroller

From: Gordon Burger, Director of Budget & Admin Services

Subject: Responses to the Internal Audit review of the County WEX Fuel Cards

Please find below the list of recommendations from your department, and the response from the Board.

- 1. Recommend** Update the Fuel Card policy to accommodate Fire/EMS and Public Works with strengthening approval requirements of the Budget and Administrative Services Director and ensuring every employee is accountable for an individually assigned card.

Response: We have updated our Fuel Card policy to change from the Budget and Administrative Services Director to the Fleet Manager. We have also updated the policy to make the departments responsible for their own cards, with submission to the Fuel Card Administrator for monthly reconciliation for more control.

Fire/EMS will be developing their own procedures for the WEX Fuel Card program and will submit their monthly package to the Fuel Card Administrator for verification.

- 2. Recommend** Fuel Card Administrator require departments to monitor and reconcile fuel card activity for compliance with the policy and investigate out of county transactions, premium fuels, transaction limits and return of cards for reasonableness.

Response: Fuel Card Administrator is requiring each department to monitor and reconcile their activity, and the department will submit the package to the Fuel Card Administrator each month for verification. The Fuel Card Administrator will monitor the return of all cards.

- 3. Recommend** Fuel Card Administrator reinstruct cardholders/supervisors on their requirements and require fuel card activity to be reconciled according to policy.

Budget & Administrative Services Department

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Phone: 941.743.1551 | Fax: 941.743.1286

Response: We have begun the process of re-instructing departments and supervisors on the policy and how all future WEX transactions will be reconciled.

- 4. Recommend** The Fuel Card Administrator inquire into departments whether there is a need for these cards and require the cancellation of unneeded cards.

Response: Fuel Card policy has been updated to include that any cards not utilized within one year will be terminated.



MEMORANDUM

Date: 04-07-21
To: Dan Revallo, Director of Internal Audit
From: Jason Fair, Director of Public Safety *J Fair*
Subject: WEX Fuel Card policy for Public Safety

Please find below the policy outline for Public Safety's use of the WEX Fuel Card, in response to a recommendation through an internal audit.

Charlotte County Public Safety WEX Fuel Card Policy

Charlotte County Public Safety, as a result of its unique work schedules, fleet compliment and potential for emergency deployment outside of the county and/or state, has a policy specific to the WEX Fuel Card use. For this reason, the following serves as an appendix to the County policy and provides guidance where exceptions may exist.

Fuel cards - assigned to apparatus and units

Fuel cards assigned to a specific unit are to remain with that unit and only used in procuring fuel for that unit when county fuel depots are not accessible, or fuel is not available. The officer, or operator when an officer is not available, is responsible for the fuel card during his/her assignment. This individual is also responsible for all the data entry at the pump when fueling and requisite reporting during their shift. Fuel cards assigned to specific units are to be accounted for and transferred across shifts as part of the morning pass-on. The Deputy Chief of Operations is to be contacted immediately should an assigned fuel card become lost or not available at pass-on.

Fuel cards - assigned to individuals

Fuel cards assigned to individuals are to remain with the individual and only used in procuring fuel when county fuel depots are not accessible, or fuel is not available. This card may not be transferred to another individual but may be used in different vehicles or apparatus as required by the mission or assignment. The assigned card holder is responsible for the data entry at the pump when fueling and requisite reporting.

Fuel Cards - emergency assignment

The Chief or his designee will maintain emergency fuel cards in a secure location and will log the issuance of these cards as temporarily. When the emergency issued fuel card is returned, it must be accompanied with the associated receipts. In occasions where the card is issued for deployment, receipts shall be photographed and forwarded to the Deputy Chief of Operations, or specific Division head, on the same day of fueling and physically provided with return of the card.

Monthly Reconciliations

Monthly reconciliations will be prepared by the Deputy Chief of Operations or his/her designee and delivered to the Fuel Card Administrator. Exceptions to this policy and documentation will be handled on a case by case basis with the appropriate employee.

