



Cayman Islands

**SPECIAL REPORT OF  
*THE AUDITOR GENERAL*  
ON *INTERNAL AUDIT'S REPORT***

**OF**

***FUEL CARD USAGE AND MANAGEMENT***

**Office of the Auditor General  
February 2010**



# FUEL CARD USAGE & MANAGEMENT

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# INTERNAL AUDIT'S REPORT OF FUEL CARD & MANAGEMENT

## Executive Summary

### 1. Review of Fuel Expenditures

**1.01** This report provides members of the Legislative Assembly with a copy of a report prepared by the Internal Audit Unit of the Cayman Islands government (Appendix 1). This report is entitled "Fuel Card Usage and Management" and details the review undertaken by the Internal Audit Unit relating to the disbursement of fuel from the Department of Vehicle and Equipment Services (DVES) at its North Sound Road location. This report reviewed the fuel activities of the largest five government users that accounted for more than 73% of all fuel expenditures for a 15 month period.

**1.02** The role of the Internal Audit Unit is to review controls surrounding major government programs and to provide recommendations to improve practices. As such, it reviews major activities of government and provides recommendations to management to improve its operations. Its reports are usually internal to government and are generally not disclosed publicly.

**1.03** Copies of Internal Audit reports are sent to the Office of the Auditor General for review. This process ensures that the Office of the Auditor General is aware of any control weaknesses in government programs. The Office uses the information to better understand the detailed working of government programs and to adjust our audit processes so that we can more efficiently provide assurance on the financial statements of government organizations.

**1.04** As is our normal practice, the Office reviewed the fuel report attached to this report. During our review of the Internal Audit report, it became apparent that the control weaknesses noted were wide spread and pervasive throughout the system. After discussion with our colleagues in Internal Audit, we came to the conclusion that it was a very high probability that significant fraud relating to the use of fuel for non-governmental purposes had, and continues, to take place.

**1.05** I believe that it was important that this information be brought to the attention of members of the Legislative Assembly. It was with this purpose in mind that I have prepared this report.



## **Summary of Findings**

**1.06** By their very nature, internal audit reports look at whether sufficient management controls exist over major government activities and whether those controls were operating effectively during the period under review. These were the areas noted in the Internal Audit Report.

**1.07** The Internal Audit Report noted that there were substantial controls that were supposed to exist in the fuel distribution system. To obtain fuel, a person must have two cards; a driver's card assigned to that individual and a vehicle card assigned to the appropriate government vehicle. To operate the system, the user must first enter their driver's card and enter the appropriate Personal Identification Number. They would then enter the vehicle card. The final step in the process would be to enter the odometer reading of the vehicle so that a tracking of mileage could be kept for all vehicles.

**1.08** The Internal Audit Report noted that there were severe breakdowns in all elements of the control system. Examples include:

- Control over driver's cards was weak. There were no agreements signed before driver's cards were issued and a test found that 26% of cards belonged to persons that were not currently employed by that agency.
- Vehicle cards issued by agencies could not be found in the records of those agencies. and
- A review of almost 10,000 fuel purchases indicated that odometer reading were only entered less than 8% of the time.

**1.09** To determine the effects of this lack of control, the Internal Audit Unit reviewed almost 10,000 fuel purchases. In 33% of the purchases reviewed, the Unit identified problems that should have been investigated by the organizations involved. These transactions could be viewed as suspicious.

**1.10** The lack of effective controls, the ineffectiveness of management review and the high number of suspicious transactions are all red flags of possible fraud in a system of fuel disbursement. This, along with the high number of people who should have not had access to the system, led the Office of the Auditor General to conclude that there was a very high probability that there has been significant fraud in the government fuel disbursement system.

**1.11** Based on the number of suspicious transactions and the control irregularities found in the Internal Audit Report, the Office of the Auditor General has estimated that as much as \$500,000 of fuel annually may be for non-governmental purposes.

## **Conclusion**

*1.12* The Office of the Auditor General has concluded that the government should review its policies and controls for fuel distribution to ensure that they provide an effective means to ensure that fuel is used for government purposes only.

*Don Duguay*

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George Town, Grand Cayman  
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*26 February 2010*



## 2. Internal Audit Introduction - Overview of the Internal Audit Function, Role of Internal Audit and Scope of Activities

2.01 The Internal Audit Unit (“Unit”) was established to review and provide independent and objective appraisals on the design and operation of the management systems and internal controls that are established by Chief Officers and Heads of Agencies in the discharge of their responsibilities.

2.02 The duties of the Internal Audit Unit within the Cayman Islands Government are outlined in Section 54 of The Public Management and Finance Law, 2005 Revision (PM&FL) which reads as follows:

*“Review the management systems operated by ministries, portfolios, statutory authorities and government companies for compliance with the requirements of this Law and regulations.”*

2.03 The Unit’s scope of activities involves the examination and evaluation of management systems in order to determine whether:

- Financial and operating information and reports are accurate and reliable
- Risks to government agencies are being identified and minimized
- Laws, Regulations, policies, procedures and directives are complied with
- Assets are adequately safeguarded and accounted for and
- Resources are used efficiently and economically

## 3. Reporting Relationships/Operating Context

3.01 The Unit currently reports administratively to the Senior Assistant Financial Secretary (Public Finance) and functionally to the Financial Secretary. All audit reports are submitted to the Financial Secretary and copied to the Senior Assistant Financial Secretary (Public Finance) as well as the Auditor General. As a result of the restructuring of government, the Unit now forms part of the Ministry of Finance, Tourism and Development.

## 4. Internal Audit Reports

4.01 The reports issued by the Internal Audit Unit differ from those issued by the Auditor General’s Office in that reports are intended for internal use only and are not typically made available to the public. Additionally, reports tend to focus on internal control weaknesses and speak to the overall adequacy of management systems in place across the agencies audited rather than to the accuracy of the financial statements. Some of the types of audit engagements performed by Internal Audit include operational, financial controls, information technology, fraud investigations and other special reviews.



## 5. Audit Selection

**5.01** The Unit independently determines the audit plan for each financial year based on a risk assessment. The risk assessment is performed utilizing feedback from Chief Officers, Chief Financial Officers and other key stakeholders in addition to the Unit's cumulative knowledge of government business. Additionally, the Unit undertakes additional special audits or investigations as requested by Senior Management throughout the year.

## 6. The Fuel Card Usage and Management Audit

**6.01** The fuel card audit was originated by Internal Audit as a result of concerns noted during an audit of Billing and Inventory Management at the Department of Vehicle and Equipment Services (DVES). Specifically, it was noted that employees who transferred to other agencies within Government were included on the invoice of the agency that issued the fuel card. This required DVES to make manual adjustments on the invoices to obtain the correct invoice amount.

**6.02** This indicated that either agencies were not requesting DVES to remove these employees or DVES was not executing the requests of the agencies. In either case, Internal Audit was concerned that former employees may also still possess and possibly utilize fuel cards although no longer employed by the Government.

## 7. Objectives and Scope

**7.01** In this audit, Internal Audit examined the management systems and controls established across ministries and portfolios for the management of fuel cards and usage. The specific objectives of the audit were to determine whether:

- Agencies have documented policies and procedures regarding fuel card management and usage;
- Fuel card usage is adequately monitored to safeguard Government resources;
- Fuel cards are issued only to employees who have a business need for a fuel card; and
- Upon transfer or termination of employees, fuel cards are returned to the Agency.

**7.02** The scope of the audit was the fuel card usage for the calendar year 2008 and first quarter of 2009 or 15 months.

**7.03** Internal Audit selected for examination the fuel transactions of the top five (5) agencies which account for CI\$1.837 million or 73% of the total fuel purchases for the period under review. Fuel invoices from DVES can only be provided in hard copy and were manually keyed into Excel for data analysis. The time required for the data entry process prevented further expansion of the sample size.



## **8. Internal Audit's Conclusion**

**8.01** Based on their audit of the management systems for fuel card usage and management across the agencies selected for testing, Internal Audit concluded that the internal controls surrounding the fuel usage and management processes require drastic improvements in order to provide reasonable assurance that the selected agencies are adequately managing the consumption of fuel and to satisfy the audit objectives.

**8.02** Internal Audit noted multiple indicators of fraud during the course of the audit, but were unable to identify specific instances of fraud because of several factors including:

- poor management records of active cards;
- poor management monitoring of fuel consumption;
- the number of employees with multiple active driver cards;
- the number of driver cards still assigned to ex-employees;
- management transferring cards without notifying DVES; and
- lack of a camera at the fuelling facility.

**8.03** With that said, given the lack of controls noted and an environment conducive for fraudulent activities, it is quite likely that some of the transactions were fraudulent and it is possible that a considerable portion of transactions were fraudulent.

**8.04** Although testing was only conducted on the top 5 consumers of fuel from DVES, Internal Audit feels that it is likely that the concerns noted for these 5 agencies would be seen in most of the other 55 agencies that purchase fuel from DVES.



## 9. Comments of OAG on the Internal Audit Report

**9.01** Our review of the Internal Audit Report entitled “Fuel Card Usage and Management” indicates extremely serious issues relating to the distribution of gasoline and diesel from the Department of Vehicle and Equipment Services (DVES) facility on North Sound Road.

**9.02** DVES operates self-service fuel pumps on North Sound Road. These gas pumps operate 24 hours a day 7 days a week.

## 10. How the system is SUPPOSED to operate

**10.01** DVES uses a fuel management system called GASBOY. The GASBOY system has controls in place that should allow management to control fuel usage in their organizations. However, the Internal Audit Report noted that many of the controls that should be in place were either ignored or were not effective. In addition, there was inadequate monitoring of fuel usage.

**10.02** To use the system, anyone dispensing fuel from the government pumps would need 2 cards; a driver’s card and a vehicle card. Driver’s cards are given to individuals who would have control of a government vehicle. A vehicle card should be issued for each government vehicle or apparatus (such as generators etc.) that need either gasoline or diesel fuel.

**10.03** To operate the system, the user must first enter their driver’s card and supply the appropriate Personal Identification Number (PIN). The user must then enter the vehicle card which would identify which vehicle is being fueled. Finally, the user is required to enter the odometer reading of the vehicle.

**10.04** In short, the system ensures that only a registered user can operate the system. It also requires the use of a vehicle card and requires information that would allow the controlling entity to review fuel usage by either individual or vehicle.

**10.05** The GASBOY generates two main reports. The first report is a Fuel Usage by vehicle. This documents the fuel usage by vehicle and would allow a user to determine changes in usage or inappropriate usage. The second report is a Fuel Usage by Department and shows fuel usage by personal gas card. Again, such a report should allow a reviewing authority to ensure that usage is for reasonable government use only.



## **11. The System is NOT being used as intended and is open to abuse**

**11.01** The Internal Audit Report noted a litany of weaknesses in the control and monitoring processes. Practically every control in place to monitor usage had been circumvented or inadequately controlled. In addition, the reports that were generated were not adequately reviewed for unusual behavior.

**11.02** As a result, I believe that the system is open to abuse. In my opinion, it is already being substantially abused and a significant portion of fuel expenditures are for purposes outside of legitimate government activities.

## **12. Too many Drivers cards**

**12.01** At the time of audit, the Internal Audit Report indicated that there were over 1,600 active personal cards. This meant that over 1,600 individuals could access the government fuel system. This is equivalent to one fuel card for every 4 individuals in the civil service!

## **13. Active Fuel Cards to Non-employees**

**13.01** Of the 1,600 driver's cards, over 25% (228 of 863) of the cards for the 5 entities reviewed were issued to people who were not on the payroll of the entity during the period being audited. It was suggested in the report that the main cause for this was that employees leaving the civil service did not turn in the gas cards and the entities involved did not taker proactive measures to ensure that these cards could not be used.

## **14. Employees with 2 or more Active Fuel Cards**

**14.01** The Internal Audit Report indicated that 100 employees had been issued 2 or more active fuel cards. This means of the 863 fuel cards issued to employees of the 5 entities audited, more than one in every 9 employees had two or more fuel cards. While it is perhaps inevitable that there would be some duplication, such a wide spread proliferation of 2 or more cards indicates a lack of proper management oversight of this important areas.

**14.02** The issue of fuel card distribution indicates a total lack of management control and responsibility over this crucial control. Too many cards were issued, proper procedures were not in place to ensure that only authorized individuals had and retained cards and valuable cards were given out without what seems to be any concerns for the consequences of such poor control.



## 15. Lack of Odometer Readings

**15.01** The proper input of odometer reading is critical in allowing a meaningful post usage analysis of fuel usage. If odometer readings were done correctly, the controlling officer would have a detailed usage of when the last fueling was done and how much the vehicle had been utilized. With such information, anomalies such as usage charged to a vehicle when it was not used extensively could be identified and investigated.

**15.02** Without mileage data, the controlling officer is reduced to reviewing how often the vehicle is refueled. This is inadequate especially for heavy use vehicles such as police and environmental health vehicles.

**15.03** The Internal Audit Report indicated that only 7.5% of all fuel purchases had entered an odometer reading before purchasing fuel. Of the 740 that were entered, some were obviously incorrect or fictitious.

**15.04** Such widespread abuse of a key control means that effective controls over fuel usage could not be maintained. Without it, people could use fuel for their own personal vehicles and it would not be obvious to those who reviewed transactions on a monthly basis.

## 16. Lack of Control Over Vehicle Cards

**16.01** As previously mentioned, a user needs both a driver's card and a vehicle card to obtain fuel. Good control of vehicle cards would help to eliminate any unauthorized purchases. However, the Internal Audit report indicated that control of these cards was not effective.

**16.02** The report noted that there were 1,164 vehicle cards entered in the system for the 5 entities audited. The report also indicated that 277 cards (or almost 24%) of all cards were not found in the schedule of vehicle cards maintained by the Agencies. Of these 277 cards, 64 of these had fuel transactions charged to them.

## 17. Indications of Fraud?

**17.01** In summary, the information provided in the Internal Audit Report indicated a well designed system that had failed to function. The access cards were too prevalent and were not monitored and adjusted for changing circumstances such as people leaving or changes in vehicles. Key controls such as the lack of odometer readings were routinely ignored. Finally, there appeared to be a lack of control and accountability from the people within the organizations who were charged with the responsibility to monitor fuel usage.

**17.02** From an auditor's point of view, the breakdown of the control system for an attractive asset such as fuel raises several red flags. Without good controls and strong



monitoring, allowing over 1,600 people access to fuel without ensuring that fuel is only used for government purposes is an almost certain recipe for fraud.

**17.03** The obvious questions to ask are:

Has fraud taken place? Has fuel been taken for non-governmental purposes?

And If so, how much?

## **18. OAG believes that substantial fraud has probably occurred**

**18.01** In our opinion, given the poor controls, the high number of users and the poor oversight, there is a very high probability that fraud has occurred. However, the very lack of controls makes it almost impossible for the auditor to answer with normal precision the question as to the extent of any such fraud.

## **19. Indicators of the Extent of Fraud**

**19.01** However, there are things that the auditor can do to try to determine the extent of the problem. The Internal Audit Unit looked at transactions to determine to what extent fraud may have taken place. A review of this data forms the second part of the Internal Audit Report.

**19.02** The Report looks at the fuel transactions in detail and reviewed certain situations that might indicate fraud. These situations were:

- Multiple transactions within an hour;
- Vehicle cards used to purchase fuel more than once a day; and
- Purchases in excess of the vehicles fuel capacity.

**19.03** The Internal Audit Unit looked at the 4 largest agencies and reviewed almost 10,000 fuel transactions over a period from January 2008 to March 2009.

**19.04** In the first test, the Internal Audit Unit found 1,477 transactions (or 15% of total transactions) where either an individual had purchased fuel twice or more within an hour or where a vehicle had been refueled twice within an hour. While there may have been legitimate reasons for doing so in some cases, the large number of suspicious transactions would indicate a serious problem that was not investigated by those whose responsibility it was to oversee these transactions.

**19.05** In the second test, Internal Audit found that 1,416 transactions (or 15% of total transactions) where the same vehicle card was used two or more times during the same day. Again there may be valid reasons why some of these transactions could be for legitimate purposes, but these instances were not followed up by those individuals charged with monitoring the system.



**19.06** In the final test, Internal Audit looked at one time purchases that exceed the vehicle fuel capacity of the vehicle and found 404 such transactions. (or 4% of total transactions).

**19.07** To summarize, these three tests found that over 30% of transactions could be viewed as suspicious. While it would be unfair to say that all these purchases were fraudulent, it certainly indicates that the potential for abuse is very high.

## **20. What percentage of fuel purchases may be fraudulent?**

**20.01** It is impossible to determine precisely the amount of fuel that is being used for non-governmental purposes. The lack of information from the present system will not allow a detailed analysis that would produce such a result.

**20.02** However, there are some measurements that indicate that there likely is substantial abuse of the current system. These include:

- Over 30% of transactions were regarded by the Internal Audit Unit as suspicious and
- 25% of cards during the period under review were issued to non-employees

**20.03** Given these facts, I believe it is reasonable to approximate that 25% or more of fuel usage may be for non-governmental purposes.

**20.04** Using this estimate and the information on the annual purchase of fuel by government organizations, it is the best estimate of this Office that over \$500,000 per year of fuel is being used for non-governmental purposes.

**20.05** It should be noted that this estimate is based on the information in the report issued by the Internal Audit Unit. Given the poor controls over the present system and the lack of information available to individuals after the fuel purchases, it would be impossible to provide a definitive answer as to the question of how much fuel is being used for non- governmental purposes. However, the estimate above is a reasonable one in the opinion of the Office of the Auditor General and I believe it should be used when contemplating changes to the system.

## **21. The Way Forward**

**21.01** In the Internal Audit Report, the five entities reviewed have detailed what steps they will take to improve controls. While additional controls and increased vigilance would certainly be useful, the Office of the Auditor General believes that more drastic steps need to be taken.



**21.02** The present GASBOY system provides 24 hours per day access to fuel. However, the vast majority of government vehicles should be able to fuel during the normal hours of the work week. There will be some exceptions such as ambulances and some police vehicles that will need to make alternate arrangements, but we believe that the government should review its policies and controls for fuel distribution to ensure that they provide an effective means to ensure that fuel is used for government purposes only.



## 23. Conclusions

**23.01** The OAG comments in this report are based on observations based on the Internal Audit Unit's report on "Fuel Card Usage and Management".

**23.02** In my opinion, the Internal Audit report reveals a system of fuel purchase where controls are very poor and where management review of purchases is ineffective.

**23.03** The lack of controls provides a situation where fraudulent use of fuel for non-governmental purposes is a virtual certainty.

**23.04** The report details numerous control failings and poor review by government organizations. The report also notes that over 30% of transactions reviewed were suspicious in nature.

**23.05** Based on these factors, the Office of the Auditor General believes that up to 25% of fuel transactions may be for non-governmental purposes. This would equate to an annual loss of more than \$ 500,000.



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**ENTIRE PUBLIC SECTOR  
FUEL CARD USAGE AND MANAGEMENT**

**AUDIT REPORT**

DECEMBER 2009

INTERNAL AUDIT UNIT  
CAYMAN ISLANDS GOVERNMENT

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INTERNAL AUDIT REPORT  
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## I. EXECUTIVE SUMMARY

In accordance with the 2008/09 Audit Plan, the Internal Audit Unit recently concluded an audit of Fuel Card Usage and Management across the Entire Public Sector.

Under the Public Management and Finance Law (2005 revision), the Internal Audit Unit is required to review the management systems being operated by ministries, portfolios, statutory authorities and government companies in order to provide the Financial Secretary with assurance as to the adequacy and effectiveness of internal controls within these management systems.

The audit focused on evaluating the internal controls surrounding the fuel card usage and management processes within central government agencies. The audit examined transactions that were processed during the period January 1, 2008 to March 31, 2009.

### Summary of Major Findings

During the audit a number of control weaknesses were noted within the fuel card usage and management that negatively impacted the control environment of these processes. We have summarised the major findings of control weaknesses along with recommendations for corrective action geared towards improvement.

Finding	Recommendation
<p>It was noted during the audit that except for the Water Authority, the other four (4) sampled Agencies (RCIPS, PWD, DEH and NRA) did not have documented policies and procedures for fuel card management and usage. It was also noted that none of the Agencies had properly documented which of their officers are authorized to request fuel cards from DVES.</p> <p>Impact: Without documented policies and procedures, there is an increased risk for inconsistencies in the administration and oversight of fuel cards and increased risk for abuse or misuse of the fuel cards. The lack of documented procedures may also lead to disruption in operations if key employees should be absent or leave the Department, as well as it makes it difficult to provide appropriate guidance and training to employees in the conduct of their duties.</p>	<p>We have recommended that policies and procedures governing fuel card management and usage be properly documented and followed.</p>
<p>Except for National Roads Authority, the other sampled four (4) Agencies did not require their employees to sign a fuel card usage agreement or statement of understanding upon issuance of the card.</p> <p>Impact: This can hinder management's ability to hold employees accountable for actions that are not in line with desired standards that would normally be stipulated via such documentation.</p>	<p>We have recommended that prior to issuing the fuel cards, employees sign a fuel usage agreement that details the terms and conditions on the proper use of the fuel card.</p>

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Finding	Recommendation
<p>It was noted that 100 employees have more than one active fuel card.</p> <p>Impact: Allowing employees to have more than one (1) fuel card might result in unauthorized usage since the other active fuel card can be used by another person. This risk is drastically increased in situations where management is unaware of the existence of additional cards, which seems to be the case with these four (4) Agencies.</p>	<p>We have recommended that only one card is issued to each employee and also ensure that lost, stolen or damaged cards are properly reported to DVES and verify that cancellation is properly effected through periodic review of the report of all active cards generated from the GASBOY system.</p>
<p>It was noted that out of 863 active cards for the four (4) sampled agencies (RCIPS, PWD, NRA and DEH), 228 (or 26.42%) belonged to employees that are no longer employed with the particular agency.</p> <p>Impact: We were concerned that allowing fuel cards of terminated employees to remain active in the GASBOY system might result in unauthorized usage.</p>	<p>We have recommended that only current employees of the Agencies have active fuel cards. This can be done through periodic review of the report generated from the GASBOY system of all active cards. Also, requests for cancellation of cards are sent to DVES on a timely basis and are followed-up to ensure they are deactivated.</p>
<p>It was noted during the audit that the odometer reading was not entered for each fuelling by most users. Out of 9,788 fuel purchase transactions reviewed, only 740 (or 7.56%) entered an odometer reading upon fuelling. It was also noted that on some fuel purchases, an incorrect odometer reading was entered; as evidenced by a decrease in odometer reading from one fuel purchase to the next. In other instances, the vehicle license number or a fictitious number was entered.</p> <p>Impact: Without accurate mileage reporting, vehicle utilization statistics become useless and an important control to prevent fraud is lost. Agencies cannot verify if fuel purchases are appropriate and cannot determine the miles-per-gallon. It also hindered our ability to analyze fuel usage to determine if the fuel consumption of each vehicle was reasonable.</p>	<p>We have recommended that employees enter the correct odometer reading for each fuelling. In the event that the employee makes an error or for some reason the system did not accept the odometer reading, the employee should be required to provide the Fleet Manager or the person in charge of monitoring fuel consumption with the correct odometer reading.</p>
<p>During our review of fuel purchases, it was noted that there were some fuel purchases made with nine (9) fuel cards assigned to either terminated employees or an employee whose name could not be found in the HR IRIS Civil List Report (list of current employees).</p> <p>Impact: Fuel cards can still be used to purchase fuel from DVES pumps even if the cardholder is no longer employed by the Agency. Without adequate review and until the cards are cancelled, these illegal purchases of fuel will increase the fuel costs of the Agencies.</p>	<p>We have recommended that fuel cards are surrendered by employees upon leaving the Agency and are deactivated in the GASBOY system. Also, ensure that agencies perform a periodic review of active fuel cards in the GASBOY system to ensure that they belong to legitimate employees of the Agency. An inquiry should also be performed on the above transactions to determine if they were used in the operations of the Agency or for personal use of employees.</p>

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Finding	Recommendation
<p>During the audit, it was noted that there were 278 active vehicle cards in the GASBOY system that were not found in the schedule of vehicle cards maintained by the Agencies. Sixty-four (64) of those had transactions charged to them.</p> <p>Impact: Allowing invalid vehicle fuel cards to remain active within the GASBOY system might result in unauthorized usage. This risk is increased because management was unaware of the existence of these cards and was not consistently reviewing the fuel usage reports from DVES.</p>	<p>We have recommended that vehicle cards assigned to vehicles that are no longer used, already retired or disposed of should be deactivated within the GASBOY system to prevent unauthorized usage. Newly purchased vehicles should be assigned new vehicle fuel cards from DVES.</p>
<p>Out of 9,788 sampled fuel purchases during the period from June 2008 to March 2009, we have identified some transactions that should have prompted the Agency to conduct further review and investigation had proper monitoring been done.</p> <ul style="list-style-type: none"> <li>• 1,477 fuel purchases occurred less than one hour apart and sometimes exceeded the fuel tank capacity.</li> <li>• 1,416 fuel purchases occurred where the vehicle card was used at least twice during the same day.</li> <li>• 404 one-time fuel purchases that exceeded the vehicle's fuel tank capacity.</li> </ul> <p>Impact: Without proper monitoring and internal controls in place, it is difficult to determine whether fuel is being used for legitimate business purposes.</p>	<p>We have recommended that the fuel consumption of each vehicle and employee is monitored by the Agencies. We also recommended that the Fuel Usage by Vehicle and Employee reports are reviewed and any abnormalities in fuel consumption investigated. Also, trend analysis should be performed to identify and justify increases/decreases in monthly fuel consumption.</p>

### **Audit Conclusion**

Based on our review of the management systems for fuel card usage and management across the agencies selected for testing, Internal Audit concludes that the internal controls surrounding the fuel usage and management processes require drastic improvements in order to provide reasonable assurance that the selected agencies are adequately managing the consumption of fuel and to satisfy the audit objectives. In particular the establishment of written policies and procedures that should be followed by various agencies and strict monitoring of fuel cards and fuel consumptions by the agencies must be improved to ensure Government's funds are safeguarded.

Although testing was only conducted on the top 5 consumers of fuel from DVES, we feel that is likely that the concerns noted for these 5 agencies would be seen in most of the other 55 agencies that purchase fuel from DVES. The implementation of the audit recommendations should improve the control environment of these agencies.

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## II. INTRODUCTION

### *Background*

The Department of Vehicle and Equipment Services (DVES) provides gasoline and diesel for all of the Government's fleet of vehicles. The DVES self-service gas pumps are located along North Sound Road in George Town and are available for fuelling 24 hours a day, 7 days a week. The gas pumps operate through the use of fuel cards issued by DVES and these cards are specifically assigned to each vehicle and each employee. To obtain fuel, employees must swipe both the vehicle and employee cards and enter their Personal Identification Number (PIN). In addition, an odometer reading should be entered on the fuel pump keypad for usage tracking purposes. The purchases are then processed and recorded in GASBOY, the fuel management system used by DVES.

On a monthly basis, DVES generates the Fuel Usage by Vehicle and Fuel Usage by Department reports from GASBOY. These reports detail the purchases made by the agencies during the month including the date and time of purchase, the card numbers used, the pump number and the number of gallons purchased. These reports serve as the basis for creating invoices, which are raised in IRIS and forwarded to various government agencies together with the copy of Fuel Usage by Department and Fuel Usage by Vehicle reports generated from GASBOY as support.

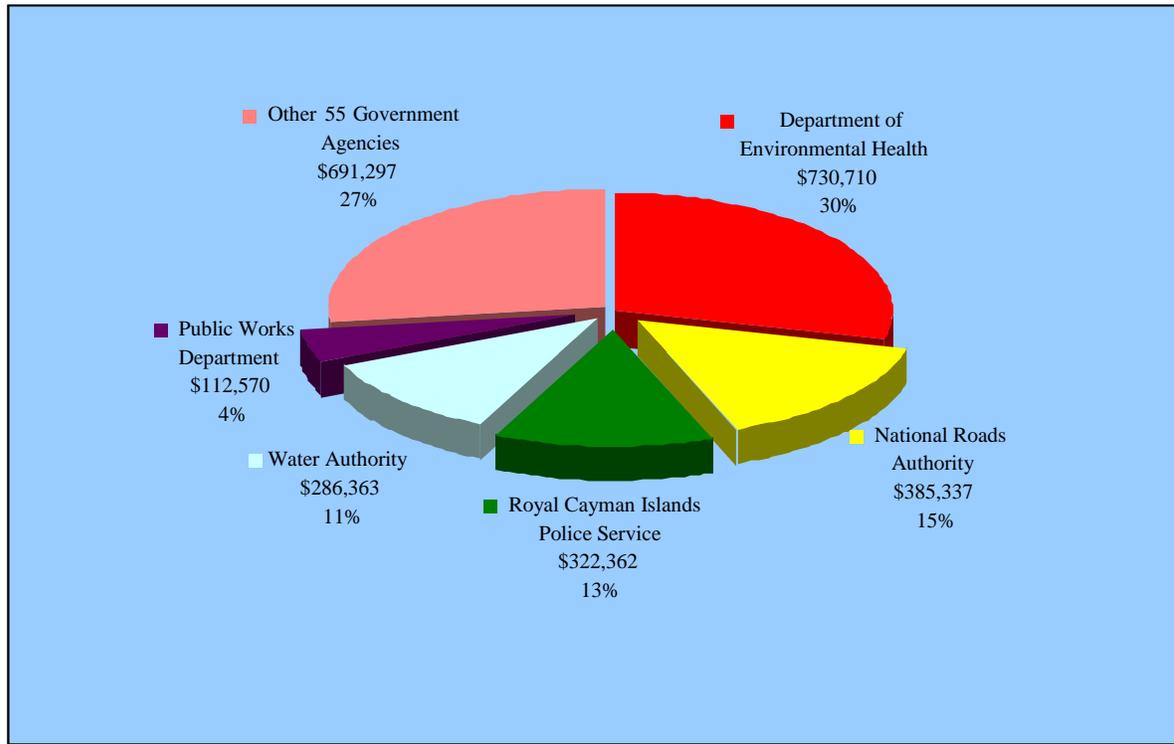
The agencies, through the use of the GASBOY reports can verify the accuracy of the invoice. The reports can also be used to analyse the fuel consumption of each vehicle and employee. If the odometer reading is entered correctly, it can be used to track miles-per-gallon, assess vehicle utilization, plan vehicle maintenance and monitor abuse.

As of March 18, 2009, based on the List of Active Cards generated from GASBOY, there were 1,606 employee (driver) and 1,164 vehicle cards that were issued to various government agencies. As long as the cards are active in the GASBOY system, they can be used at the DVES' gas pumps.

Agency	Number of Active Cards	
	Employee (Driver)	Vehicle
Royal Cayman Islands Police Service (RCIPS)	505	233
Department of Environmental Health (DEH)	134	114
Public Works Department (PWD)	113	108
Water Authority (WA)	111	145
National Roads Authority (NRA)	60	63
Other 55 Government Agencies	683	501
Total Active Cards	1,606	1,164

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For the 15-month period from January 2008 to March 2009, fuel expenditures by various government agencies through the GASBOY system amounted to CI\$2.529 million. **See Appendix A for the complete details.**



Source: DVES Billing and Receipt History in IRIS from January 2008 to March 2009.

### Prior Audits

This is the first audit of fuel card management and usage being conducted across the Entire Public Sector.

### OBJECTIVES AND SCOPE

In this audit we examined the management systems and controls established across ministries and portfolios for the management of fuel cards and usage. The specific objectives of the audit were to determine whether:

- Agencies have documented policies and procedures regarding fuel card management and usage;
- Fuel card usage is adequately monitored to safeguard Government resources;
- Fuel cards are issued only to employees who have a business need for a fuel card;
- Upon transfer or termination of employees, fuel cards are returned to the Agency.

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The scope of the audit was the fuel card usage for the calendar year 2008 and first quarter of 2009 or 15 months.

We selected for examination the fuel transactions of the top five (5) agencies (as shown on Chart 1) which account for CI\$1.837 million or 73% of the total fuel purchases for the period under review.

#### **AUDIT METHODOLOGY**

The audit methodology involved documenting the processes to obtain an understanding of the activities and the internal control structure; performing risk assessments to identify and evaluate key controls and potential risks; and designing audit programs to test whether the key controls were operating as intended. Only findings of internal control weaknesses that require corrective actions are included in this report; however, the audit conclusion is based on our overall assessment of the selected Agency's operations against the audit objectives. This audit was conducted from March 6 to June 2009.

#### **AUDIT CRITERIA**

The fuel card management and usage were measured against the requirements of the PM&FL, the Financial Regulations and generally accepted accounting and business practices.

The internal control system was also evaluated against the elements of internal control structure as detailed in the IAU's Financial Reporting Methodology consisting of the control environment, risk assessment, control activities, information & communication and monitoring & review.

- The control environment is the foundation for the effectiveness of all the other internal control components and reflects management's commitment and attitude towards the control structure.
- Ongoing risk assessment should be performed by management and involves identifying and analysing the significance and likelihood of potential risks that may adversely affect the entity's ability to meet its objectives.
- Control activities are the policies and procedures that ensure the validity, accuracy and completeness of transactions and help ensure that management's directives are carried out.
- Information and communication systems ensure that pertinent information is identified, captured and communicated in a form and within a timeframe that enable the achievement of objectives.
- Ongoing monitoring and review of activities and processes is necessary in order to assess their performance over time and against pre-determined requirements.

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### III. AUDIT REPORT

#### 1. Policies and Procedures Governing Fuel Card Usage and Management Not Documented

Policies and procedures are necessary to ensure sound business practices. Policies provide direction and guidance to officers and employees for making decisions and taking actions. Procedures indicate a course of action that is expected to achieve a particular goal and specifies the series of actions, acts or operations which have to be executed in the same manner in order to consistently obtain the same result in the same circumstances.

It was noted during the audit that except for the Water Authority, the other four (4) sampled Agencies did not have documented policies and procedures for fuel card management and usage. It was also noted that none of the Agencies had properly documented which of their officers are authorized to request fuel cards from DVES.

Without documented policies and procedures, there is an increased risk for inconsistencies in the administration and oversight of fuel cards and increased risk for abuse or misuse of the fuel cards. The lack of documented procedures may also lead to disruption in operations if key employees should be absent or leave the Department, as well as it makes it difficult to provide appropriate guidance and training to employees in the conduct of their duties.

#### **Recommendation**

Chief Officers should ensure that policies and procedures governing fuel card management and usage are properly documented and followed.

#### **Management's Response**

##### **RCIPS -**

*The Management Support Unit of the Portfolio of the Civil Service have been approached to assist in drafting policies and procedures which will govern the management and usage of fuel cards. Eric Bush and Don Gardiner will take the lead on this initiative with an estimated completion date of 04 September 2009.*

*It was noted during discussions with the Audit Team that policies and procedures were lacking over all Government departments. Once the Pol&EA policy and procedures has been finalized it could be used as a template for other Portfolios, Ministries and Departments.*

##### **DEH –**

*Over the years, certain senior management had authority to request fuel cards from DVES based on selected criteria. However, a revised list of authorized DEH personnel with such authority was forwarded to DVES on June 4, 2009. The DEH is in the process of revising its overall fuel card management and fuel usage policies and procedures. Some aspects of the draft policy such as*

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*using lower performance fuel, instead of higher performance fuel in vehicles (where necessary) have already been implemented. The written policy and procedures will be completed by a senior management team and be fully implemented by December 31, 2009.*

**NRA –**

*A procedure have been developed and issued to staff on 28 August 2009.*

*Upon the inception of Fleet Maintenance Manager in May 2008, NRA notified DVES that the Fleet Maintenance Manager will be taking over the fuel cards control, which included the requests of such. Following this, the Fleet Maintenance Manager personally went to DVES and issued a memo indicating those who have authorization in her absence, and agreed that emails from such could be acted upon as Authorized transactions.*

**PWD –**

*PWD has a draft fleet management document and several communications mostly e-mails that constitute our Policy and Procedures on Fleet Management. We have also appointed a Fleet Manager who is responsible for the ordering and issuing of all fuel cards and has a record of all cards assignment to each employee. In 2008 we moved the responsibility for Fleet Management to the Finance Section. DVES and our staff were informed of this change and they direct all Fleet Management issues to the Fleet Manager. The Fleet Manager has reviewed all of the associated policies and procedures and we will produce an updated policy and procedure document. This will address the above concerns including specifics on fuel card management. Subject to budget approval, it is intended to provide fleet management training to appropriate PWD staff this budget year.*

2. Fuel Card Holders Not Required to Sign Usage Agreement

Effective controls over employee fuel cards include the establishment of usage terms and conditions and obtaining understanding and agreement from the employee before assigning the card.

Except for National Roads Authority, the other sampled four (4) Agencies did not require their employees to sign a fuel card usage agreement or statement of understanding upon issuance of the card.

Management of these four (4) Agencies have not established a card usage agreement or statement of understanding.

This can hinder management's ability to hold employees accountable for actions that are not in line with desired standards that would normally be stipulated via such documentation.

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## Recommendation

Chief Officers should ensure that prior to issuing the fuel cards, employees sign a fuel usage agreement that details the terms and conditions on the proper use of the fuel card.

## Management's Response

### **RCIPS –**

*A draft usage agreement form has been created outlining the terms and conditions of the usage of fuel cards. The Portfolio will issue a fuel usage agreement form that will be used by all departments across the Portfolio and will be included as an appendix with the policy and procedures.*

*A copy of the usage agreement form will be kept by the Fleet Manager and the original will be sent to Human Resources to be maintained in the employees' personal file. The project completion date will be 04 September 2009 to correspond with the completion of the policies and procedures.*

### **DEH –**

*The DEH fuel usage and management policy will cover this area. It will be a departmental requirement for all current and existing fuel cardholders to sign a fuel usage card. A new agreement form will be developed or build on (if can obtain from other government agencies). Staff will not be issued fuel cards or their cards will be cancelled, if they are reluctant or unwilling to sign fuel card agreements.*

### **PWD –**

*All PWD drivers signed fuel card usage agreements in 2006. The need to update this is acknowledged and in the last month we have had all drivers sign new fuel card usage agreements. These are available on file.*

### **WA –**

*The Water Authority - Cayman (The Authority) has a Vehicle Usage Policy that all employees who use The Authority's vehicular assets are required to read and sign. This policy clearly outlines the employee's responsibility with regards to vehicle usage but does not specifically highlight the proper use of the fuel cards. The Authority agrees to modify the existing vehicle policy to ensure compliance with the recommendation as provided in this audit report and obtain all relevant employees' signature on the updated document. This action will commence in early September and will be completed by the 31<sup>st</sup> December 2009.*

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3. Employees with more than one active Driver Fuel Cards

Section 29 of the Financial Regulations (2005) requires Chief Officers to maintain appropriate controls to safeguard resources. Effective controls over assets include limiting access to the assets to authorized users and for legitimate business use only.

Based on the list of employee (driver) fuel cards generated from GASBOY for the five sampled agencies, it was noted that 100 employees had more than one active driver fuel card.

Agency	Number of employees with 3 active driver fuel cards	Number of employees with 2 active driver cards
Royal Cayman Islands Police Service (RCIPS)	7	32
Department of Environmental Health (DEH)	8	18
Water Authority (WA)	4	16
Public Works Department (PWD)	-	15

*Table 1 - See Appendix B for the complete details*

The RCIPS did not request for deactivation of lost, stolen or damaged cards. We were informed by management that this oversight was caused by the lack of established procedures to manage fuel cards.

On June 4, 2009, after we inquired about the status of the cards, DEH requested DVES to cancel the duplicate fuel cards so that each employee retained only one (1) card.

We were advised by the Assistant Financial Controller of the Water Authority that these employees requested replacement driver fuel cards and for 16 of their 20 employees mentioned above, a request for cancellation of the damaged card was sent to DVES on various dates. However, the cards remained active in the GASBOY system.

Allowing employees to have more than one (1) fuel card might result in unauthorized usage since the other active fuel card can be used by another person. This risk is drastically increased in situations where management is unaware of the existence of additional cards, which seems to be the case with these four (4) Agencies.

### **Recommendation**

Chief Officers should ensure that only one card is issued to each employee. The Chief Officer should also ensure that lost, stolen or damaged cards are properly reported to DVES and verify that cancellation is properly effected through periodic review of the report of all active cards generated from the GASBOY system.

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## Management's Response

### **RCIPS –**

*When a request is made for a replacement card to DVES it stands to reason that they should automatically lock off the lost, stolen or damaged card but this does not appear to be the case. Effective immediately when requesting a replacement fuel card the Fleet Manager will request that the old fuel card is locked off.*

*The Fleet Manager will provide a list of all fuel cards for employees that have more than one fuel card to DVES by 07 August 2009 to be deactivated or locked off in the GASBOY system.*

*RCIPS will request a report quarterly from DVES showing all active fuel cards in the GASBOY system and ensure employees only have one active fuel card. RCIPS obtained a current listing of all active driver fuel cards on 22 July 2009 but the Fleet Manager had to set-up an appointment with DVES to physically obtain the listing. RCIPS will require that a "provision for a quarterly listing to be sent by DVES electronically" to the Fleet Manager be incorporated in the SLA for financial year 2009/10.*

### **DEH –**

*The DEH requested DVES on June 4, 2009 to cancel all double or triple entries for staff with more than one fuel card. The DEH is still awaiting written confirmation that this has been completed by DVES. The main responsibility for managing the DEH fuel cards is the Administration Section, at least on a quarterly basis. Some delay in the request for removal of excess fuel cards also resulted when the former employee with responsibility for the fuel card management was transferred promptly to the former Ministry of Communication, Works and Infrastructure.*

*On a quarterly basis, a report of all active cards in the GASBOY system will be requested from DVES.*

### **PWD –**

*The PWD regularly advise DVES when cards are to be cancelled or reassigned. PWD relies on DVES to update their GASBOY system. Effective immediately, in addition to emailing DVES when a fuel card is to be cancelled or re-assigned, we are requesting monthly active card reports in order that we can review and confirm that these are accurate.*

### **WA –**

*The Authority maintains a list of all cards issued to employees and regularly sends request to DVES to deactivate or cancel lost, stolen or damaged cards. As a compensating control, the Authority reviews the monthly usage report provided by DVES to ensure that all fuel purchases are valid. Though the reported cards were not deactivated in the GASBOY system, there were no charges made with the cards.*

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*The Authority sought to update the 2009/10 Service Level Agreement (SLA) which would have clearly outlined the responsibility of DVES to provide a list of all active cards together with the monthly invoice to ensure that all requested changes are captured in the GASBOY system in a timely basis, however the Authority was informed that any reports would have to be formally requested via a "work-order" and would be subject to a fee of between \$110 and \$400.*

4. Active Fuel Cards Assigned to Ex - Employees

Section 29 of the Financial Regulations (2005) requires Chief Officers to maintain appropriate controls to safeguard resources. Effective controls over assets include limiting access to the assets to authorized users and for legitimate business use only. Once an employee leaves an Agency, their fuel card should be deactivated within the GASBOY system.

During our audit, we compared a list of employees with active fuel cards in the GASBOY system against a list of active employees in the HR IRIS system or in the payroll listing provided by the Agencies. It was noted that out of 863 active cards for the four (4) sampled agencies, 228 (or 26.42%) belonged to employees that are no longer employed with the particular agency.

Agency	Total # of active employee fuel cards	Total # of active fuel cards that belong to ex- employees	% to total active employee fuel cards
RCIPS	505	141	27.92 %
DEH	134	38	28.36 %
Water Authority (WA)	111	25	22.52 %
PWD	113	24	21.24 %
<b>Total</b>	<b>863</b>	<b>228</b>	<b>26.42 %</b>

*Table 2 - See Appendix C for the complete details*

The RCIPS did not request for deactivation of fuel cards of departing employees. We were informed by management that this oversight was caused by the lack of established procedures to manage fuel cards.

DEH sent a request for cancellation of all 38 cards referenced above to DVES on June 4, 2009, as a result of our audit. Prior to this request, DEH management was not consistently deactivating the fuel cards of departing employees. We were informed by management that this oversight was caused by the lack of established procedures to manage fuel cards.

We were informed by the Assistant Financial Controller of the Water Authority that for 16 of the 25 fuel cards belonging to ex-employees, requests for cancellation were sent to DVES on various dates from March 3, 2004 to January 16, 2009. We were also informed that another request was sent to DVES on May 7, 2009 as a result of our audit. The Water Authority did not request confirmation from DVES that requests for cancellation were properly effected in the GASBOY system.

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For PWD, it is possible that a request for the cancellation or transfer of some of these fuel cards may have been sent to DVES and were not actioned by DVES; however PWD did not have e-mails to DVES on file for these specific exceptions.

We were concerned that allowing fuel cards of terminated employees to remain active in the GASBOY system might result in unauthorized usage.

### **Recommendation**

Chief Officers should ensure that only current employees of the Agencies have active fuel cards. This can be done through periodic review of the report generated from the GASBOY system of all active cards. The Chief Officers should also ensure that requests for cancellation of cards are sent to DVES on a timely basis and are followed-up to ensure they are deactivated.

### **Management's Response**

#### **RCIPS –**

*As part of the documentation of proper policies and procedures and in connection with the usage agreement form signed, the Fleet Manager will be informed when an employee has left the organization by Human Resources and will ensure that the fuel card issued is returned to the Fleet Manager. The Fleet Manager will in turn notify DVES to deactivate the fuel card for the former employee or retain the fuel card to be reissued to another employee thus avoiding incurring a \$25 charge. The Fleet Manager will send a list to DVES by 07 August 2009 to deactivate or lock off all active fuel cards assigned to ex-employees.*

*RCIPS will request a report quarterly from DVES showing all active fuel cards in the GASBOY system to verify that only current employees have active fuel cards. RCIPS obtained a current listing of all active driver fuel cards on 22 July 2009 but the Fleet Manager had to set up an appointment with DVES to physically obtain the listing. RCIPS will require that a "provision for a quarterly listing to be sent by DVES electronically" to the Fleet Manager be incorporated in the SLA for financial year 2009/10.*

#### **DEH –**

*This will be addressed under the DEH fuel card management policies and procedures. The Administration Staff will maintain this file. With immediate effect, on June 4, 2009 DVES was notified to cancel and remove the names of all DEH ex-employees from the GASBOY system. However, fuel cards were taken from employees who left the department; unfortunately, the ex-employee names were not removed from the system.*

#### **PWD –**

*PWD procedure is to assign fuel cards to active employees and to advise DVES to cancel or reassign cards when employment ceases. PWD has emailed DVES an updated list of cards to be deleted / re-assigned and has requested an updated report of active PWD cards to confirm that this has been done and that all cards are current.*

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*Effective immediately, we are requesting monthly active card reports in order that we can review and confirm that these are accurate.*

**WA –**

*The Authority maintains a list of all cards issued to employees and regularly sends request to DVES to deactivate or cancel cards of ex-employees. As a compensating control, the Authority reviews the monthly usage report provided by DVES to ensure that all fuel purchases are valid. It is important to note that even though these cards were not cancelled in the GASBOY system there were no charges made with the cards of ex-employees. Management recognises the importance that only current authorised employees of the Authority have active fuel cards and will work together with DVES to meet this goal. It is important that requested changes be made by DVES in a timely manner and that monthly reports be provided to the Authority to ensure that all changes are reflected.*

*The Authority sought to update the 2009/10 Service Level Agreement (SLA) which would have clearly outlined the responsibility of DVES to provide a list of all active cards together with the monthly invoice to ensure that all requested changes are captured in the GASBOY system in a timely basis, however the Authority was informed that any special reports would have to be formally requested via a “work order” and would be subject to a fee of between \$110 and \$400.*

*The Authority will now be responsible to request a list of all active accounts from GASBOY and cross check with internal records to ensure that requested changes are accurately reflected, and also verify the active employee list maintained by DVES.*

5. Odometer Reading Not Entered for Each Fuelling

The GASBOY system requires users to enter an odometer reading for each fuelling. The odometer reading is used to track miles-per-gallon, assess vehicle utilization, and monitor abuse. Odometer entries made at the point of purchase provide a significant source of information from which various analyses can be performed to determine if an Agency’s fuel purchase activity is appropriate and fuel consumption is reasonable.

It was noted during the audit that the odometer reading was not entered for each fuelling by most users. Out of 9,788 fuel purchase transactions reviewed, only 740 (or 7.56%) entered an odometer reading upon fuelling. It was also noted that on some fuel purchases, an incorrect odometer reading was entered; as evidenced by a decrease in odometer reading from one fuel purchase to the next. In other instances, the vehicle license number or a fictitious number was entered.

Agencies did not have policies and procedures to establish the actions required when refuelling. Also, we were informed by some Fleet Managers and the Pump Attendant of DVES that users can by-pass the odometer entry requirement of GASBOY by entering an incorrect odometer reading and pressing “C” (cancel) five times.

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Without accurate mileage reporting, vehicle utilization statistics become useless and an important control to prevent fraud is lost. Agencies cannot verify if fuel purchases are appropriate and cannot determine the miles-per-gallon. It also hindered our ability to analyze fuel usage to determine if the fuel consumption of each vehicle was reasonable.

### **Recommendation**

Chief Officers should request that employees enter the correct odometer reading for each fuelling. In the event that the employee makes an error or for some reason the system did not accept the odometer reading, the employee should be required to provide the Fleet Manager or the person in charge of monitoring fuel consumption with the correct odometer reading.

### **Management's Response**

#### ***RCIPS –***

*As part of the documentation of proper policies and procedures and a condition on the fuel card usage agreement form, employees will be required to enter the odometer reading for each fuel purchase. In connection with the documentation of policies and procedures this recommendation will be completed by 04 September 2009.*

*It must be noted that if an employee enters an odometer reading that is higher than the actual odometer reading in error, the next time the vehicle is refuelled it will not be possible to use the correct lower odometer reading. This restriction makes it impossible for users to enter the actual reading if, by error or on purpose, an incorrect odometer reading was entered previously.*

*Due to its restriction of entering a lower odometer reading in the GASBOY system, the process of by-passing the odometer phase of the gas purchase has become routine. It would be of great assistance if DVES could eliminate the ability to by-pass entering the odometer reading thus making it a requirement in order to purchase fuel.*

*However if DVES is unable to supply a report electronically, the RCIPS nor the Pol&EA will have the resources available to effectively monitor or manage the figures provided on the DVES invoice.*

#### ***DEH –***

*Procedures going forward will be included in the departmental policy and procedures. A new fuel usage and reporting form is being developed for use and control measures. Full implementation should occur by end of October, 2009. Also, procurement of fleet management software is being considered which will help monitor the fuel consumption.*

#### ***NRA –***

*Moving forward, we will request all employees to provide a manual odometer reading as per Audit recommendation. We agreed that odometer entries are needed for proper analysis. Due to*

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*the inconsistency of drivers manually recording their odometer readings, the plan was to manually read the odometer reading every week and use this to check against the fuel usage, but our financial restrictions since October 2008 have prevented such a measure.*

**PWD –**

*Historically odometer readings have not been entered. However, we agree that this is a good thing to do. PWD management will instruct all drivers of the need to enter odometer readings. Fleet management will monitor DVES invoices going forward to identify any employees who fail to comply with this requirement.*

*We note the comment above on how the odometer reading can be by-passed. We recommend that the gas boy system be modified to prevent this from happening. Clearly PWD's task will be much simpler if employees cannot get gas unless an odometer reading is entered.*

*As stated in our response to finding #1 above, the updated policies and procedures manual will provide procedures for re-fuelling.*

**WA –**

*Senior management at the Authority reviews the monthly invoice from DVES and provides miles per gallon calculations and also identifies card users who have not entered the correct odometer reading to other members of the senior manager team. Senior Managers are then responsible to manage the employees in their relevant departments who do not enter the correct odometer reading or by-pass the odometer entry requirement to ensure compliance with the defined requirement.*

*The Authority started this detailed monthly review in June 2008, at which time 32 incidents were identified as having entered the incorrect odometer reading, this number reduced to 23 incidents in December 2008 and down by a total of 59% to 13 incidents in June 2009, specifically through continued follow up and diligence by the Chief Operations Manager. The Authority will continue to monitor the monthly reports on a detailed basis and will continue to follow up with non-compliant employees.*

6. Fuel Cards Assigned to Ex-Employees Used to Obtain Fuel

Section 29 of the Financial Regulations (2005) requires Chief Officers to maintain appropriate controls to safeguard resources. Effective controls over assets include limiting access to the assets to authorized users and for legitimate business use only. Once an employee leaves an Agency, their fuel card should be deactivated within the GASBOY system.

During our review of fuel purchases, it was noted that there were some fuel purchases made with fuel cards assigned to either terminated employees or an employee whose name could not be found in the HR IRIS Civil List Report (list of current employees).

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Agency	Employee Card Number	Termination Date	Transaction Dates	Number of transactions	Total Purchases (in Gallons)
RCIPS	1711	Feb 28, 2007	Jan 1, 2008 to Jan 17, 2009	156	1,263.957
RCIPS	1709	June 4, 2007	Jan 8 and Feb 8, 2008	2	18.325
RCIPS	2322	November 30, 2008	June 9, 2008 to March 26, 2009	9	95.275
RCIPS	1832	Not found in HR IRIS Leavers Report	June 22, 2008 to March 24, 2009	76	1,452.434
RCIPS	62	Not found in HR IRIS Leavers Report	June 6, 2008 to March 31, 2009	34	299.234
RCIPS	982	Not found in HR IRIS Leavers Report	June 1, 2008 to March 19, 2009	32	331.833
RCIPS	1864	Not found in HR IRIS Leavers Report	July 26, 2008 to March 26, 2009	17	168.187
RCIPS	1455	Not found in HR IRIS Leavers Report	July 17, 2008	1	15.063
PWD	1513	March 30, 2007	Jan 8, 2009 to March 31, 2009	12	218.208

Based on discussion with management, we are of the opinion that these transactions occurred because: 1) Agencies did not require employees to surrender their fuel cards upon termination of their employment; 2) did not request DVES to cancel the cards of these employees; 3) periodic review was not performed to ensure that only legitimate employees have fuel cards.

Fuel cards can still be used to purchase fuel from DVES pumps even if the cardholder is no longer employed by the Agency. Without adequate review and until the cards are cancelled, these illegal purchases of fuel will increase the fuel costs of the Agency.

### Recommendation

Chief Officers should ensure that fuel cards are surrendered by employees upon leaving the Agency and are deactivated in the GASBOY system. The Chief Officer should also ensure that agencies perform a periodic review of active fuel cards in the GASBOY system to ensure that they belong to legitimate employees of the Agency. An inquiry should also be performed on the above transactions to determine if they were used in the operations of the Agency or for personal use of employees.

### Management's Response

#### **RCIPS –**

*As part of the documentation of proper policies and procedures and in connection with the usage agreement form signed, the Fleet Manager will be informed when an employee has left the organization by Human Resources and will ensure that the fuel card issued is returned to the*

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*Fleet Manager. The Fleet Manager will in turn notify DVES to deactivate the fuel card for the former employee or retain the fuel card to be reissued to another employee thus avoiding incurring a \$25 charge.*

*RCIPS is currently doing an audit of all fuel cards issued to RCIPS employees. Once the audit is completed, the listing will be compared with the listing of fuel cards for ex-employees that were used to purchase fuel to see if they are in the possession of current employees. DVES will be notified by the Fleet Manager if any changes are required to reassign driver fuel cards to the correct employee by 07 August 2009.*

*RCIPS will request a report quarterly from DVES showing all active fuel cards in the GASBOY system to verify that only current employees have active fuel cards. RCIPS obtained a current listing of all active driver fuel cards on 22 July 2009 but the Fleet Manager had to set up an appointment with DVES to physically obtain the listing. RCIPS will require that a "provision for a quarterly listing to be sent by DVES electronically" to the Fleet Manager be incorporated in the SLA for financial year 2009/10.*

**PWD –**

*We have reviewed our records and confirm that employee card 1513 belonged to Samuel Wright who retired. The card was reassigned to PWD employee Robert Wiggan and continues to be used legitimately, except that it has not been updated in the GASBOY system.*

*PWD has met with DVES and updated the list of fuel cards. There are now no old employees listed in the GASBOY system. Going forward, we will request three monthly active card reports in order that we can review and confirm that these are accurate.*

7. Vehicle Fuel Cards Assigned to Vehicles Not Found in Agencies' Lists

Section 29 of the Financial Regulations (2005) requires Chief Officers to maintain appropriate controls to safeguard resources. Effective controls over agency resources including ongoing monitoring and review of active vehicle fuel cards to ensure that cards are cancelled when the associated vehicle is taken out of service.

During the audit, it was noted that there were 277 active vehicle cards in the GASBOY system that were not found in the schedule of vehicle cards maintained by the Agencies. Sixty-four (64) of those had transactions charged to them.

Agency	# of vehicle cards that are active in the GASBOY system but were not found in the Agency's schedule of vehicle cards	# of vehicle cards that have transactions during the period under review
RCIPS	90	17
Water Authority	72	6
DEH	57	13
PWD	51	25

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NRA	7	3
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**Table 3 - See Appendix D for the complete details**

We were advised by the Fleet Manager of NRA that requests for deactivation of four (4) of the cards were already sent to DVES between June 9, 2008 and February 6, 2009. Another request was sent to DVES on March 20, 2009 for the deactivation of all seven (7) cards, including the four (4) previously requested but which were not cancelled by DVES. We were also informed by management that this oversight was caused by the lack of established procedures to manage fuel cards.

Allowing invalid vehicle fuel cards to remain active within the GASBOY system might result in unauthorized usage. This risk is increased because management was unaware of the existence of these cards and was not consistently reviewing the fuel usage reports from DVES.

### Recommendation

Chief Officers should ensure that vehicle cards assigned to vehicles that are no longer used, already retired or disposed of are deactivated within the GASBOY system to prevent unauthorized usage. Newly purchased vehicles should be assigned new vehicle fuel cards from DVES.

### Management's Response

#### **RCIPS –**

*RCIPS Fleet Manager will send a list of all vehicle fuel cards to DVES by 07 August 2009 to deactivate or lock off in the GASBOY system. RCIPS will ensure the remaining vehicle fuel cards will be assigned to a vehicle currently on RCIPS fleet.*

*RCIPS will request a report quarterly from DVES showing all active vehicle fuel cards in the GASBOY system to verify that only current vehicles of the RCIPS fleet have active fuel cards. RCIPS obtained a current listing of all active vehicle fuel cards on 22 July 2009 but the Fleet Manager had to set up an appointment with DVES to physically obtain the listing. RCIPS will require that a "provision for a quarterly listing to be sent by DVES electronically" to the Fleet Manager be incorporated in the SLA for financial year 2009/10. Newly purchased vehicles will be assigned new vehicle fuel cards from DVES.*

#### **DEH –**

*The Administration Section is reviewing and matching our records with those of DVES, which should be completed by October 31, 2009. The creation of new spreadsheets to track the status of vehicles is being undertaken. This will also form part of the regular reviews by the department. In addition, the DEH is exploring software that will assist with fleet management services. All fuel cards that do not match the vehicle will be cancelled and new ones issued.*

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**NRA –**

*Moving forward, we will request a read receipt and confirmation from DVES that the requested transaction has been successful.*

**PWD –**

*These cards relate to:*

- i. Vehicles that have been written off / decommissioned and the cards transferred to current vehicles or*
- ii. Cards used for fuelling of miscellaneous equipment such as cement mixers and lawn mowers.*

*PWD has met with DVES and updated the list of vehicle cards. These are all now up to date. Going forward, we will request three monthly active card reports in order that we can review and confirm that these are accurate.*

**WA –**

*The Authority is committed to ensuring that DVES and inherently the GASBOY system reflect only the active vehicles owned and operated by the Authority and will continue to provide DVES with any relevant changes to the Authority's fleet. The Authority requested that a detailed list, as generated by GASBOY, be provided to the Authority together with the regular monthly billing to allow the Buildings and Equipment Department to cross check the information to ensure completeness and validity of the records. The Authority has consistently provided information to DVES that is not reflected in the GASBOY system, for example, a fax dated 17 February 2009 requested vehicle card #V2719 be cancelled, however it still shows up in Appendix C.*

*The Authority sought to update the 2009/10 Service Level Agreement (SLA) which would have clearly outlined the responsibility of DVES to provide a list of all vehicle cards together with the monthly invoice to ensure that all requested changes are captured in the GASBOY system in a timely basis, however the Authority was informed that any special reports would have to be formally requested via a "work-order" and would be subject to a fee of between \$110 and \$400.*

**8. Inadequate Monitoring of Fuel Transactions**

Section 29 of the Financial Regulations (2005) requires Chief Officers to maintain appropriate controls to safeguard resources. Effective control over resources include monitoring usage to provide reasonable assurance that resources are used efficiently, economically, effectively and only for the purposes for which they were intended.

During the audit, we analysed fuel purchases of four (4) agencies as reported in the Fuel Usage by Vehicle Report. Out of 9,788 sampled fuel purchases during the period from January 2008 to March 2009, we have identified some transactions that should have prompted Agencies to conduct further review and investigation had proper monitoring been done. Due to the volume of questionable transactions, we did not have the resources to investigate each instance.

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We sorted the fuel purchases data based on the following: a) vehicle cards were used more than once within one (1) hour and the gallons purchased exceeded the vehicle's fuel tank capacity b) vehicle cards were used at least two (2) times during the same day and c) fuel cards used only once per day but the amount of fuel purchased exceeded the vehicle's fuel tank capacity.

Based on the test we identified the following:

**a) Multiple transactions occurred with intervals of 1 minute to an hour**

1,477 fuel purchases occurred less than one hour apart and sometimes exceeded the fuel tank capacity.

Agency	Total Number of Transactions	Vehicle Card with the most fuel purchases (number of transactions)	Employee Card with the most fuel purchases (number of transactions)
RCIPS	1,034	2656 (67 transactions)	1922 (44 transactions)
		2909 (45 transactions)	68 (40 transactions)
		1683 (40 transactions)	1832 (32 transactions)
NRA	106	2607 (17 transactions)	1944 (25 transactions)
		1838 (11 transactions)	2348 (16 transactions)
DEH	327	2849 (67 transactions)	2188 (67 transactions)
		2847 (52 transactions)	2186 (52 transactions)
PWD	10	-	-

*Table 4 - See Appendix E for the complete details*

**b) Vehicle cards used to purchase fuel more than once during a day**

1,416 fuel purchases occurred where the vehicle card was used at least twice during the same day.

Agency	Total Number of Transactions	Vehicle Card with the most fuel purchases (number of transactions)	Employee Card with the most fuel purchases (number of transactions)
RCIPS	897	2656 (93 transactions)	2220 (31 transactions)
		2654 (82 transactions)	2003 (23 transactions)
		2889 (82 transactions)	2299 (21 transactions)
DEH	453	2806 (317 transactions)	2098 (315 transactions)
NRA	62	2607 (35 transactions)	1944 (35 transactions)
PWD	4	-	-

*Table 5 - See Appendix F for the complete details*

Some examples of transactions include:

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- RCIPS vehicle card # 2656 purchased fuel 41 times on August 30, 2008 between 1:44pm and 5:08pm (3 hours and 24 minutes interval) for a total of 309.101 gallons. Employee card # 1922 was used to purchase this fuel.
- RCIPS vehicle card # 2864 purchased fuel 8 times on March 21, 2009 between 1:37pm to 2:37pm (60 minutes interval) for a total of 231.234 gallons. Employee card # 1832 was used to purchase this fuel.
- NRA vehicle card # 3142 purchased fuel on March 24, 2009 for 22.159 gallons. Employee card # 2489 was used to purchase this fuel. However, there was a notation made by the Fleet Manager in the Fuel Usage by Vehicle report for March 2009 that this transaction was for the personal vehicle of the Fleet Maintenance Coordinator.
- DEH vehicle card # 2849 purchased fuel 4 times on May 6, 2008 between 10:55am and 11:01am (6 minute interval) for a total of 87.291 gallons. Two different pumps were used. Employee card # 2188 was used to purchase this fuel. Also, vehicle card # 2916 purchased fuel 4 times on May 12, 2008 between 5:19pm to 5:35pm for a total of 90.704 gallons. Employee card # 1524 was used to purchase this fuel.

**c) One-time fuel purchase in excess of vehicle's fuel tank capacity**

404 one-time fuel purchases that exceeded the vehicle's fuel tank capacity.

Agency	Total Number of Transactions	Vehicle Card with the most fuel purchases (number of transactions)	Employee Card with the most fuel purchases (number of transactions)
RCIPS	203	2629 (77 transactions)	2193 (22 transactions)
		2193 (22 transactions)	1832 (17 transactions)
NRA	199	2976 (30 transactions)	2303 (31 transactions)
		2802 (20 transactions)	2120 (23 transactions)

**Table 6 - See Appendix G for the complete details**

Based on the results of our analysis it is apparent that fuel purchases were not monitored by the Agencies. Although we were not provided evidence of this, we were advised by DVES personnel that there are some instances where a vehicle card was used to fuel several vehicles and there are also instances where fuel was pumped into the vehicle's tank as well as into a separate gas container.

Without proper monitoring and internal controls in place, it is difficult to determine whether fuel is being used for legitimate business purposes. In addition, the absence of odometer reading entries on most of the fuel purchases prevented us from fully evaluating the legitimacy of the transactions. From our review, we identified a significant number of transactions that should have been questioned by management. Allowing employees to use the vehicle card to fuel other vehicles and containers would defeat the purpose of maintaining one (1) fuel card for each vehicle. Ultimately, the Agencies must cover the cost of all fuel purchased by their employees,

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whether for legitimate business use or personal gain, and if the fuel is used for non-business purposes it would increase Government's fuel expense.

### Recommendation

Chief Officers should ensure that fuel consumption of each vehicle and employee is monitored by the Agencies. The Chief Officer should ensure that the Fuel Usage by Vehicle and Employee reports are reviewed and any abnormalities in fuel consumption investigated. Also, trend analysis should be performed to identify and justify increases/decreases in monthly fuel consumption. This procedure would identify irregular fuel purchases of employees and would assist the Agency in identifying the vehicles that need to be maintained or replaced because of inefficient fuel usage.

### Management's Response

#### **RCIPS –**

*As part of the documentation of proper policies and procedures, the usage of vehicle fuel cards will be covered including a provision that a specific vehicle fuel card will be assigned to each vehicle. However if DVES is unable to supply a report electronically, the RCIPS nor the Pol&EA will have the resources available to effectively monitor or manage the figures provided on the DVES invoice.*

*Enquiries were made into the multiple transactions by a single user with the same vehicle card. It was determined that these transactions occurred just prior to an approaching hurricane and is part of the RCIPS Hurricane Plan to ensure that all of their vehicles are filled with gasoline when the islands are put on a hurricane watch or warning. The majority of the multiple transactions highlighted in the audit were due to this policy in which a single officer would use his/her fuel card to fuel all police vehicles.*

*Going forward the RCIPS will obtain a vehicle fuel card that will only be used for the purchase of fuel when a hurricane is approaching and the authorization is given to fill all RCIPS vehicles and take them to high ground for safekeeping. The usage of this fuel card will also be documented in the policies and procedures manual.*

#### **DEH –**

*Verbal instructions have already been given to staff to only utilize their fuel cards for their own vehicles. Sharing of fuel cards is restricted but may occur in cases of emergency such as an imminent hurricane or post hurricane; however, the event must be recorded. Proper written instructions and procedures will also be included in the departmental policies and procedures documents to all staff by December 31, 2009.*

*Management did undertake a brief review of the process last year and found that the garbage trucks and some other vehicles are fuelled twice a day, using the same fuel cards. This is due to the double shifting of the vehicles and to ensure the vehicles are fuelled up for the early shift that*

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*starts at 4 am, the next morning. In addition, several years ago, the fuel card was set to the approximate dollar amount it would take to fill the assigned vehicle fuel tank. The card limit was also set as a control measure so management could determine how the fuel was being used. However, over the years, the price of fuel has escalated but the fuel limit has not yet been adjusted on the various fuel cards. Therefore, this is the main reason why so many transactions take place within a few minutes. The DEH will work along with DVES to adjust the fuel limits to be more reflective of the current fuel prices and also explore the option of capping the allowable fuel purchase per day on certain vehicles.*

*The Fleet Maintenance Foreman and his employees who are responsible for fuelling many of the trucks and the heavy equipment located at the landfill will always need to visit the fuel station at DVES more than once a day. In addition, the service truck is equipped with a fuel tank of 150 gallons, which is normally filled two times a day, depending on the number of heavy equipment operating at the landfill. Fuel usage also increases when new equipment is added to the fleet.*

*In addition, when the department's fuel truck is out of service, the DEH normally utilize the National Roads Authority (NRA) or Department of Agriculture fuel truck. Subsequently, their fuel vehicle is refilled with fuel using the Fleet Foreman's fuel card.*

**NRA –**

*We agreed with the findings. Moving forward, we will implement the recommendations made.*

*Prior to May 2008, NRA had no Fleet Manager. In December 2008, we changed our refuelling procedures for our road working trucks. Since then we are pleased to observe a reduced, steadier usage of fuel which showed a reduction in fuel expenses by \$10,000 followed by more changes in December 2008, which have maintained the \$10,000 per month reduction along with stabilizing the consumption as compared to previous usage records.*

**PWD –**

*There are legitimate situations that can lead to multiple transactions taking place. Vehicle cards are intended to be kept in vehicles. Some employees with a vehicle assigned to them fulltime will keep the vehicle card on their person (incorrectly so but of course it happens). If they are off sick for example, another member of the crew is assigned to drive the vehicle but the vehicle card is home with the regular driver. Usually a supervisor will then use his vehicle card to fuel the other vehicle in order that the crew can get out to work which at the time is of course the main focus. This results in two transactions on one card in a short period. The employee fuelling the other vehicle then notes the abnormal transaction on the DVES receipt by way of record.*

*These types of situations, although legitimate, may give the impression on reviewing records that all is not above board. I do not believe this to be the case. I have reviewed the times and dates of your samples and note that they are all during weekday working hours. I do not believe that PWD employees are filling private vehicles at DVES during work hours.*

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9. Double Payment of Fuel Invoices

Effective payables controls include reviewing invoices for accuracy and clarifying any inaccuracies prior to making payment in order to avoid over or under payments.

During the analysis of fuel purchases by Agencies, it was noted that the June 29 and June 30, 2008 fuel purchases were included in the June and July 2008 invoices which resulted in double payment. Based on the Fuel Usage by Vehicle report generated from GASBOY, 27 agencies overpaid DVES by \$13,411.30. **See Appendix H for complete details.**

Agencies did not properly review the invoice and supporting documents prior to payment. When DVES printed the Fuel Usage by Vehicle report in GASBOY to be used as the basis for preparing the July invoice, the June 29 and 30 transactions were included in the covering period although these transactions were already included in the June invoice.

Without proper review, errors and irregularities may not be detected and the Agencies pay for fuel costs that were not actually incurred.

**Recommendation**

Chief Officers should ensure that Agencies properly review the invoices and supporting documents prior to payment. The Chief Officer should also request DVES to reimburse the Agencies for the overpayment or offset the amounts against future billings.

**Management's Response**

**RCIPS –**

*RCIPS Finance Department will request a reimbursement from DVES for the amount in question and will go over the review process of the invoice with the Fleet Manager and Finance Staff will ensure that future invoices are checked properly for errors or discrepancies.*

*Effective immediately the Fleet Manager will review the DVES invoice on a monthly basis and ensure the charges listed are for the current period only and there are no charges for previous periods. If the Fleet Manager finds any charges from a previous period he will notify the Finance Department of the charges in question so they can verify if they have been previously paid based on an earlier invoice.*

**DEH –**

*The Accounting Section has created a spreadsheet for tracking purposes to ensure that this does not occur again. In addition, the Accounting Section will be reviewing invoices before sending to the Solid Waste office for approval of fuel usage for the month. Adjustments for the overpaid amount will be implemented by September 30, 2009.*

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**NRA –**

*The observation is correct and it should be noted that the invoices are normally checked before payment is made. We have received a credit for the overpayment.*

**PWD –**

*PWD presently reviews fuel reports and invoices prior to payment. We acknowledge the overpayment which occurred. However, the magnitude of this overpayment along with our present review does not require actions beyond requesting a refund.*

**WA –**

*The Authority recognizes the importance of invoice review and approval and goes through an extensive month end reconciliation process to ensure the invoice amounts are correct. Any credits that are owed to the Authority are requested as an offset against future billings.*

10. No Service Level Agreements with DVES

It is a Government policy that Agencies would enter into a contractual arrangement for the provision of services via service level agreement (SLA) or contract which states the terms and conditions of the service arrangement to minimise misunderstanding and to allocate the cost of services to the relevant agency.

It was noted during the audit that the five (5) sampled Agencies did not have a current service level agreement with DVES.

We were provided various reasons why signed SLAs were not in place with DVES, most of which involved dissatisfaction with the content of the SLA and the unwillingness of DVES management to consider revisions to the SLA based on the unique needs of each agency.

In the event of a dispute it may be difficult to substantiate what was agreed upon which will make it difficult to hold parties accountable.

**Recommendation**

Chief Officers should ensure that valid service level agreements outlining all the terms and conditions are maintained and signed with DVES.

**Management's Response****RCIPS –**

*RCIPS Fleet Manager will review the 2009/10 SLA prepared by DVES and forward to the Commissioner of Police for signing. RCIPS will require that a "provision for a quarterly listing to be sent by DVES electronically" to the Fleet Manager be incorporated in the SLA.*

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*The completion of this recommendation is dependant upon DVES to prepare their SLA so a completion date cannot be set at this time.*

**DEH –**

*There is an unsigned SLA with DVES because of outstanding matters to improve efficiency that have been requested by DEH of DVES but have not been incorporated, yet. In the future, the DEH will sign-off on those aspects of the SLA that is not affected by dispute.*

**NRA –**

*The Authority revised the Service Level Agreement in September 2008 and submitted it to pertinent persons for review. It has remained in that state ever since.*

**PWD –**

*Although an SLA was prepared for 08/09 we acknowledge that the SLA with DVES was not signed. However, PWD and DVES have conducted business in accordance with the draft SLA. PWD have utilised the services of DVES in accordance with the requirements of PM&FL and non contestability rules.*

*The DVES / PWD SLA has been signed for the 09/10 budget year. It was signed on 23 September 09 so we are now operating under a signed SLA.*

**WA –**

*The Authority agrees on the importance of a current SLA with the DVES and will work together with Director of DVES to ensure that the 2009/2010 SLA is signed in a timely manner.*

*The Authority sent over a draft SLA to DVES in early September 2009 which incorporated the suggested revisions and was informed that the requested monthly reports would be subject to a fee of \$110 to \$400 and only available upon issuance of a work order. The Authority will work within these parameters to ensure compliance with the recommendations as made in this report.*

11. Incomplete Employee Name and Vehicle Description in GASBOY

To assist in effective monitoring of purchase transactions agencies should ensure that the names on the fuel cards agree with the names of legitimate government employees and vehicles.

During our audit, it was noted that for the RCIPS, there were 56 active employee fuel cards in the GASBOY system that have incomplete names. Some of these cards were assigned to employees with names such as “Ebanks, B #41”, “Ebanks, B.”, “Myles #123”, “Myles, W”, “Best, P” and “Best C. #269” (**See Appendix I for complete details**). We had difficulty comparing the names against the HR IRIS Civil List Report (list of active employees) and HR IRIS Leavers Report thus, it prevented us from identifying if the card belongs to a current, resigned or fictitious employee.

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It was also noted that 32 vehicle cards for DEH and 27 vehicle cards for PWD have either incomplete or no description at all of the vehicle to which the cards were assigned.

We were informed by RCIPS management that a majority of these cards were requested years ago and that the cards requested in recent years had complete names; however, Internal Audit was unable to substantiate this explanation. Also, based on discussion with DEH and PWD management, we believe these exceptions occurred because of the lack of a specific procedure to guide the naming of vehicle cards, thus the name requested on the card was at the discretion of the requesting officer.

Analysis of fuel consumption of the employees and vehicles with incomplete details could not be performed through the use of monthly reports generated by GASBOY.

### **Recommendation**

Chief Officers should ensure that agencies provide the complete name and description of the vehicle to DVES when requesting new cards. In addition, the Chief Officer should ensure that all existing employee names and vehicle descriptions on the GASBOY reports are correctly stated to facilitate fuel consumption review and analysis.

### **Management's Response**

#### **RCIPS –**

*RCIPS is currently conducting an audit of all fuel cards issued to RCIPS employees. Once the audit is complete, the listing will be compared and matched with the employees' names currently showing in the HR IRIS system. The Fleet Manager will provide the listing to DVES for amendment by 07 August 2009.*

#### **DEH –**

*The DEH is actively undertaking the review and will update all information as necessary. This will have to take place in consultation with DVES. It is expected that this will also be completed by December 31, 2009.*

#### **PWD –**

*We will work with DVES to ensure that appropriate vehicle and equipment descriptions are entered.*

*I believe a number of these relate to cards for fuelling miscellaneous equipment. This is a difficult area to monitor as one gas tank may service multiple pieces of equipment for a crew. We are reviewing this with the aim that each crew which needs to fuel miscellaneous equipment will have a "fuel for miscellaneous equipment" card. This will allow management to review monthly fuel usage for equipment and determine if appropriate.*

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The Internal Audit Unit would like to thank the management and staff of the Agencies audited for the assistance provided during the audit and we look forward to assisting the Agencies in the future.

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**Donald House**  
Acting Director

December 11, 2009