



***METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY***

OFFICE OF INTERNAL AUDIT

Professional Audit and Advisory Service

FINAL REPORT

**Audit of Metro Nashville's Motor Fuel Usage
Office of Fleet Management**

Date Issued: October 26, 2012

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*The Metropolitan Nashville Office of Internal Audit is an independent audit agency
that reports directly to the Metropolitan Nashville Audit Committee*

EXECUTIVE SUMMARY

October 26, 2012

Results in Brief	Background and Recommendations						
<p>We conducted a performance audit of Metro Nashville’s motor fuel usage as managed by the Office of Fleet Management within the Department of General Services. Key audit objectives and conclusions included:</p> <ul style="list-style-type: none"> • <i>Was all motor fuel purchased, received, pumped and inventory on-hand accounted for?</i> <p>No. Reconciliations were not being conducted to account for fuel purchased, received, pumped and on-hand inventory. (See Observation B).</p> <ul style="list-style-type: none"> • <i>Were motor fuel storage sites physically safeguarded?</i> <p>Generally yes. However controls could be enhanced at several locations to reduce the potential of misuse. (See Observation A).</p> <ul style="list-style-type: none"> • <i>Was motor fuel purchased for Metro Nashville facilities purchased at competitive prices?</i> <p>Yes. Management had implemented controls to ensure competitive prices were utilized in the purchase of motor fuel.</p> <ul style="list-style-type: none"> • <i>Were payments received by the Office of Fleet Management complete and accurate?</i> <p>Generally no. Management should develop a method for calculating and accounting for payments due to the department from vendors and customers. (See Observations J and K).</p>	<p style="text-align: center;">Three Years of Motor Fuel Demand/Cost July 1, 2008 through June 30, 2011</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 20%; text-align: center;">Amount</th> </tr> </thead> <tbody> <tr> <td>Fuel Cost (million dollars)</td> <td style="text-align: center;">\$23.9</td> </tr> <tr> <td>Fuel Demand (million gallons)</td> <td style="text-align: center;">9.1</td> </tr> </tbody> </table> <p>Key recommendations of this report encourages management of the Office of Fleet Management to:</p> <ul style="list-style-type: none"> • Coordinate with the Office of the Mayor to determine if current operating practices achieve the intent of a Metro-wide fuel management program described in Mayor Dean’s Executive Order Number 31, <i>Office of Fleet Management</i>. • Determine if implementing an industry specific fleet management commercial-off-the-self information system would provide the best value in meeting management’s fleet and fuel management expectations. • Improve motor fuel usage information and control with implementation of the “ring system”. • Perform daily and monthly tank reconciliations. <p>Management’s response can be seen in Appendix B.</p>		Amount	Fuel Cost (million dollars)	\$23.9	Fuel Demand (million gallons)	9.1
	Amount						
Fuel Cost (million dollars)	\$23.9						
Fuel Demand (million gallons)	9.1						

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INTRODUCTION

Audit Initiation The performance audit of Metro Nashville’s motor fuel usage was part of the work plan approved by the Metropolitan Nashville Audit Committee. The audit was initiated primarily due to the length of time (in excess of five years) that has elapsed since the last internal audit was performed of the fuel management function. The audit focused on motor fuel (gasoline and diesel) usage, aviation fuel usage was excluded.

Background The Office of Fleet Management, a division of General Services, obtains vehicles and equipment for most Metro Nashville agencies, provides fleet maintenance support services, and maintains six fueling sites.

A prior audit performed by Transportation Consultants, Incorporated titled “*Metro Nashville and Davidson County Fuel Study February 2004*” provided recommendations for the Office of Fleet Management to take responsibility for all general fund fueling functions in Metro Nashville (including Metropolitan Nashville Public School’s) and that gasoline vehicles not stationed at fuel tanks utilize a fuel card. The implementation status for the recommendations for this report can be found in Exhibit A.

Exhibit A – February 2004 Fuel Study Audit Recommendation Status

2004 Recommendation	Current Status
Designate the Office of Fleet Management as the principal entity in procurement, dispensing, accounting and billing for fuel in Metro Nashville.	The Office of Fleet Management was designated as the principal entity in procurement, dispensing, accounting, and billing for fuel in Metro Nashville with Mayor Dean’s Executive Order Number 31.
Expand the fuel card system to 1,120 vehicles not stationed at gasoline tanks. A RFP needs to be designed, issued, and evaluated.	Fuel cards have been issued and the Wright Express card contract has been renewed.
Embark upon improvements in the fuel dispensing equipment and improve information and control with the implementation of the "ring system."	The ring system has not been implemented at this time.
Selectively close fuel tanks that are duplicative in nature	The Office of Fleet Management has been selectively closing tanks.
Hybrid vehicles, both light and heavy duty, offer the greatest potential benefit for Metro Nashville in terms of cost, air quality and reduced petroleum consumption.	The Office of Fleet Management has increased the fleet with hybrid vehicles, electric vehicles and currently completed the contract for propane vehicles.
Metro Nashville should continue to strongly support efforts to become designated as a "Clean City" by United States Department of Energy in order to gain access to alternative fuel funding opportunities.	The Office of Fleet Management continues to pursue alternative fuel opportunities. They currently have alternative fuel contracts in place.

Source: Metro Nashville Office of Fleet Management

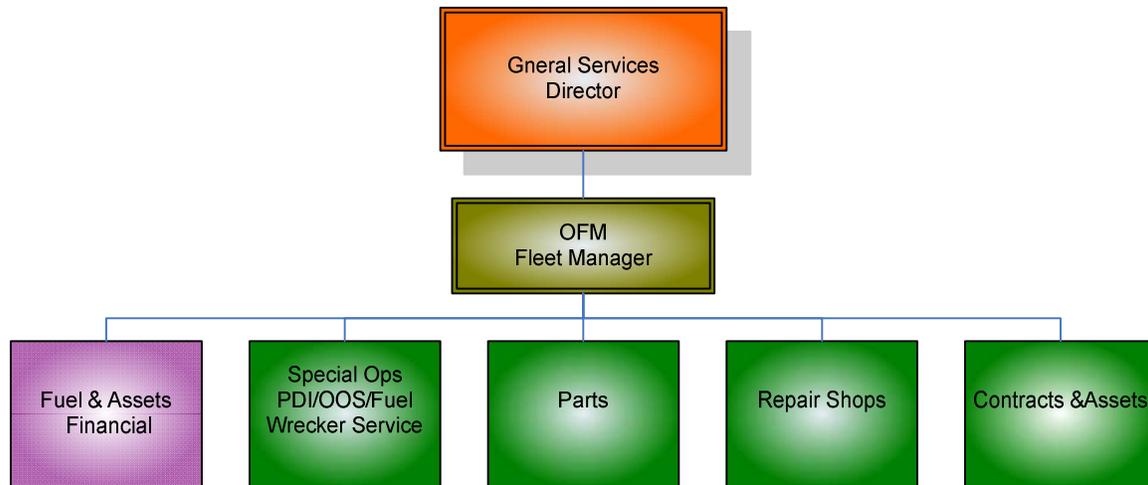
Not all of the 2004 recommendations were evaluated during the course of this audit. Recommendations presented in the report were based on current operations and may relate to some of the 2004 recommendations if relevant.

Organizational Structure

The Office of Fleet Management is comprised of five programs: Contracts and Assets, Parts, Repair Shops, Special Operations, and Fuel and Assets Financials. For the purpose of this audit only the Fuel and Assets Financial program was reviewed.

An illustration of the organizational structure for the Metro Nashville Office of Fleet Management can be found in Exhibit B.

Exhibit B – Office of Fleet Management Organization Chart



Unusual Circumstances: Flood of May 2010

Metro Nashville owned fueling facilities assisted departments in the flood of May 2010 recovery efforts.

Nashville experienced a flood in May 2010 that impacted the usage of Metro Nashville’s fuel sites. For the past three fiscal years the usage of gasoline decreased each month until the May flood. With several departments assisting in the recovery process for the city there was an additional need for fuel. The manager of the Office of Fleet Management stated the recovery efforts would have been less effective if the Department of Public Works, Police Department, Fire Department, and Water Services did not have access to Metro Nashville’s internal fuel sites.

Davidson County experienced significant damage during the flood however none of Metro Nashville’s fueling sites were damaged.

Financial Information

In Metro Nashville’s EnterpriseOne accounting system the Office of Fleet Management has fleet management modules to track fleet operations. Revenue generated from vehicle maintenance, vehicle repairs, fuel and other fleet services are recorded in EnterpriseOne. For the purpose of this audit only transactions related to fuel were

reviewed. The following corresponds to the object account numbers used in EnterpriseOne for fuel related transactions:

- 502977 – Allocation billing – includes fuel and maintenance
- 502988 – Office of Fleet Management Direct Billed Charges
- 417000 – Revenue for Allocation Billing
- 417100 – Revenue for Allocation Billing – outside accounts
- 417050 – Revenue for Direct Billed Charges

Fuel Revenues

The Office of Fleet Management provides fuel/preventative maintenance services to several Metro Nashville departments. These departments either repay the Department through allocated amounts each month or they are directly billed for the services rendered.

Allocated Billings:

Allocated billing is for vehicles that are purchased with Office of Fleet Management four percent reserve funding. There are 44 activities in the rate model. One of the 44 activities is for the dollar amount of fuel used by departments in the previous fiscal year. The information is put into software called Maxcars to produce budget numbers for departments for the next fiscal year.

Direct Billings:

Direct bill is for vehicles/equipment that's not within the Office of Fleet Management budget allocation. Examples include vehicles/equipment that are obtained through grants, forfeitures and other fleet additions. Fuel and maintenance for these units are direct billed back to the departments.

The Office of Fleet Management has set-up a Microsoft Access database to keep track of direct billings to departments. Payments for direct billings are received through journal entries that are created in Metro Nashville's EnterpriseOne financial system to reallocate the funds from a department back to the Office of Fleet Management. Also, the Office of Fleet Management received checks to cover the cost of fuel usage by outside agencies.

Exhibit C – Motor Fuel Demand Fiscal Years 2010, 2011 and 2012

Gasoline	FY 10	FY 11	FY 12
Fuel Card Demand (gallons)	1,173,693	1,166,102	1,111,717
Percent of Total Demand	62%	65%	63%
Fuel Card Cost	\$2,580,258	\$3,131,559	\$3,415,403
Percent of Total Cost	63%	66%	64%
Average Price Per Gallon	\$2.20	\$2.69	\$3.07
Metro Bulk Storage Demand (gallons)	725,328	638,607	664,061
Metro Cost	\$1,501,139	\$1,622,746	\$1,900,274
Average Price Per Gallon	\$2.07	\$2.54	\$2.86
Total Gasoline Gallons	1,899,021	1,804,709	1,775,778
Total Gasoline Cost	\$4,081,397	\$4,754,305	\$5,315,677
Diesel			
Fuel Card Demand (gallons)	239,376	263,069	272,247
Percent of Total Demand	20%	22%	23%
Fuel Card Cost	\$560,576	\$782,032	\$932,964
Percent of Total Cost	22%	23%	25%
Average Price Per Gallon	\$2.34	\$2.97	\$3.43
Metro Bulk Storage Demand (gallons)	965,919	950,192	891,854
Metro Cost	\$2,035,012	\$2,638,443	\$2,781,054
Average Price Per Gallon	\$2.11	\$2.78	\$3.12
Total Diesel Gallons	1,205,295	1,213,261	1,164,101
Total Diesel Cost	\$2,595,588	\$3,420,475	\$3,714,018
Total Motor Fuel Demand (gallons)	3,188,280	3,017,970	2,939,897
Total Motor Fuel Cost	\$6,676,985	\$8,174,780	\$9,029,695

Source: Office of Fleet Management provided information from Wright Express invoices and the Fuel Master system

As indicated in Exhibit C, the price of motor fuel has risen each year. The price hikes are not unique to Metro Nashville but is a national trend that has affected all municipalities. The Office of Fleet Management has communicated to drivers 19 ways to increase fuel economy in an effort to off-set the impact of this upward price trend.

Fuel Hedging Program

Starting in fiscal year 2010, the Metro Nashville Department of Finance maintained a fuel hedging program, the objective of which was to hedge the changes in cash flows due to market price

fluctuations related to a portion of expected purchases of diesel and gasoline fuel. The Department of Finance indicated this program has realized net payments for the past three fiscal years in excess of \$7.7 million. The vast majority of these payments went to Metro Nashville agencies although a small portion went to Metro Nashville's partner, the City of Franklin.

Information Technology

EnterpriseOne:

EnterpriseOne is the primary accounting software system used to record and report all financial reporting transactions of the Metro Nashville Government. The Office of Fleet Management and the Information Technology Services Department have developed custom modules within EnterpriseOne to serve as a fleet management system.

FuelMaster:

Currently, there are six (6) Metro Nashville owned and operated underground bulk fuel sites available. Motor fuel is obtained from these sites with a FuelMaster key "Prokee". The FuelMaster system records all transactions taken place at all six Metro Nashville owned fuel sites.

Wright Express:

This is a national fuel card program administered through Wright Express. The fuel card vendor provides a universally accepted fuel card program for all Metro Nashville agencies. This contract allows access to fuel sites throughout the county, capitalizing on efficiencies from having fuel sources closer to operating areas. The program also provides an information system to support the management and accountability of fleet operations.

OBJECTIVES AND CONCLUSIONS

1. *Was all motor fuel purchased, received, pumped and inventory on-hand accounted for?*

Reconciliation results for three tanks indicated monthly inventory throughput variances ranging between negative 26 percent and positive 29 percent.

No. Periodic reconciliations were not being conducted to account for fuel purchased, received, pumped and inventory on-hand.

Three tanks were randomly selected to conduct a monthly reconciliation. Reconciliation results for these tanks indicated inventory variances ranging between negative 4,157 gallons (26 percent) and positive 767 gallons (28.9 percent). Office of Fleet Management personnel stated several factors could have led to the differences:

- Veeder Root Probes Calibrations – the State of Tennessee does not require the probes to be calibrated regularly because the Office of Fleet Management does not sell to the public or charge taxes. In the past they have only been calibrated once a problem has been determined that caused an operational error or alarm.
- Mechanical Pulsars – pulsar counts can create metering errors from the dispenser being reported by the Fuel Master system. The pulsars can stick, count to fast/slow or other issues that can cause the gallon count to be off. This can be critical because gallon count information recorded in Fuel Master was used for departmental and agency billings.

The American Petroleum Institute recommends daily and monthly underground tank inventory reconciliations as a good business practice and that operators whose variances exceed 5 gallons for every 1,000 gallons of throughput over extended periods should carefully examine their operating practices¹. (See Observation B.)

2. *Were department billings for motor fuel consumption complete and accurate?*

Generally yes. The Office of Fleet Management billed departments for allocated vehicles and direct bill vehicles. The different billing process was due to the fact that the Office of Fleet Management was not responsible for management of the direct bill vehicles.

Departments with allocated vehicles were charged on a monthly basis based on their previous year usage percentage for all allocated vehicles. Once an approved budget was in place for fuel, the department's usage percentage was multiplied by the budget to determine the allocated amount to charge that department. This

¹ American Petroleum Institute Recommended Practice 1621, *Bulk Liquid Stock Control at Retail Outlets*

allowed the Office of Fleet Management to fully recover budgeted expenses for motor fuel from each department.

Departments with direct bill vehicles were charged based on actual monthly usage. Fuel charges for these vehicles were captured in the FuelMaster system and each month the transactions were downloaded and billed to the department. The download of the transactions were not reconciled back to the original data to ensure all transactions were included in the download. A review of these billings noted differences ranging between \$769 under-billings to \$211 over-billings. The Office of Fleet Management was not consistently charging departments the correct amount for direct bill vehicles. (See Observation C.)

3. Were motor fuel storage sites physically safeguarded?

Generally yes. The Office of Fleet Management had implemented the FuelMaster system to ensure only authorized personnel could obtain fuel from their fueling sites. This system allowed management the ability to restrict access to motor fuel and to review transactions for unusual activity. However, this system was not implemented at fueling sites operated by the Parks and Recreation Department, and Fire Department.

Fuel sites operated by the Office of Fleet Management, Parks and Recreation Department, and Fire Department were visited to observe accessibility to motor fuel by unauthorized personnel. The following observations were made.

- All six of the Office of Fleet Management operated fuel sites were safeguarded with the FuelMaster system.
- The Parks and Recreation Department operates six additional fuel sites. Each of the three site visited had implemented some level of safeguards to prevent unauthorized personnel from obtaining fuel. Safeguards included padlocks on the pumps and pumps located behind fences.
- The Metro Nashville Fire Department operates nine fuel sites. Each of the four sites visited had no visible safeguards to prevent unauthorized use of the diesel pumps. However, close proximity to fire stations served as a thief deterrent factor. (See Observation A.)

4. Were payments made for authorized transactions according to the fuel program guidelines?

Generally yes. Metro Nashville uses Wright Express fuel cards to increase efficiency of the fuel program by being able to provide closer fuel sites to end users. In order to prevent or limit personal expenses on the fuel card, the Office of Fleet Management identified merchandise categories that were authorized under the

Six percent (15,331 out of 251,944) of fuel card purchases were for products not approved under the fuel program.

fuel program. Approved purchases only included transactions for motor fuel and car washes. To be more specific management listed 87 Octane gasoline, E85 ethanol and number two (#2) diesel fuel as the only authorized fuel to be purchased.

However, fuel card purchases obtained from Wright Express included 15,331 out of 251,9944 (6 percent) purchases which were not authorized under Metro Nashville's fuel program guidelines and 66 duplicate charges submitted by vendors to Wright Express for payment. (See Observations F and G.)

5. *Were user access rights to fuel related computer systems aligned with business requirements?*

No. Metro Nashville uses the Wright Express and Fuel Master computer systems to manage user access to fuel. This access included limits on the amount of fuel that could be obtained, locations where fuel could be obtained and the frequency of purchases allowed. In order to safeguard access to motor fuel, only personnel from the Office of Fleet Management had security rights to grant users access to Metro Nashville's fueling sites or to Wright Express fuel cards.

The Office of Fleet Management granted fuel coordinators from each department access to Wright Express to review transactions from their department. However, a review of security roles within Wright Express showed that 48 out of 70 (69 percent) users had the ability to issue fuel cards. (See Observations H.)

FuelMaster is an in-house fueling system to manage Metro's fueling sites. The system keeps track of motor fuel pumped at sites operated by the Office of Fleet Management. The Office of Fleet Management has assigned four employees with access to the Fuel Master system when two employees could handle all requirements for elevated administrator privileges. (See Observation I.)

6. *Was motor fuel purchased for Metro Nashville facilities purchased at competitive prices?*

Competitive prices were being utilized in the purchase of motor fuel.

Yes. Competitive prices were being utilized in the purchase of motor fuel by the Office of Fleet Management. Daily quotes received by the Office of Fleet Management for 45 days were compared to Oil Price Information Service historical rack prices for the Nashville market without material differences being observed.

7. *Were direct bill and rebate payments received by the Office of Fleet Management complete and accurate?*

Generally no. Payments received by the Office of Fleet Management were not complete and accurate. The Office of Fleet Management received two types of payments as it related to fuel during the scope of this audit.

Wright Express Rebates

The first type of payment was for rebates earned each month based on the total sales volume on Wright Express fuel cards from all of Metro Nashville's accounts. Review of rebates due for the months of January 2010 through December 2011 showed that the total sales volume used by Wright Express to calculate the rebate amount was incorrect for five (5) months (21 percent). (See Observation J.)

Additionally, a representative from Wright Express stated a \$605 rebate check for March 2011 was never sent to the Office of Fleet Management because the Wright Express Rebate Department had failed to prepare the check.

Direct Billings

The next type of payment received for fuel was from direct bill agencies. These agencies provide payments to the Office of Fleet Management for motor fuel usage. Review of billing detail identifying motor fuel usage for each agency demonstrated the amount invoiced did not match motor fuel consumption ten (56 percent) out of eighteen times. (See Observation C.)

Also, deposit information was missing for five (28 percent) out of the eighteen transactions reviewed. The Metropolitan Nashville Office of Internal Audit was unable to determine if payment was ever received by the Office of Fleet Management. (See Observation K.)

OBSERVATIONS AND RECOMMENDATIONS

A – Fuel Management Synergy

The Office of Fleet Management has the following functions and duties...to centralize all aspects of fuel management.

Metro Nashville's fuel operations were not centralized as recommended in Mayor Dean's Executive Order Number 31, *Office of Fleet Management*. This executive order tasked the Office of Fleet Management with the duty of centralizing all aspects of fuel management. At the time of the audit, the only centralized aspect of fuel operations was the ordering of fuel. The Office of Fleet Management did not monitor usage or inventory for the Parks and Recreation Department, or Fire Department motor fuel site locations.

The Office of Fleet Management facilities were operating on the Fuel Master system while the Parks and Recreation Department, and Fire Department facilities were operating on a manual system to track fuel usage. Fuel usage data was not provided to the Office of Fleet Management which has been tasked to monitor fuel usage.

Criteria:

Mayor Dean's Executive Order Number 31, *Fleet Management*, Section V – 2f states:

"The Office of Fleet Management has the following functions and duties...to centralize all aspects of fuel management."

Risk:

Synergies from consolidation of program activities may not be fully realized.

Recommendations:

The management of the Office of Fleet Management should coordinate with the Office of the Mayor to determine if current operating practices achieve the intent of a Metro-wide fuel management program. If gaps exist, a corrective action plan should be developed to achieve the objectives described in Mayor Dean's Executive Order Number 31, *Office of Fleet Management*.

B – Monitoring of Fuel Tank Inventory

The fuel storage tank automated inventory system, Veeder Root, needs to be reviewed and accuracy proved. The Veeder Root system monitors different activity within each bulk fuel tank. One of the key activities was the inventory levels in each tank. This information along with fuel purchase gallons and Fuel Master gallons pumped was used to reconcile three fuel tanks monthly for one quarter. Reconciliation results indicated inventory variances for these tanks ranging between negative 4,157 gallons (26 percent) and positive 767 gallons (28.9 percent). The American Petroleum Institute recommends daily and monthly underground tank inventory

Any tank operator whose losses exceed 0.5 percent of throughput over extended periods should carefully examine their operating practices.

reconciliations as a good business practice and that operators whose variances exceed 5 gallons for every 1,000 gallons of throughput over extended periods should carefully examine their operating practices².

Office of Fleet Management personnel stated several factors could have led to the differences:

- Veeder Root Probes Calibrations – the State of Tennessee does not require the probes to be calibrated regularly because the Office of Fleet Management does not sell to the public or charge taxes. In the past they have only been calibrated once a problem has been determined that caused an operational error or alarm.
- Mechanical Pulsars – pulsar counts can create metering errors from the dispenser being reported by the Fuel Master system. The pulsars can stick, count to fast/slow or other issues that can cause the gallon count to be off. This can be critical because gallon count information recorded in Fuel Master was used for departmental and agency billings.

Additionally, the Office of Fleet Management was tasked to monitor fuel usage for departments identified in the Mayor Dean’s Executive Order Number 31, *Fleet Management*, which includes the Parks and Recreation Department and Fire Department. However, the Office of Fleet Management did not monitor usage at these facilities. Inventory levels at these facilities were not reconciled by the Office of Fleet Management or Parks and Recreation Department or Fire Department.

Criteria:

- American Petroleum Institute Recommended Practice 1621, *Bulk Liquid Stock Control at Retail Outlets*
- Prudent Business Practices
- Mayor Dean’s Executive Order Number 31, *Fleet Management*, Section V – 2f states:

“The Office of Fleet Management has the following functions and duties...to centralize all aspects of fuel management.”

Risk:

- Early detection of potential billing errors or operation practice issues could be hampered.
- Departments could be overbilled if the gallon count is too high or under billed if the gallon count is too low.

² American Petroleum Institute Recommended Practice 1621, *Bulk Liquid Stock Control at Retail Outlets*

Recommendations:

The management of the Office of Fleet Management should ensure that:

1. Veeder Root equipment is serviced according to equipment guidelines to ensure accurate calibrations.
2. Quarterly calibrations test are completed and documented for pumps and meters.
3. Daily and monthly reconciliations are conducted for motor fuel storage tanks to determine if any unexplained reconciliation issues exist.

C – Direct Bill Download

Departments were not adequately billed for all services rendered.

Departments were not adequately billed for all services rendered. Departments with vehicles not purchased under Metro Nashville's four percent reserve funds were billed monthly for maintenance and actual motor fuel used. Billable transactions were downloaded from FuelMaster and WEX online into EnterpriseOne which identifies the vehicles as a direct bill vehicle. Based on this information departments were invoiced for motor fuel usage. However, the download of the transactions were not reconciled back to the original data to ensure all transactions were included in the download.

Metro Nashville Departments or Agencies

Metro Nashville departments or agencies using EnterpriseOne will inform the Office of Fleet Management which business unit to fund the expenditures and a journal entry will be entered to complete the transfer. Once the journal entry has been created a journal entry notation will be entered in a Microsoft Access database to keep track of the payment information.

A review of the Microsoft Access database indicated 74 invoices were processed without the journal entry field being notated. This could indicate payment was never received.

Outside Agencies

Outside agencies have the ability to purchase fuel from Metro Nashville's fueling sites. These agencies were required to mail their payment to the Office of Fleet Management once they received an invoice.

Office of Fleet Management personnel noted invoices were not always mailed timely and a reconciliation of payments received with amount invoiced was not performed. Also, payment information was not captured in the Microsoft Access database.

Out 18 invoices tested, ten invoices (56 percent) were calculated incorrectly based on information obtained from the Fuel Master system. Also, five invoices did not have payment detail available for review. This could indicate payment was never received.

Criteria:

- Office of Fleet Management – Direct Bill Procedures
- Mayor Dean's Executive Order Number 31, *Fleet Management*, Section V – 2d which states:

“The Office of Fleet Management has the following functions and duties...to recover from the Departments all costs related to capital, maintenance and repair work performed, and other operating costs with the Office.”

- Prudent Business Practices

Risk:

The Office of Fleet management may be over budget due to not fully charging other departments.

Recommendations:

The management of the Office of Fleet Management should:

- 1) Ensure the direct bill download matches information from FuelMaster and Wright Express.
- 2) Include a field in the Microsoft Access database to allow check numbers to be captured so that payment reconciliations can be completed.
- 3) Periodically run reports from the Microsoft Access database to determine if any direct bill invoices are missing a billing journal entry or check information indicating no payment has been received.
- 4) Review direct bill procedures to ensure they reflect current management business practices.

D – Systems Conformity

Vehicle identification numbers were inconsistently recorded in Office of Fleet Management computer systems.

Vehicle identification numbers (master records) were inconsistently recorded in Office of Fleet Management computer systems. Fuel transactions were captured in two systems (FuelMaster and Wright Express) and transferred to a third system (EnterpriseOne). A review of each system identified vehicle identification numbers not being congruent throughout each system.

The Office of Fleet Management does not have an industry specific fleet management information system that will support all aspects of the fleet operations, including fuel management. An industry specific fleet management information system would allow management the ability to effectively manage Metro Nashville's motor fuel operations.

Criteria:

- Mayor Dean's Executive Order Number 31, *Office of Fleet Management* Section V – 2g which states:

“The Office of Fleet Management has the following functions and duties...to acquire, develop and maintain a fleet management information system, which would support all aspects of the fleet.”

- *Prudent Business Practices*

Risk:

Vehicle information could be lost manually integrating common master record information between multiple computer systems.

Recommendations:

The management of the Office of Fleet Management should determine if implementing an industry specific fleet management commercial-off-the-shelf information system, or enhancements to existing software systems, or continuing with the current software solution will provide the best value in meeting management's fleet and fuel management expectations.

E – Motor Fuel Tracking System

Departments did not use the same system as the Office of Fleet Management which automatically tracked fuel usage and important transaction details.

Motor fuel usage was not fully being tracked at all of Metro Nashville's fuel sites and could lead to the misuse of fuel at these sites without a means of detection.

The Parks and Recreation Department was manually logging fuel usage at three of the five fuel sites visited. Out of those three, one had just begun to track fuel usage with the installation of a new meter reader. Department personnel indicated the logs were filled out on the honor system and transactions were sometimes not recorded by employees. Additionally, monthly beginning and ending inventory balances were not available.

The Metro Nashville Fire Department was also manually logging fuel usage at all of their fuel sites. However, beginning and ending inventory balances were not available and the central stored logs were not organized by fuel site or month to facilitate motor fuel tank reconciliations.

These departments did not use the same system as the Office of Fleet Management which automatically tracked fuel usage and important transaction details like:

- Employee Pin – identifies the employee obtaining the fuel
- Time/Date – gives management the time of the transaction which can identify unusual activity
- Location – identifies the location of the transaction

- Gallons – identifies the number of gallons consumed during the transaction
- Vehicle/Equipment – identifies the vehicle or equipment fueled during the transaction
- Odometer Reading – identifies the mileage of the vehicle at the time of the transaction

Without this information analytics could not be performed to identify unusual activity. This information can allow management to see how many times a vehicle has been fueled and reasonableness of gallons used based on miles traveled or equipment hours used.

Criteria:

Mayor Dean’s Executive Order Number 31, *Office of Fleet Management* states:

“An Office of Fleet Management established within the Department of General Services provides a comprehensive, Metro-wide fleet management program with adequate systems and processes to support staff responsible for the fleets and maintenance operations.”

Risk:

Without proper tracking and reporting, fuel usage could diverge from the desires of those charged with governance. Lack of proper controls to safeguard assets increases the risk of theft and harm to Metro Nashville assets.

Recommendations:

The management of the Office of Fleet Management should:

1. Improve information and control with implementation of the “ring system” or similar technology; or ensure each fuel site has a working meter reader and log forms are maintained.
2. Perform daily and monthly tank reconciliations using observed beginning and ending inventory balances to determine throughput variances percentages. Variances should be monitored for excessive losses.

F – Monitoring Unauthorized Fuel Card Purchases

Six percent (15,331 out of 251,944) of fuel card purchases were for products not approved under the fuel program.

Within the two year audit coverage, six percent (15,331 out of 251,944) of Wright Express fuel card purchases were for items not included in the fuel program’s approved list of merchandise. Unauthorized purchases for items not on this list totaled \$525,064 after tax (see Exhibit D on the next page). It should be noted that: 1) the approved merchandise list does not reflect the contract for oil changes, and 2) a significant portion of this amount would have been expended to replenish vehicles using authorized motor fuel grades.

Department of General Services Administrative Order Number 03-09, *Fuel Program*, only included car washes, 87 octane gasoline, E85 ethanol, and number two (#2) diesel fuel as authorized merchandise to be purchased with the Wright Express fuel card.

Exhibit D – Unauthorized Product Code Purchases from January 1, 2010 through December 31, 2011

Product Code	Sum of Gross Dollars Spent	Sum of Net Total Spent	Count of Product Name
PREM DSL	\$287,249	\$251,169	4,534
OIL CHNG	110,791	110,791	3,042
SUPER UN	57,915	51,408	3,295
UNL PLUS	55,691	48,993	1,550
SERVICE	31,320	31,320	807
FUL OTH	15,985	15,985	357
OTHER	13,604	13,604	1,544
SUPALC10	1,315	1,150	61
UN+ALC10	316	278	11
SALES TX	241	241	116
REPAIRS	76	76	3
FOOD	23	23	8
OIL	19	19	2
ACCESSOR	7	7	1
Grand Total	\$574,551	\$525,064	15,331

Source: Information obtained from WEX online transaction detail (Wright Express)

Criteria:

Department of General Services Administrative Order Number 03-09, *Fuel Program*

Risk:

Purchases made with the fuel card could diverge from the desires of those charged with governance.

Recommendations:

The management of the Office of Fleet Management should:

1. Work with fuel coordinators to monitor fuel card purchases for accuracy and compliance with fuel program guidelines.
2. Periodically review Department of General Services Administrative Order No. 03-09, *Fuel Program*, to reflect management's list of authorized merchandise.
3. Work with Wright Express to see if additional discrete merchandise categories can be built to accommodate Metro Nashville's requirements.

4. Whenever possible, require fuel card users to pay for fuel at the pump to minimize miscoding of products by store clerks.

G – Monitoring Duplicate Fuel Card Charges

During the two year audit period, commercial vendors submitted 66 duplicate fuel card charges totaling \$1,779 to Wright Express for payments that were not identified during the billing statement preparation process. The Office of Fleet Management also did not identify these duplicate charges during their statement review process.

The Office of Fleet Management personnel attempted to identify duplicate charges by manual review of the 9,000 plus fuel card charges included on each invoice; however, without using analytical software it can be very difficult to identify duplicate charges.

Each department fuel coordinator can receive an invoice for their specific department. Having fuel coordinators review their own department charges would improve the identification of duplicate charges because they would be looking at a smaller set of fuel card charges.

Criteria:

Prudent business practices

Risk:

Metro Nashville will spend unnecessary resources for services already paid for.

Recommendations:

The management of the Office of Fleet Management should:

1. Work with Wright Express to cull duplicate fuel charges prior to billing Metro Nashville.
2. Work with fleet coordinators of each department to ensure no duplicate charges have been submitted for payment.
3. Ensure identified duplicate charges are reported to Wright Express to be removed from the invoice or credited back to Metro Nashville.

H – Wright Express Online User Access

An excessive number of Wright Express departmental fuel coordinators and designated staff had the ability to issue fuel cards. Management of the Office of Fleet Management had not reviewed Wright Express online security roles to ensure the controls were implemented as intended. Management identified a control that only personnel from the Office of Fleet Management should have the ability to issue new cards to departments. However, 48 (69 percent) out of 70 total Wright Express departmental fuel coordinators and designated staff had rights to issue fuel cards. Office of Fleet Management personnel believed only their group could issue fuel cards.

To assist the Office of Fleet Management, Wright Express set up each department as a separate account. By setting up each department as a separate account the fuel coordinators from each department had the ability to login to their account and review fuel card activity. Part of the fuel card program functionality was to allow fuel coordinators from each department with internet access to manage the department's fuel cards including:

- Addition and deletion of drivers/PIN numbers
- Replace lost/stolen/damaged fuel cards
- View all agency fuel transaction data
- Set up email notification of purchase exceptions
- Produce various reports through the vendor's web site

Exhibit E on the next page details the departments with access to Wright Express that have the ability to issue fuel cards.

Exhibit E – Fleet Coordinators and Designated Staff with the Privilege to Issue Fuel Cards as of April 26, 2012

Department	Number of User Accounts
METRO NASHVILLE	4
JUDICIAL TASK FORCE	3
METRO GOVT OF NASHVILLE	1
METRO NASH HEALTH DEPT	1
METRO NASHVILLE 018 COUTY CLER	2
METRO NASHVILLE 021 PUBLIC DEF	1
METRO NASHVILLE 033 CODES	2
METRO NASHVILLE 040 METRO PARK	3
METRO NASHVILLE 05 ELECTION CO	1
METRO NASHVILLE 060 FARMER MKT	1
METRO NASHVILLE 066 BORDEAUX H	2
METRO NASHVILLE 09 DEEDS	2
METRO NASHVILLE DISTRICT ATTY	1
METRO NASHVILLE ECC 911	1
METRO NASHVILLE FIRE	1
METRO NASHVILLE GENERAL HOSPIT	2
METRO NASHVILLE GOV & DAVIDSON	2
METRO NASHVILLE GS COURT	1
METRO NASHVILLE JUV CT	3
METRO NASHVILLE KNOWLES HOMES	3
METRO NASHVILLE LEGAL	2
METRO NASHVILLE LIBRARY	2
METRO NASHVILLE MEDICAL	4
METRO NASHVILLE NASH CONVENTIO	1
METRO NASHVILLE OEM	2
METRO NASHVILLE PD (ITS)	3
METRO NASHVILLE POLICE DEPT	1
METRO NASHVILLE POLICE DEPT(3)	2
METRO NASHVILLE PUBLIC WORKS	1
METRO NASHVILLE TN STATE FAIR	2
Total	57*

Source: Information obtained from Wright Express

**The total number is actually 48 but some employees were listed for multiple departments or accounts*

Criteria:

- Department of General Services Administrative Order Number 03-09, *Fuel Program*

- Control Objectives for Information Technology (COBIT 5) DSS05.04 states that user identity and logical access should be managed to:

"ensure that all users have information access rights in accordance with their business requirements and coordinate with business units that manage their own access rights within business processes."

Risk:

Lack of proper supervision on fuel card issuance could cause fraudulent activities not being detected.

Recommendations:

The management of the Office of Fleet Management should:

1. Revise Department of General Services Administrative Order Number 03-09, *Fuel Program*:
 - To stipulate that Office of Fleet Management is the only agency responsible for setting up users (fuel coordinators) in the Wright Express online system, and that departments are responsible for informing the Office of Fleet Management of any changes in designated fuel coordinators.
 - To stipulate that the Office of Fleet Management should be the only agency that can issue/reissue fuel cards. All requests for reissuance of fuel cards should be approved by department heads and forwarded to Office of Fleet Management.
2. Perform regular confirmation with departments to confirm Wright Express online users and related privileges.

I – Fuel Master User Access Rights

Security rights within the Fuel Master system were not based on business needs. There were four operators with access to Fuel Master and all four operators had elevated administrative rights within the system. The Fuel Master system allows for fuel transactions to be captured at Metro Nashville owned fuel sites. The system will record important details about the transactions like:

- Location
- Driver
- Vehicle
- Day and Time
- Type of fuel and number of gallons

Two operators did not have a business requirement for elevated administrative system privileges.

Criteria:

Control Objectives for Information Technology (COBIT 5) DSS05.04 states that user identity and logical access should be managed to:

"ensure that all users have information access rights in accordance with their business requirements and coordinate with business units that manage their own access rights within business processes."

Risk:

The integrity of Fuel Master Information could be questioned if elevated administrative privileges were used inappropriately.

Recommendations:

Management of the Office of Fleet Management should review business needs of all current Fuel Master users based on their responsibilities and functionalities, and adjust their user rights accordingly in the Fuel Master system.

J – Monitor Wright Express Rebates

The Office of Fleet Management was not receiving all monies due from Wright Express for rebates earned on monthly retail sale volume. A review of rebates due for the months of January 2010 through December 2011 showed that the total sales volume used by Wright Express to calculate the rebate amount was incorrect for five months (21 percent). This resulted in Wright Express owing Metro Nashville \$222. Additionally, a representative from Wright Express confirmed that a \$605 rebate check for March 2011 was never sent to the Metro Nashville Office of Fleet Management because the Wright Express Rebate Department had failed to prepare the check.

In 2009 a contract with Wright Express was renewed which added additional benefits for Metro Nashville. Wright Express provides monthly rebate checks based on the total amount spent the previous month. The table below shows rebate percentages applied to the monthly amount of retail transactions.

Exhibit F – Rebate Schedule

Monthly Retail Transactions	Basis Points (Rebate Percentage)
\$250,000-\$324,999	95 basis points (0.95%)
\$325,000-\$399,999	100 basis points (1.00%)
\$400,000-\$474,999	105 basis points (1.05%)
\$475,000+	110 basis points (1.10%)

Source: Information obtained from Metro Contract #19282 between Metro Nashville and Wright Express

Departments with direct bill vehicles utilizing fuel cards were responsible for paying Wright Express directly for their fuel usage. These departments were not paying in a timely manner to receive the rebate from Wright Express. However, the departments did not have an incentive to pay timely because the Office of Fleet Management would receive the revenue for the rebate amount.

Criteria:

- Metro Nashville Contract number 19282 between Metro Nashville and Wright Express
- Prudent business practice

Risk:

Lack of proper controls to monitor payments received increases the potential of theft. Employees or vendors may divert payments and use them for personal use.

Recommendations:

The management of the Office of Fleet Management should:

- 1) Ensure monthly rebate checks from Wright Express accurately reflect the amount paid from all of the Metro Nashville accounts.
- 2) Work with fleet coordinators of direct bill departments to pay their bills in accordance with Wright Express contract terms and credit direct billed departments for their share of rebates.
- 3) Develop a tracking system to account for the Wright Express monthly rebate checks.

K – Enhance Check Handling

Check handling and processing duties were not segregated. Incoming checks were delivered to one designated employee who opened and processed the checks. These duties should be performed with two people present and all checks received should be logged identifying:

- Payee
- Date received
- Amount
- What service was rendered (invoice number if applicable)

Checks were also delivered to the attention of employees. All checks should come to the attention of the Office of Fleet Management.

Criteria:

- Internal Control and Compliance Manual for Tennessee Municipalities, Title 6: Control Activities, Chapter 14: Revenues/Receivables General Procedures, Section 4 states:

“Municipal officials should ensure that all mail is delivered intact (unopened) to two or more designated employees. The employees should immediately open the mail and prepare a list of all money/checks received in the mail. All checks should be stamped “For Deposit Only”.

- Prudent business practices

Risk:

Payments received by the Office of Fleet Management could be diverted for personal use.

Recommendations:

The management of the Office of Fleet Management should:

1. Develop policies and procedures for handling incoming checks that could include direct deposit, bank lock box or designate two or more employees to open the mail and log checks as they are received.
2. Work with vendors to remove employee names from checks and have them addressed to the Office of Fleet Management.

L – Documented Procedures

The Office of Fleet Management did not have written policies and procedures to govern employees’ day to day functions as they related to the fuel program. The Office of Fleet Management has staff that was knowledgeable of their specific job functions, however this could change with turnover in staff. Consequently, the knowledge base and skills sets currently retained at the Office of Fleet Management will be diminished. Detailed written procedures will help retain and transfer that knowledge to future office staff.

Criteria:

- *The COSO Internal Control - Integrated Framework* establishes a common definition of internal controls, standards, and criteria by which organizations can assess their internal control systems. Written procedures enhance the control activities and information and communication components of a strong internal controls framework.
- The Internal Control and Compliance Manual for Tennessee Municipalities, June 2009, Title 1, Chapter 1, *Overview of Internal Control* page 2, and Title 5, Chapter 2, *Books and Records*.

Risk:

A lack of detailed written procedures over each critical process enhances the risk that the current knowledge base and skill level that currently exist at the Office of Fleet Management will not be

transferred and/or will significantly extend the acclimation period for new employees.

Recommendations:

The management of the Office of Fleet Management should develop written procedures over each critical process and task related to the fuel management program. These procedures should be periodically reviewed and updated to meet management's business requirements.

GENERAL AUDIT INFORMATION

Statement of Compliance with GAGAS

We conducted this performance audit from December 2011 to June 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives. Our audit included tests of management controls that we considered necessary under the circumstances.

Scope and Methodology

The audit period focused primarily on the period July 1, 2009, through December 31, 2011, financial balances, transactions, and performance on the processes in place during the time of the audit. Data outside but close to the scope was also used to provide insight.

The methodology employed throughout this audit was one of objectively reviewing various forms of documentation, including written policies and procedures, financial information, various forms of data, reports and information pertaining to fuel management. Additionally, management, administrative and operational personnel were interviewed and directly observed.

Criteria

In conducting this audit, the performance of the Office of Fleet Management was compared with:

- Administrative Order No. 03-09, *Fuel Program*
- Mayor Dean's Executive Order Number 31, *Fleet Management*
- American Petroleum Institute Recommended Practice 1621, *Bulk Liquid Stock Control at Retail Outlets*
- *Internal Control and Compliance Manual for Tennessee Municipalities*
- The Committee of Sponsoring Organizations Internal Control-Integrated Framework
- Metro Nashville's Division of Finance, Policy # 9, Cash Deposits
- Oil Price Information Service Nashville Fuel Rack Prices
- Prudent Business Practices

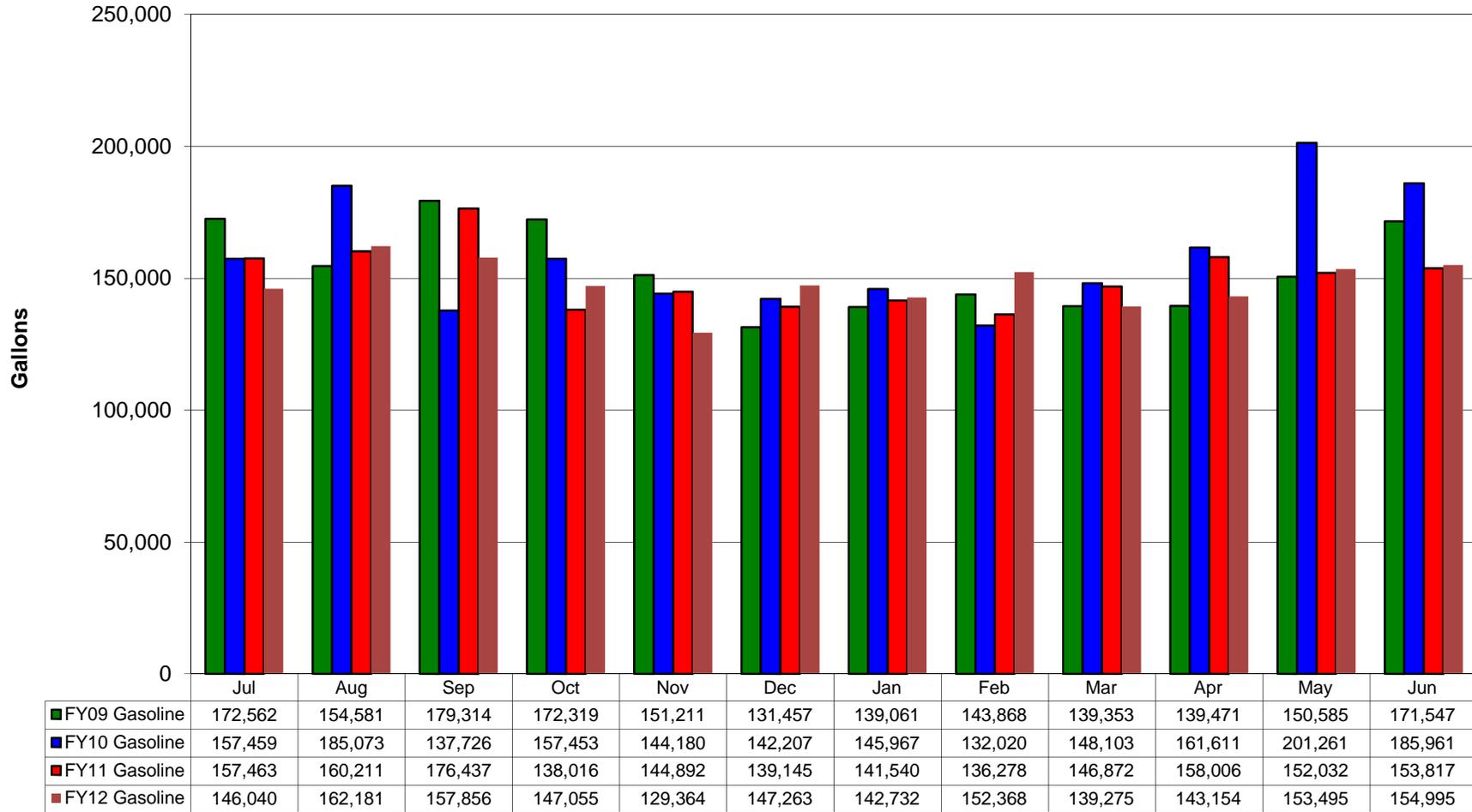
Staff Acknowledgement

Tracy Carter, CFE – In Charge Auditor
Qian Yuan, CISA – Auditor
Mark Swann, CPA (Texas), CIA, CISA, ACDA – Quality Assurance
Mel Marcella, CPA, CIA, CFE, CISA, CMA - Quality Assurance

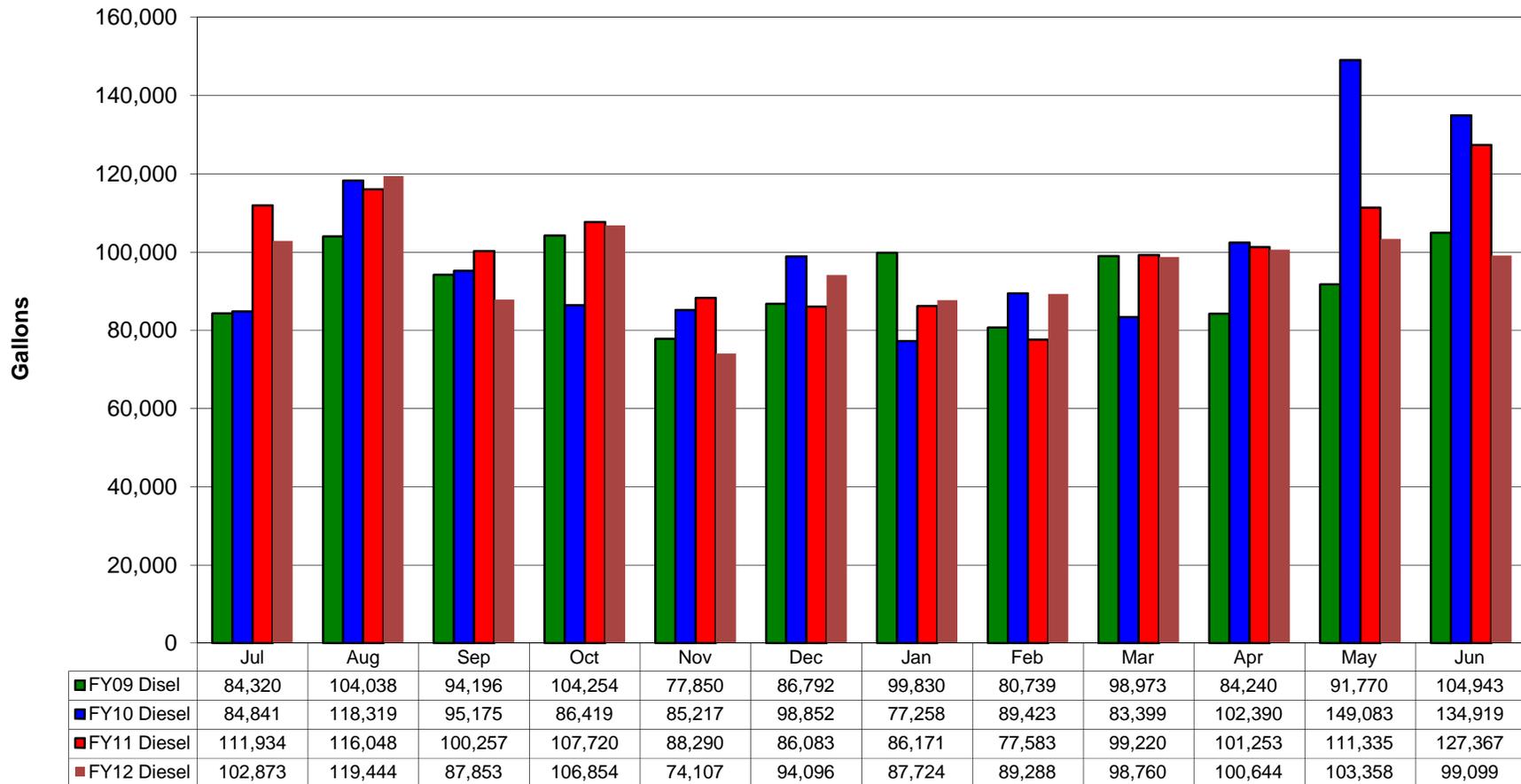
APPENDIX A – Gasoline and Diesel Usage Graphs

- Graphs Start on Next Page -

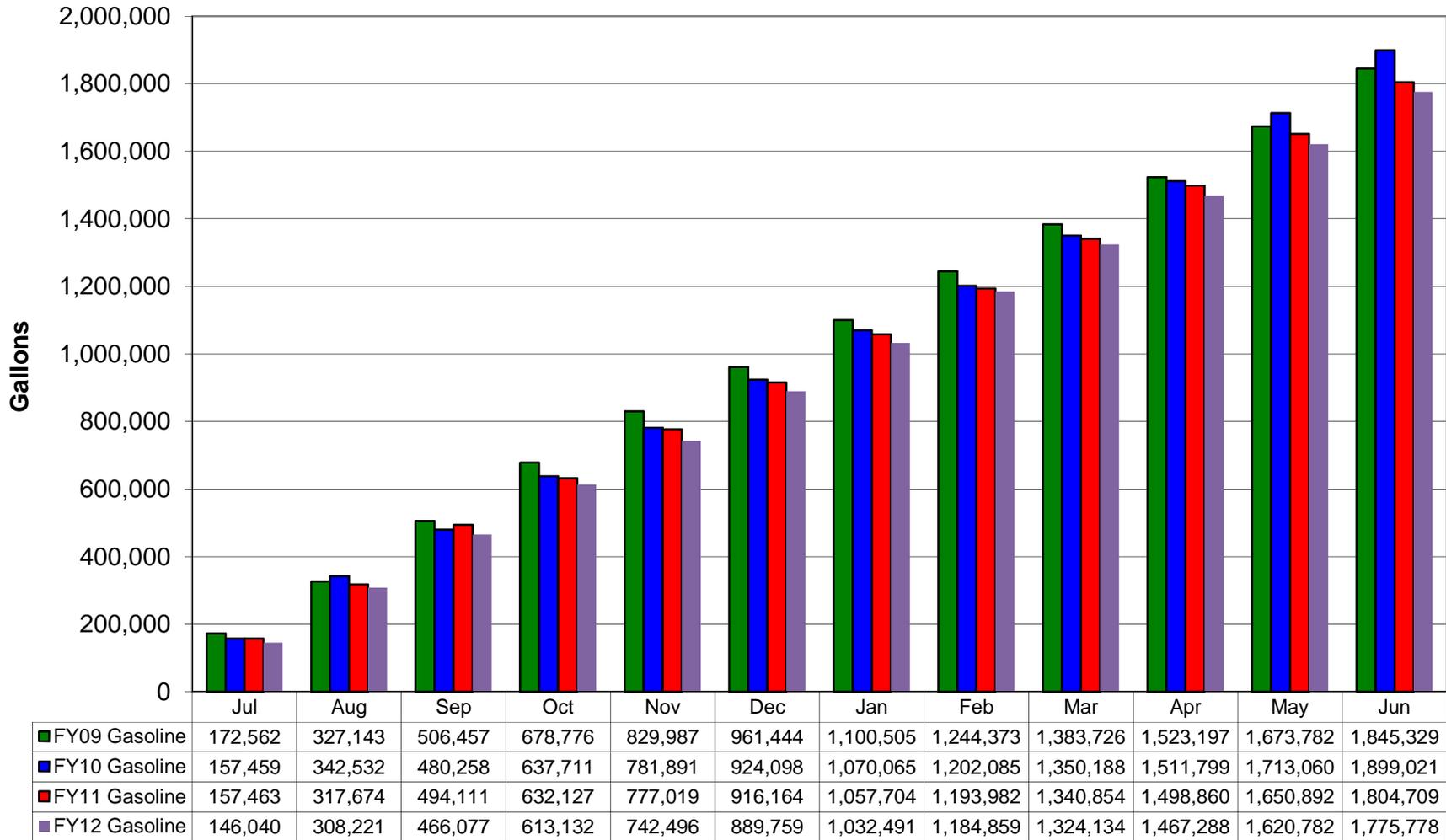
Gasoline Monthly Usage



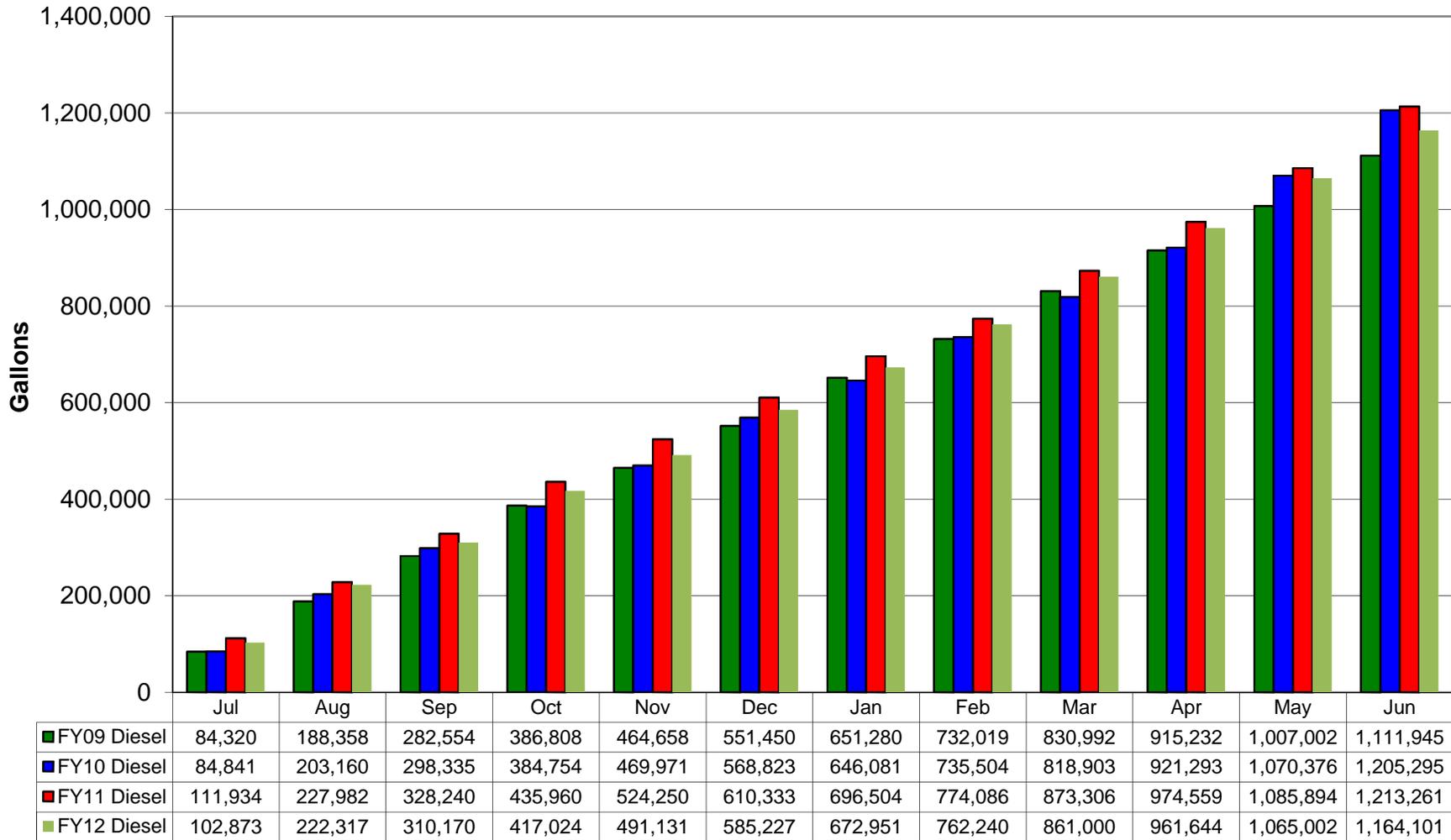
Diesel Monthly Usage



Cumulative Gasoline Usage



Cumulative Diesel Usage



APPENDIX B - Management Response

- Management's Response Starts on Next Page -

Metropolitan Government
of Nashville and Davidson County

Karl F. Dean, Mayor
Nancy Whittemore, Director



Department of General Services

Richard H. Fulton Complex
730 2nd Avenue South
P.O. Box 196300
Nashville, TN 37219-6300
615-862-5050, 615-862-5035 (Fax)

October 25, 2012

Mr. Mark Swann, Director of Internal Audit
Metropolitan Government of Nashville
P.O. Box 196300
Nashville, TN 37219

RE: Audit of Metro Nashville's Motor Fuel Usage

Dear Mr. Swann:

Our office has reviewed the above referenced audit of operations for the Office of Fleet Management, and we have considered the recommendations that were made. We have provided our responses to your findings. The implementations of some of the recommendations will depend on funding availability.

Sincerely,

A handwritten signature in cursive script that reads "Nancy Whittemore".

Nancy Whittemore, Director
Department of General Services

**Office of Fleet Management
Management Response to Audit Recommendations**

Report Item and Description	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
<p>A. The management of the Office of Fleet Management should:</p> <p>1) Coordinate with the Office of the Mayor to determine if current operating practices achieve the intent of a Metro-wide fuel management program. If gaps exist, a corrective action plan should be developed to achieve the objectives described in Mayor Dean's Executive Order Number 31, <i>Office of Fleet Management</i>.</p>	Accept.	Nancy Whittemore Stacey Wall	12/31/12
<p>B. The management of the Office of Fleet Management should ensure that:</p> <p>1. Veeder Root equipment is serviced according to equipment guidelines to ensure accurate calibrations.</p>	Accept. <i>This recommendation has been put into action. Currently we are in contact with our contracted vendor to schedule service dates.</i>	Stacey Wall	10/15/12
<p>2. Quarterly calibrations test are completed and documented for pumps and meters.</p>	Accept. <i>This recommendation has been put into action. Currently we are in contact with our contracted vendor to schedule service dates.</i>	Stacey Wall	10/15/12
<p>3. Daily and monthly reconciliations are conducted for motor fuel storage tanks to determine if any unexplained reconciliation issues exist.</p>	Accept. <i>This recommendation has been put into action. Currently we are in contact with our contracted vendor to schedule service dates.</i>	Stacey Wall	10/15/12
<p>C. The management of the Office of Fleet Management should:</p> <p>1) Ensure the direct bill download matches information from Fuel Master and Wright Express.</p>	Accept. <i>Has already been implemented.</i>	Randy Gannon	Implemented prior to release of the fuel audit draft
<p>2) Include a field in the Microsoft Access database to allow check numbers to be captured so that payment reconciliations can be completed.</p>	Accept. <i>Has already been implemented.</i>	Randy Gannon	Implemented prior to release of the fuel audit draft
<p>3) Periodically run reports from the Microsoft Access database to determine if any direct bill invoices are missing a billing journal entry or check information indicating no payment has been received.</p>	Accept. <i>Has already been implemented.</i>	Randy Gannon	Implemented prior to release of the fuel audit draft

**Office of Fleet Management
Management Response to Audit Recommendations**

Report Item and Description	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
4) Review direct bill procedures to ensure they reflect current management business practices.	Accept. <i>Has already been implemented.</i>	Randy Gannon Stacey Wall	Implemented prior to release of the fuel audit draft
D. The management of the Office of Fleet Management should: 1) Determine if implementing an industry specific fleet management commercial-off-the-shelf information system, or enhancements to existing software systems, or continuing with the current software solution will provide the best value in meeting management's fleet and fuel management expectations.	Accept. <i>Will review and discuss during FY14 Budget process.</i>	Nancy Whittemore Stacey Wall	07/01/13
E. The management of the Office of Fleet Management should: 1) Improve information and control with implementation of the "ring system" or similar technology, or ensure each fuel site has a working meter reader and log forms are maintained.	Accept. <i>Implementation will depend on funding availability.</i>	Stacey Wall	Implemented prior to release of the fuel audit draft
2) Perform daily and monthly tank reconciliations using observed beginning and ending inventory balances to determine monthly throughput variances percentages. Variances should be monitored for excessive losses.	Partially Accept. <i>Has been implemented, but currently performing monthly.</i>	Randy Gannon	Implemented prior to release of the fuel audit draft
F. The management of the Office of Fleet Management should: 1) Work with fleet coordinators to monitor fuel card purchases for accuracy and compliance with fuel program guidelines.	Accept. <i>Will continue to communicate with department coordinators.</i>	Stacey Wall	11/01/12
2) Periodically review Department of General Services Administrative Order No. 03-09, <i>Fuel Program</i> , to reflect management's current list of authorized merchandise.	Accept.	Randy Gannon	12/31/2012

**Office of Fleet Management
Management Response to Audit Recommendations**

Report Item and Description	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
3) Work with Wright Express to see if additional discrete merchandise categories can be built to accommodate Metro Nashville's requirements.	Reject. We have met with Wright Express, the option is not available.	Stacey Wall Randy Gannon	Implemented prior to release of the fuel audit draft
4) Whenever possible, require fuel card users to pay for fuel at the pump to minimize miscoding of products by store clerks.	Accept. Will communicate with department coordinators.	Stacey Wall	12/31/2012
G. The management of the Office of Fleet Management should:	Accept. Already Implemented.	Lee Cantrell	Implemented prior to release of the fuel audit draft
1) Work with Wright Express to cull duplicate charges prior to billing Metro Nashville.	Accept. Already Implemented.	Lee Cantrell	Implemented prior to release of the fuel audit draft
2) Work with the fleet coordinators of each department to ensure no duplicate charges have been submitted for payment.	Accept. Already Implemented.	Lee Cantrell	Implemented prior to release of the fuel audit draft
3) Ensure duplicate charges are reported to Wright Express to be removed from the invoice or credited back to Metro Nashville.	Accept. Already Implemented.	Lee Cantrell	Implemented prior to release of the fuel audit draft
H. The management of the Office of Fleet Management should:	Accept. Will require one additional position. Will be requested in FY14 budget request.	Stacey Wall	07/01/2013
1) Review Administrative Order No. 03-09 <ul style="list-style-type: none"> • To stipulate that OFM is the only agency responsible for setting up users (fuel coordinators) in the WEX online system, and that Metro Nashville departments are responsible for informing OFM of any changes in designated fuel coordinators. • To stipulate that OFM should be the only agency that can issue/reissue fuel cards. All requests for reissuance of fuel cards should be approved by department heads and forwarded to OFM. 			
2) Perform regular confirmation with departments to confirm Wright Express online users and related privileges.	Accept. The responsibility will be assigned to staffing request in section H.1.	Stacey Wall	07/01/13

**Office of Fleet Management
Management Response to Audit Recommendations**

Report Item and Description	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
<p>I. The management of the Office of Fleet Management should:</p> <p>1) Review business needs of all current Fuel Master users based on their responsibilities and functionalities, and adjust their user rights accordingly in the Fuel Master system.</p>	<i>Accept. Already implemented.</i>	Stacey Wall Lee Cantrell	Implemented prior to release of the fuel audit draft
<p>J. The management of the Office of Fleet Management should:</p> <p>1) Ensure monthly rebate checks from Wright Express accurately reflect the amount paid from all of the Metro Nashville accounts.</p>	<i>Accept. Already implemented.</i>	Randy Gannon	Implemented prior to release of the fuel audit draft
<p>2) Work with fuel coordinators of direct bill departments to pay their bills in accordance with Wright Express contract terms and credit direct billed departments for their share of rebates.</p>	<i>Accept. Will continue to work with department coordinators.</i>	Stacey Wall	Implemented prior to release of the fuel audit draft
<p>3) Develop a tracking system to account for the Wright Express monthly rebate check.</p>	<i>Accept. Already implemented.</i>	Lee Cantrell Randy Gannon	Implemented prior to release of the fuel audit draft
<p>K. The management of the Office of Fleet Management should:</p> <p>1) Develop policies and procedures for handling incoming checks that could include direct deposit, bank lock box or designate two or more employees to open the mail and log checks as they are received.</p>	<i>Accept. Wright Express is sending rebate checks to the Treasurer's Office. Already implemented.</i>	Nancy Whittemore Stacey Wall	Implemented prior to release of the fuel audit draft
<p>2) Work with vendors to remove employee names from checks and have them addressed to the Office of Fleet Management.</p>	<i>Accept. Wright Express has removed names from rebate checks. Already implemented.</i>	Stacey Wall Randy Gannon	Implemented prior to release of the fuel audit draft
<p>L. The management of the Office of Fleet Management should:</p> <p>1) Develop written procedures over each critical process and task related to the fuel management</p>	<i>Accept. We have currently started to document our written procedures for the Fuel Program.</i>	Stacey Wall Randy Gannon	10/01/12

**Office of Fleet Management
Management Response to Audit Recommendations**

Report Item and Description	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
<p>program. These procedures should be periodically reviewed and updated to meet management's business requirements.</p>			