
A Report to the
Citizens of Salt Lake County
The County Mayor and the
County Council

An Audit of
Salt Lake County
Fleet Management



OFFICE OF THE
SALT LAKE COUNTY
AUDITOR

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COUNTY AUDITOR

June 2022

An Audit of Salt Lake County Fleet Management

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OFFICE OF THE SALT LAKE COUNTY AUDITOR
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OUR MISSION

To foster informed decision making, strengthen the internal control environment, and improve operational efficiency and effectiveness for Salt Lake County, through independent and objective audits, analysis, communication, and training.



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June 8, 2022

Greg Nuzman, Director of Fleet Management
Salt Lake County Fleet Management
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Re: An Audit of Salt Lake County Fleet Management

The Salt Lake County Auditor's Audit Services Division has completed an audit of Salt Lake County Fleet Management. An Executive Summary of the report can be found on page 1. The purpose of the audit was to evaluate internal controls to determine whether Fleet Management transactions were recorded and accounted for correctly, records were accurate and reliable, and County funds and assets were properly safeguarded against the risk of loss, theft, or misuse.

By its nature, this report focuses on issues, exceptions, findings, and recommendations for improvement. The focus should not be understood to mean that we did not find various strengths and accomplishments. We truly appreciate the time and efforts of the employees of Fleet Management throughout the audit. Our work was made possible by their cooperation.

We would be happy to answer any questions you may have about the audit or the findings and recommendations contained in this report.

Sincerely,

Chris Harding, CPA, CFE, CIA
Salt Lake County Auditor

Cc: Evan Harrison, Administrative Fiscal Manager
Mike Stuertzel, Fleet Asset Manager
Scott Baird, Public Works Department Director

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Executive Summary

Why Audit Services Division Performed This Audit:

The County Auditor has statutory authority and duty to perform audits on county agencies. During our annual risk assessment, we determined that Fleet Management, by its very nature, operations, and management objectives are at a higher risk than other divisions for potential fraud, waste, and abuse. Our audit examined processes within Fleet Management to ensure internal controls were followed and to identify potential risks to the County.

Impact on Taxpayers and Residents of Salt Lake County:

Our audit of Fleet Management covered fiscal years from 2018 through 2020 in which Fleet managed expenditures ranging from \$7.5 million to \$5.9 million in fuel, parts, and services. Fleet has contracts with several non-County entities. Making sure organizations and departments are following county policy with regards to tax dollars is perhaps the most important outcome from our audits. By implementing our recommendations, taxpayers and residents of Salt Lake County will have increased protection of their taxpayer dollars from potential fraud, waste, and abuse. There will also be greater accountability and transparency.

What Our Audit Found:

Fleet Management has room for improvement in several areas. During our audit we noted 12 findings that can be categorized into 3 areas:

- Lack of Internal Control
- Record Retention
- Not Following County Policy

What Audit Services Division Recommends:

The Auditor's office made a total of 30 specific recommendations to Fleet Management related to our 12 audit findings. Additional details can be found within the audit report and cited county policies.

The Salt Lake County Council adopted a new version of Countywide Policy 1350¹, Vehicle Policy on March 22, 2022. The Auditor's recommendations for policy changes were incorporated into this policy, as agreed to by management, except for:

- Our recommendation that evidence of agency authorization be retained on file for all active fuel users.
- Our recommendation that reviews be documented and retained on file, along with supporting documentation.

Fleet Management did not agree with these recommendations which are associated with Finding #5, *"Documentation of service authorization was not adequate."* Failure to maintain and retain documentation of service requests is a risk to the County and the agencies if there is a dispute of service. The Auditor's Office will conduct a follow-up audit later this year to review improvements on each finding.

¹ <https://slco.org/globalassets/1-site-files/policies/countywide/1350.pdf?v=05312022083359067>

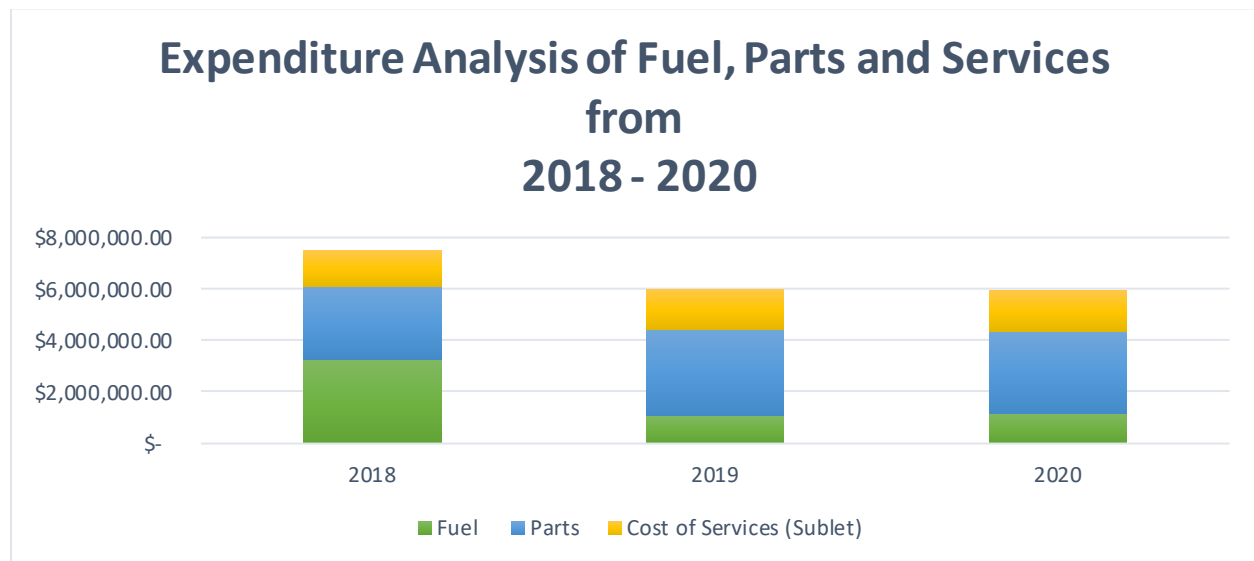
Background

The Salt Lake County Auditor’s Audit Services Division completed an audit of the Salt Lake County Fleet Management (“Fleet”) Division’s cash disbursements and payables. The purpose of the audit was to evaluate Fleet’s internal controls over cash disbursements and payables for vehicle fuel, maintenance services, and parts to verify that records are accurate and complete and determine if Fleet operations comply with County policies. The audit also evaluated if Fleet accounts for vehicle fuel, supplies, and parts inventories accurately, and if inventories are properly safeguarded against fraud, waste, and abuse.

Fleet’s primary responsibilities include fueling and maintaining the County’s fleet of vehicles and managing the County’s motor pool program. Fleet also manages the County’s vehicle replacement fund and facilitates vehicle purchases and disposals for County agencies when needed.

Fleet operates four vehicle maintenance shops throughout the County where they perform a wide range of services including diagnostics, general repairs, oil changes, tires, brakes, safety inspections, and emissions testing. Fleet also has interlocal agreements with several non-County entities, including the Greater Salt Lake Unified Police Department, the University of Utah, the Wasatch Front Waste and Recycling District, and the Greater Salt Lake Municipal Services District to provide maintenance services and fuel for their vehicles.

Figure 1. Fuel, parts, and sublet services expenditures. Fleet’s total expenditures on fuel, parts, and sublet (outsourced) services ranged from \$7.5 million in 2018 to \$5.9 million in 2020.



Source: PageCenterX – Detailed expenditures.

Fleet manages five fueling stations located throughout the County. The fueling stations are intended to provide fuel for County vehicles at a lower cost than found at commercial gas stations. Fleet purchases fuel through bulk suppliers, which must meet minimum requirements to become part of the bulk fuel supplier pool.

Table 1. County Fueling Stations – Locations and Fuel Types. *Fleet is responsible for fueling County vehicles and equipment. Vehicles can be fueled at five fueling stations, located throughout the County.*

Fuel Station	Fuel Types	Location Address
Fleet Management HQ – Midvale	Unleaded Gasoline, Diesel, Clear Diesel #1, and DEF	7125 S. 600 West
Salt Lake County Government Center	Unleaded Gasoline	2100 S. State Street
Solid Waste Management Landfill Facility	Diesel	6030 W. 1400 South
Parks and Recreation – Operations Office	Unleaded Gasoline, Diesel, and DEF	6332 S. Airport Road
Solid Waste Management Transfer Station Facility	Diesel	502 W. 3000 South

Objectives

The audit objectives were to evaluate Fleet’s internal controls over cash disbursements and payables to:

1. Determine if records are accurate and complete, if purchases and payments are reviewed and approved by management, and if there are adequate segregation of duties in the purchasing and payments process.
2. Determine if Fleet’s operations comply with countywide policies, and if inventories of vehicle fuel, parts, and supplies are properly safeguarded against fraud, waste, and abuse.

Strengths and Accomplishments

Internal control strengths and accomplishments noted during the audit include:

- ✓ The independent Fleet Board provides oversight of Fleet operations and enforcement of Countywide Policy 1350, Vehicle Policy.
- ✓ Fleet manages bulk fuel supplier contracts to ensure that the County receives the lowest prices on bulk fuel orders.
- ✓ The fuel card program has controls in place such as daily limits on fuel card usage, entry of a valid County vehicle ID number and user ID prior to fueling at County fuel stations, and transaction flagging for unusual fuel card purchases to help prevent and detect misuse of County fuel cards.
- ✓ Fleet’s fiscal staff ensures that bulk fuel order bid prices match invoice amounts.
- ✓ Fleet’s accounts payable and purchasing card transaction support documentation such as purchase orders, invoices, receipts, etc., were readily available and organized.
- ✓ Fleet’s staff ensures that vehicle parts and tires are discounted according to vendor contract terms.
- ✓ Fleet establishes vehicle maintenance schedules for all County vehicles to ensure that vehicles are well maintained, cost efficient, and safe to operate.

Conclusions

Internal controls were not always adequate to ensure that cash disbursement and payables records were accurate and complete, that all purchases and payments were reviewed and approved by management, and that proper segregation of duties were in place.

For example, we found documentation substantiating the amount of bulk fuel delivered was not adequate. Not all bills of lading or measurements of tank volume before and after delivery were on file to corroborate the amount delivered.

We also noted that segregation of duties over administration of fuel cards, monitoring transactions and making fuel payments was not adequate, as the Accounting Specialist performed each function. There was also inadequate segregation of duties over the work order process and work order to invoice approvals process.

Agency management was provided with monthly billings, as well as utilization reports which provided statistics such as fuel cost per mile, miles gallon, and maintenance cost per mile. However, there were no policy requirements regarding management review or documented approval of the agency's fuel card activity.

Fleet's operations did not always comply with County policies, and fuel was not always properly safeguarded against fraud, waste, and abuse. For example, we compared employees with fuel card transactions during the audit period to the current employee database. We found that 30 individuals that had terminated or retired up to a year and a half before the report of authorized users was generated. In addition, 3 fuel cards were not disabled after the vehicle they were assigned to was disposed of.

Countywide Policy, Vehicle Policy #1350, governs Fleet operations. The policy provides guidance on how the County operates, manages, finances, and disposes of County vehicles, as well as proper use of County vehicles by employees and volunteers. However, there were no policies or procedures that outlined proper use of the County fuel cards. The policy did not contain provisions regarding the importance of entering an accurate odometer, only using the card for the assigned vehicle, or for safeguarding the fuel card. Fuel card users were not required to sign an acknowledgement regarding their understanding of what constitutes appropriate use.

Findings and Recommendations

Finding 1. Fuel delivery and amount not verified prior to vendor payment.

Risk Rating: 3 – Significant Risk Finding

Summary. Bills of lading or drop tickets from fuel deliveries were not used to verify that deliveries occurred, and the quantity delivered matched the supplier invoice prior to invoice payment.

Criteria. A bill of lading serves as proof of delivery and an acknowledgement by the receiver that the correct type and quantity of goods ordered were received at the agreed upon destination.

Fleet orders fuel to replenish fueling station tanks through a pool of bulk fuel suppliers that have met certain contract requirements. One of the bulk fuel supplier contract requirements states that a bill of lading for fuel deliveries must be provided and accepted by Fleet prior to payment of any invoice.

Salt Lake County Fleet Bulk Fuel Supplier Pool Contract, Section 12.0, Payment, states:

"Payment will be made after completion of delivery and signed acceptance by the County. A bill of lading must be attached to the invoice. "

Condition. We reviewed 55 fuel deliveries over 28 days and found that 24 (44%) deliveries did not have a bill of lading on file. We also observed that when copies of the bill of lading were retained, they were not stored with the corresponding invoice.

Management explained that fuel inventory levels were monitored using a spreadsheet. Manual readings were recorded monthly for the Transfer Station, and daily readings were recorded for all other locations, which had electronic meters installed. We compared the deliveries in our sample to fuel inventory levels per the tracking spreadsheet. Fuel level did increase after 94% of the fuel delivery dates reviewed. However, the spreadsheet was not an adequate substitute for bills of lading. The levels recorded on the spreadsheets did not match the quantity stated on invoices because of timing differences and continued use of fuel.

Cause. Fleet stated that a bill of lading is only generated for full loads of fuel from the refineries, and that fuel suppliers do not always provide copies of the bill of lading following a fuel delivery. For partial-load fuel deliveries, delivery drivers should provide a "drop ticket," that records the quantity of fuel delivered. However, delivery drivers were not consistent with providing copies of drop tickets, requiring Fleet to follow-up with fuel suppliers for delivery documentation after the delivery.

Management stated that fuel delivery drivers normally check fuel tank level readings prior to filling the tanks at the fueling stations to prevent overfilling them. However, delivery drivers do not always record those fuel tank levels or provide that information to Fleet.

Effect/Risk(s). The County could be charged for fuel that was never delivered, or for the wrong quantity of fuel, resulting in overpayments and waste of funds.

Recommendations

1. We recommend that Fleet require bulk fuel suppliers provide a bill of lading or drop ticket for all fuel deliveries, regardless of the quantity of fuel delivered to the fueling stations. Fleet should

save copies of all bills of lading or drop tickets and attach them to the corresponding invoice to ensure that fuel quantities delivered can be easily traced to charges on each invoice.

2. We recommend that Fleet use the bill of lading or drop ticket to verify the amount of fuel delivered prior to approving and paying fuel supplier invoices.

Management Response

1. **Agree.** We will contact fuel vendors to request that a bill of lading be sent to Fleet. We will also request that drop tickets be sent when a bill of lading is not possible because of small fuel drops. Bill of lading or drop tickets will be attached to invoices.
2. **Agree.** Bill of lading will be used to verify invoice charge. Billing of lading will be attached to invoice.

Finding 2. Fuel Card Program Lacked Written Policies and Procedures Establishing Oversight Responsibilities.

Risk Rating: 3 – Significant Risk Finding

Summary. Countywide Policy 1350, Vehicle Policy, includes provisions regarding the proper use of County vehicles. However, we found that the policy did not address the proper use of fuel cards, or who was responsible for oversight and enforcement of the fuel card program's rules and procedures.

In addition, we found that there was not an acceptable use agreement for County employees to sign indicating they understood the requirements of the fuel card program and their responsibilities when granted access to a fuel card.

Criteria. According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework:

*“Control activities are the actions established through **policies and procedures** that help ensure that management’s directives to mitigate risks to the achievement of objectives are carried out. Control activities are performed at all levels of the entity, at various stages within business processes, and over the technology environment. They may be preventative or detective in nature and may encompass a range of manual and automated activities such as authorizations and approvals, verifications, reconciliations and business performance reviews...[emphasis added]”²*

Condition. Fleet has implemented several controls to help mitigate the risk of fuel card misuse. For example, Fleet provided each County agency with a monthly billing statement that includes fuel card usage reports. Usage reports included amounts of fuel purchased, maintenance services provided, and vehicle odometer readings for each fuel card. In addition, County agencies were provided with monthly statistical reports which include fuel costs per mile, miles per gallon, and maintenance costs per mile for each vehicle. However, Fleet acknowledged that for the current controls to be effective they rely heavily on each County agency's management to review the monthly fuel usage reports that they provide and investigate variances and potential misuse.

² <https://www.coso.org/Documents/990025P-Executive-Summary-final-may20.pdf>, page 4.

Countywide Policy 1350, Vehicle Policy, does not require County agencies to review the monthly fuel card usage reports, or document that they have taken action regarding any misuse. Countywide policy does not identify who has ultimate oversight and enforcement responsibilities for the fuel card program.

Effect/Risk(s). Without clear written policies and procedures that include oversight and enforcement responsibilities, there is an increased risk of misuse of fuel cards. County employees may not be held accountable for violations of fuel card program rules and procedures. For example, we found that one County agency had not investigated or acted on an issue where an employee was regularly inputting odometer readings of 0,1,2,4 when they used the fuel card. We used our audit software to review all odometer entries for the 7,492 fuel card transactions. 119 (2%) of transactions had odometer readings entered of 0,1,2,4. Of those 119 transactions, there were 84 (71%) from Flood Control and Engineering. Accurate odometer readings entered for the fuel card authorization allows for a consistent odometer history. It also allows red flags to be raised if there are inconsistent odometer entries that may signal the fuel card is being used on another vehicle. We also found fuel cards were being used to fuel vehicles other than the County vehicles to which the cards were assigned.

Recommendations

1. We recommend that Fleet develop written policies and procedures for the proper use of County fuel cards. The policies and procedures should establish proper agency oversight of employee fuel card usage, including that fuel cards are used for the assigned vehicle only, that an accurate odometer reading must be entered when fueling a County vehicle, and that personal fuel purchases are strictly prohibited.
2. We recommend that the written policies and procedures require that a County agency notify Fleet immediately when a County fuel card is lost or missing.
3. We recommend that the written policies and procedures require that all County agencies that participate in the fuel card program perform a monthly review and approval of employee fuel card usage, completed vehicle service work orders, and that they notify Fleet immediately of any discrepancies or irregularities.
4. We recommend that all County agency fuel card users and their supervisors sign an acceptable use agreement and acknowledgement of the fuel card program policies and procedures prior to being issued a fuel card.

Management Response

1. **Agree.** Fleet will develop policy regarding use of County fueling stations and fuel cards. Policy will include that fuel cards are to be used for assigned vehicle only, accurate odometer readings be entered, personal purchases prohibited, and proper safeguarding of card. Policy will be submitted to Fleet Board for inclusion in Fleet Policy 1350.
2. **Agree.** Policy to be included in 1350 will include that in the event that a card is lost, or stolen Fleet will be notified in right away.
 - **Agree.** Policy to be included in 1350 that agencies will review monthly fuel and maintenance charges.
 - **Agree.** Policy to be included in 1350 that agencies will review and approve on an annual basis employees authorized to purchase fuel. When fuel cards are issued employee will sign a form acknowledging that they received the card and that they understand the proper uses of the

card. When an employee is approved to purchase fuel from county owned sites, they will sign a form that they acknowledge the proper uses of the county fuel sites.

Finding 3. Inadequate segregation of duties over the process of work order to invoice approval.

Risk Rating: 3 – Significant Risk Finding

Summary. Some invoice approvals were made by the same individual that opened and closed the associated work orders.

Criteria. Countywide Policy 1062, Management of Public Funds, states:

“In managing public funds, basic internal controls require a clear segregation of duties between persons having custody of funds and/or performing cashiering duties, and those having access to and maintaining accounting records related to those public funds. Segregating these functions protects the employees involved and mitigates the risk of theft, embezzlement, or misuse of public funds through fraudulent record keeping. Supervisory oversight enforces the separation of duties, creates an atmosphere of employee accountability, and strengthens the control environment. When invoices are not approved, or are approved by someone with insufficient authority, separation of duties may be violated.”

Condition. We identified 143 invoices in our sample that required invoice approval. Eighteen (12.6%) of those invoices were approved by the same person that opened and closed the related work order, resulting in a lack of segregation of duties. Invoice approvers included a service writer (four), the Fleet Manager (nine), a lead technician (four), and a shop supervisor (one).

Cause. Additionally, Fleet does not have a clear policy on which individuals are authorized to approve invoices. AssetWorks allows for the same individual to open and close the same work order.

Effect/Risk(s). A lack of segregation of duties may result in fraud or excessive cost to an organization by over charging for parts and/or labor that was either unnecessary or costly.

Recommendation

Management should take steps to verify that there is at least two people involved in the creation and/or closing of work orders and payment approval process.

Management Response

Agree. County invoice payment process requires multi-level approvals. Current practice is to require approval of invoice prior to payment by Accounting Specialist. We will put in place a process to ensure that work orders are opened and closed by different individuals.

Finding 4. Segregation of duties and proper authority were not always present in the work order process.

Risk Rating: 3 – Significant Risk Finding

Summary. Work orders were created and/or closed by employees that lacked the proper authority. Some work order approvals lacked segregation of duties.

Criteria. Countywide Policy 1062, Management of Public Funds, states:

“In managing public funds, basic internal controls require a clear segregation of duties between persons having custody of funds and/or performing cashiering duties, and those having access to and maintaining accounting records related to those public funds. Segregating these functions protects the employees involved and mitigates the risk of theft, embezzlement, or misuse of public funds through fraudulent record keeping. Supervisory oversight enforces the separation of duties, creates an atmosphere of employee accountability, and strengthens the control environment. When invoices are not approved, or are approved by someone with insufficient authority, separation of duties may be violated.”

Fleet management indicated that closing a work order should be done by supervisors and was considered final approval. In addition, as seen in Table 2 below, Technicians should not have access rights to open or close a work order.

Table 2. Work order System Access Rights. Technicians were not authorized to open or close work orders, per information provided by the Fleet Fiscal Manager.

WORK ORDER ACCESS RIGHTS				
USER GROUP	OPEN	UPDATE	FINISH STATUS	CLOSE
ADMIN STAFF	Yes	Yes	Yes	Yes
SERVICE WRITERS	Yes	Yes	Yes	Yes
SHOP SUPERVISORS	Yes	Yes	Yes	Yes
LEAD TECHNICIANS	Yes	Yes	Yes	Yes
TECHNICIANS	No	Yes	Yes	No

Source: “FA User Groups” prepared and provided by the Salt Lake County Fleet Fiscal Manager

Condition. Per the Work Order Status report from AssetWorks, there were 12,709 work orders processed during the audit period. We found that 2,268 (18%) of the work orders were either opened or closed by a technician. Of those, a technician opened 1,948, closed 458, and opened AND closed 138. Finally, 196 (2%) work orders were opened, worked on, and closed by the same person.

Cause. The Fiscal Manager explained that "the techs rotate through the lead position. A lead will cover for the shop supervisor when they are out of the office such as when they are sick or on vacation. When a Tech becomes the lead their user rights are changed in FA [AssetWorks] to Lead. When they are no longer a lead, rights are changed back to tech only."

While the software tracked when employee access rights were changed within the system, Fleet lacked standard operating procedures describing the process nor documentation created to evidence the change in status. In addition, the current configuration of the system does not enforce segregation of duties.

Effect/Risk(s). Since work orders were not being closed (thus approved) by someone with authority, parts could be added to a work order that were not approved. Poor segregation of duties may result in excessive cost to an organization by over charging for parts and/or labor that was either unnecessary or overly expensive.

Recommendations

1. We recommend that management clearly define user rights in written policies and procedures. Management should ensure that work order software is correctly configured to enforce the written policy. Exceptions should be clearly documented and approved.
2. We recommend that management should ensure that duties are appropriately segregated, or that mitigating controls are implemented within the work order process so that no one person can perform all steps without independent review.

Management Response

1. **Agree.** Fleet will clarify user rights and software configuration.
2. **Agree.** Fleet will implement more segregation of duties.

Finding 5. Documentation of service authorization was not adequate.

Risk Rating: 3 – Significant Risk Finding

Summary. Service Request forms, emails requesting service, and documentation of verbal service requests, serve as potential evidence in the case of a billing dispute between Fleet and County agencies. There were no written policies regarding the service request process and no service request documentation was on file for over half of work orders reviewed.

Criteria. Per the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework:

*“Control activities are the actions established through **policies and procedures** that help ensure that management’s directives to mitigate risks to the achievement of objectives are carried out. Control activities are performed at all levels of the entity, at various stages within business processes, and over the technology environment. They may be preventative or detective in nature and may encompass a range of manual and automated activities such as authorizations and approvals, verifications, reconciliations and business performance reviews...[emphasis added]”³*

Countywide Policy 2070, Grama Records Retention Scheduling Process, Purpose section states:

"GRAMA and the Salt Lake County Records Management Ordinance requires all County records, whether hard copy, electronic or otherwise, be evaluated, designated with a primary classification and scheduled for retention. Compliance with this policy serves both public and County interests by assuring that records are accessible and administrative, legal, fiscal and historical requirements have been met.

³ <https://www.coso.org/Documents/990025P-Executive-Summary-final-may20.pdf>, page 4.

Section 1.2 states:

"The responsibility for developing a retention schedule shall reside with county offices, departments and divisions, with the assistance and advice of the County Records Manager. Records Management & Archives is responsible for development of all forms and procedures used in this process.

1.3 In scheduling records for retention, the following considerations shall be taken into account: Reasonable records standards and needs, based on best business practices, retention storage capabilities, and particular industry or professional requirements or standards; Any pending fiscal or performance audit process;"

Condition. Agencies can request maintenance by using a Service Request Form, by sending an email to Fleet, or verbally (in-person or over the phone). For email requests, Fleet staff indicated that the email would be printed and filed as the "service request". For verbal requests, staff stated a Word document would be created by the Service Writer as documentation.

We reviewed 99 work orders requiring a service request. A Service Request Form, email, or other documentation could not be found for 52 (53%) of the work orders. Of these, 41 had been disposed of, because Fleet had purged forms from the prior year. No documentation was found for the other 11 work orders.

Cause. Fleet's Fiscal Manager stated that Service Request Forms were, "not a requirement. Service request forms are mainly for our customers to write up maintenance and repair requests. If a customer sends in request by email, or calls in request, most likely a form will not be filled out... In summary these forms are not a requirement, rather a convenience for our customers."

Effect/Risk(s). Incomplete, inaccurate, or unavailable documentation may result in Fleet's inability to support a claim. Not having a clear policy regarding document creation and retention results in inconsistent practices.

Recommendations

1. We recommend that Fleet create a clear policy regarding maintenance authorizations. This policy should indicate methods of requesting and documenting vehicle maintenance and ongoing document retention.
2. We recommend that documentation be retained to substantiate requests where questions arise, and for audit purposes. Forms could also be scanned and attached or linked to the work order.

Management Response

1. **Disagree.** We do not believe that a service request form is necessary and will not be creating procedures regarding the form.
2. **Disagree.** As forms are not necessary forms will not be retained.

Finding 6. Cash Balance of the Imprest Checking Account was Understated by \$20,247.

Risk Rating: 2 – Moderate Risk Finding

Summary. Fleet's \$100,000 imprest account, used to pay for fuel card purchases made at commercial gas stations, was not reconciled monthly. A reconciliation worksheet was completed when reimbursement requests were submitted. However, a true reconciliation was not performed. The custodian failed to account for a \$20,247 outstanding disbursement from November 2018. This caused the bank balance of the imprest checking account to be understated by \$20,247 on the reimbursement.

Criteria. Countywide Policy 1203, Petty Cash and Other Imprest Accounts, Section 5.1.1 Reconciliation, states:

"Prior to submission of a reimbursement request from the Custodian to the Auditor's Office, the applicable Petty Cash or other Imprest Fund Account shall be reconciled by the Custodian. The reconciliation, documented on MPF Form 6, "Reimbursement Request and Control Listing," or similar form, shall reflect the actual count of Petty Cash on hand, or the Checking Account balance at the date of reconciliation, attested by the reconciling employee's signature. These balances, plus the total of the outstanding Petty Cash Fund vouchers or outstanding Imprest/Operating Account checks, should equal the authorized imprest amount."

Condition. We reviewed the reimbursement request dated December 31, 2019 and found that the custodian had failed to account for an outstanding Electronic Funds Transfer (EFT) payment issued in November 2018 for \$20,247. This caused the true cash balance of the imprest checking account, per the bank statement, to be understated by \$20,247 on the reimbursement form.

The Fiscal Manager explained that the original EFT did not go through. When Fleet realized that the vendor had never been paid, another EFT was processed.

Cause. Management acknowledged that the wrong amount for the bank balance was inputted on the December 31, 2019, reimbursement request due to an oversight.

Effect/Risk(s). Failure to correctly complete the reimbursement request results in misstatement of funds on hand. The account is at an increased risk of exceeding the Authorized Fund Amount and of mismanagement, such as misappropriation of funds without detection.

Recommendations

1. We recommend that the Custodian of the Imprest Account identify outstanding check balances in the "outstanding voucher" line item and the actual ending bank balance with a reconciliation to the authorized amount.
2. We recommend that payments which do not clear within one year be documented and resolved with the vendor.

Management Response

1. **Agree.** Custodian of the Imprest Account will identify outstanding balances and reconcile to bank balance.
2. **Agree.** Discrepancies on the reconciliation will be researched and resolved in a timely manner.

Finding 7. Evidence of management's authorization for employee fuel card use not always on file.

Risk Rating: 2 – Moderate Risk Finding

Summary. Fuel Authorization Forms were used to document supervisory authorization for employees to use a fuel card. Forms were not retained beyond the current calendar year and were not always included with the access requests. A list of authorized fuel users had not been reviewed by County agencies since 2018.

Criteria. Fleet's website states:

"On-Site Fueling Stations- Salt Lake County Equipment and Vehicles can be fueled at one of our 5 fueling stations throughout the County at a lower cost. WEX Fuel Card- Each County vehicle may also be fueled at commercial fueling stations using the WEX Fuel Card. Authorization is Required to Fuel. To request authorization to fuel email [the Fuel Authorization] form to Fleet Management."

Fuel Authorization forms include the individual, whether the request was to use a Fuel Card, the County Fueling Stations, or both, as well as supervisory approval. We selected and reviewed a sample of 71 out of 2,096 authorized users, including users from contracted agencies such as the UPD. We found that only one had a Fuel Authorization Form on file. Next, we reviewed the 134 authorized fuel users added during 2020. We found that 86 (64%) out of 134 did not have an Authorization Form attached to the e-mail submitted to Fleet requesting access.

To mitigate the risk of unauthorized users, Fleet periodically sent a list of users to agencies for review and confirmation whether users were still authorized to fuel. However, there was no documented policy or procedure regarding this process, or how often it should occur. We found that the list of authorized fuel users had not been reviewed by agencies since 2018.

Cause. Fleet relied on supervisory emails instead of the Fuel Authorization Form. There was no policy or procedure regarding periodic agency review, the Form, or the Form retention period.

Effect/Risk(s). When authorization forms are not required or are not retained there is no corroboration that management has authorized the individual to fuel. Invalid or unauthorized users are more likely to occur, which in turn increase the risk of unauthorized, unnecessary, or fraudulent fuel purchases.

Additionally, where controls, such as agency reviews of Authorized Fuel Users are not documented in policy and procedure, they may occur less frequently or may not be performed. In turn the risk of former County employees, or employees whose job duties or departments have changed, accessing County Fueling Stations, or using Fuel Cards is increased.

Recommendations

1. We recommend that all requests for fuel access require an authorization form to be filled out and signed.
2. We recommend that evidence of agency authorization be retained on file for all active fuel users.

3. We recommend that policies and procedures be developed regarding the authorization form as well as the process of requesting agencies to review authorized fuel users on a periodic basis.

Management Response

1. **Agree.** All requests for fuel access from County Agencies will have an authorization form signed.
2. **Agree.** Form should be kept on file.
3. **Agree.** We will include in fleet policy 1350 that agencies review authorized fuel users.

Finding 8. Policies and procedures for adding and removing users from fuel systems were not documented.

Risk Rating: 2 – Moderate Risk Finding

Summary. We compared employees with fuel card transactions during the audit period to the current employee database. We found that 30 individuals that had terminated or retired up to a year and a half before the report of authorized users was generated.

Criteria. Best practices include removal of employee access to systems upon termination. Access should be restricted to those which employees require to perform their job duties.

According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework:

*“Control activities are the actions established through **policies and procedures** that help ensure that management’s directives to mitigate risks to the achievement of objectives are carried out. Control activities are performed at all levels of the entity, at various stages within business processes, and over the technology environment. They may be preventative or detective in nature and may encompass a range of manual and automated activities such as authorizations and approvals, verifications, reconciliations and business performance reviews...[emphasis added]”⁴*

Condition. When an employee left employment, the Information Technology Services Division sent Fleet an e-mail notification containing the employee’s last day. When an employee changed positions or departments, and no longer required access to the fuel systems, the department was responsible to request deactivation of the employee's access. The Accounting Specialist then removed employee access.

However, we compared employees with fuel card transactions during the audit period to the current employee database. We identified 73 individuals that did not match as a current employee. We researched to determine whether the individual had retired or been terminated. We found that 30 of the 73 individuals were still authorized to fuel but no longer worked for Salt Lake County. Individuals had terminated or retired up to a year and a half before the report of authorized users was generated.

⁴ <https://www.coso.org/Documents/990025P-Executive-Summary-final-may20.pdf>, page 4.

Cause. Written policies or procedures were not in place regarding adding, modifying, or revoking employee access. Emails from IT notifying Fleet of terminations and requests to add employees were not retained and verified against system changes.

Cause/Risk(s). In the absence of policies and procedures the wrong individual may be removed from the system, or individuals may remain after termination. Individuals may be added that are not authorized, entries may contain errors, such as the wrong department, the wrong EIN or name.

Recommendations

1. We recommend that Fleet removes access to fuel for retired and terminated employees.
2. We recommend that Fleet implements policies and procedures that addresses fuel system authorization changes, including department responsibility for notifying Fleet of changes in employee departments or positions. All documentation, such as e-mail notifications, should be saved and archived for reference.
3. We recommend that a log or system report of individuals added to the fueling system be reviewed and reconciled to signed authorization forms by an independent party on a periodic basis.
4. We recommend that a log or system report of individuals removed from the fueling systems be reviewed and reconciled to termination notices by an independent party on a periodic basis.
5. We recommend that reviews be documented and retained on file, along with supporting documentation.

Management Response

1. **Agree.** Fleet currently removes access to fuel for retired and terminated employees.
2. **Agree.** Will include in fleet policy 1350 that agencies need to notify fleet of changes in employees that no longer require fuel authorization.
3. **Partially Agree.** Will include in fleet policy 1350 that agencies review a list authorized fuel users on an annual basis.
4. **Partially Agree.** Will include in fleet policy 1350 that agencies review a list of authorized fuel users on an annual basis
5. **Agree.** Annual reviews will be kept on file.

Finding 9. Inadequate segregation of duties in the administration of fuel cards.

Risk Rating: 2 – Moderate Risk Finding

Summary. We found that the Accounting Specialist had significant user rights and responsibilities in managing fuel cards which resulted in poor segregation of duties.

Criteria. Countywide Policy 1062, Management of Public Funds, states:

“In managing public funds, basic internal controls require a clear segregation of duties between persons having custody of funds and/or performing cashing duties, and those having access to and maintaining accounting records related to those public funds. Segregating these functions protects the employees involved and mitigates the risk of theft, embezzlement, or misuse of public funds through fraudulent record keeping. Supervisory oversight enforces the separation of

duties, creates an atmosphere of employee accountability, and strengthens the control environment. When invoices are not approved, or are approved by someone with insufficient authority, separation of duties may be violated.”

Condition. We found that the Accounting Specialist had significant user rights and responsibilities in managing fuel cards including:

- Adding and deactivating employees, vehicles, and fuel cards.
- Ordering, receiving, distributing, and monitoring fuel card transactions.
- Creating payments in the Fuel Card Account.

Cause. Fleet operated with limited staff which resulted in individuals performing various functions. In addition, duties evolved over time and were not periodically assessed for adequate segregation of duties.

Effect/Risk(s) One employee ordering, activating, and receiving fuel cards, as well as scheduling payments and monitoring transactions, increases the likelihood of mismanagement of cards and improper use. The lack of chain of custody documentation for fuel cards, further weakens the control environment by failing to establish accountability for custody.

Recommendations

1. We recommend that the fuel card log be used for all cards, including new and replacement cards and the individuals who ordered the card and why, as well as who received, activated, and distributed the card. At each step of the process, there should be employee initials and a date to document who was responsible for the card. Additionally, the log should include the last four digits of the card or other unique identifier.
2. We recommend strengthening the segregation of duties around the management of ordering, distributing, and monitoring the fuel cards.
3. We recommend restricting user rights to the Accounting Specialist to enforce separation of duties.

Management Response

1. **Agree.** We will work with staff to ensure that log documenting fuel card distribution process is being used when cards are ordered.
2. **Agree.** We agree and have already made some changes. We will continue to improve segregation of duties.
3. **Agree.** We will work to assure that proper user rights are given all staff involved with management of fuel cards.

Finding 10. Written authorized approval to pay was not evident on all invoices.

Risk Rating: 2 – Moderate Risk Finding

Summary. Fleet does not have a clear policy on individuals authorized to approve invoices for payment. Some invoices sampled lacked written approvals or were approved by individuals that may lack proper authority, such as service writers or technicians.

Criteria. Countywide Policy 1062, Management of Public Funds, states:

"... Supervisory oversight enforces the separation of duties, creates an atmosphere of employee accountability, and strengthens the control environment. When invoices are not approved, or are approved by someone with insufficient authority, separation of duties may be violated."

Condition. We reviewed a sample of 153 accounts payable invoices. Five invoices such as invoices related to monthly contracts were preapproved. Of the remaining 148 invoices, six (4%) had no signature or initials indicating approval and 24 (16%) were approved by a service writer or technician.

Cause. Invoices were missed due to an oversight. Approvals made by service writers or technicians occurred due to lack of clear policy and procedure.

Effect/Risk(s). We noted that all invoices were approved by the Fiscal Manager in the County's accounts payable system. However, the Fiscal Manager may not be knowledgeable about specific repairs and whether billed amounts were accurate. Therefore, the lack of review and approval by maintenance supervisors or managers may lead to payments for items that were not received.

Recommendations

1. We recommend that management develop and document policies and procedures identifying individuals authorized to approve an invoice for payment.
2. We recommend that the Accounting Specialist verify that there is written authorized approval on or attached to all invoices before submitting the invoice for payment.

Management Response

1. **Agree.** We will document who is authorized to approve an invoice for payment.
2. **Agree.** Accounting Specialist does this now. A mistake was made on reviewed sample.

Finding 11. The fuel card for three vehicles remained active after the vehicle disposal.

Risk Rating—Low risk finding

Summary. We matched records of all 58 vehicles disposed of during the audit period to the list of active Fuel Cards. We found that three (5%) fuel cards were still active. No charges had accrued on the card after the vehicle's disposal date, but the cards had been active for more than three months.

Criteria. According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework:

*"Control activities are the actions established through **policies and procedures** that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. Control activities are performed at all levels of the entity, at various stages within business processes, and over the technology environment. They may be preventative or detective in nature and may encompass a range of manual and automated activities such as authorizations and approvals, verifications, reconciliations and business performance reviews...[emphasis added]"*⁵

⁵ <https://www.coso.org/Documents/990025P-Executive-Summary-final-may20.pdf>, page 4.

Condition. When a vehicle was going to be sold, a work order was generated to decommission it and prepare it for sale. In some cases, there was a 2-3 month period from when the vehicle was decommissioned to when it was sold. Once the vehicle was sent to auction, the Fleet Manager deactivated the associated fuel card and changed the vehicle status to disposed of in Fleet's vehicle maintenance software.

Cause. We found there was not sufficient policies and procedures in place to ensure that the fuel card is deactivated in a timely manner by the Fleet Manager during the disposal process.

Effect. When cards are not deactivated timely, there is an increased risk that the card could be used if the vehicle ID is still active in the system.

Recommendations

1. We recommend that policies be implemented that outline the Fleet Manager's responsibility for deactivating fuel cards after disposal and how timely they need to be deactivated.
2. We recommend that a log be used to document the card number, account, vehicle ID, vehicle disposal date, with a signature line for the initials of the Fleet employee that deactivated the card and date of deactivation.
3. We recommend that management periodically review all fuel cards associated with disposed vehicles to confirm they have been deactivated and that the card has not been used.

Management Response

1. **Agree.** We will develop a checklist of items to be done when a vehicle is disposed. Checklist will include deactivating fuel cards removal from fuel force system.
2. **Agree.** Checklist will be used and maintained in our software to document fuel deactivation.
3. **Agree.** We will need to develop a report that is capable of showing this. Review will be end of each year

Finding 12. Maintenance services were paid for with County Purchasing Cards instead of a County fuel card or through Fleet.

Risk Rating: — Low risk finding

Summary. We identified six charges to Jiffy Lube for oil changes totaling \$393 and three charges at O'Reilly Auto Parts totaling \$82 that were paid using a purchasing card, instead of through the County fuel card.

Criteria. Countywide Policy 1350, Vehicle Policy, Section 6.2, states:

"6.2 All services and repairs must be performed or approved by Fleet Management. 6.2.1 All repairs performed by commercial vendors must be paid for by Fleet. 6.2.2 All repairs must be entered into Fleet Management's software."

Condition. We found that maintenance services purchases were being paid with purchasing cards instead of the fuel cards. Purchasing fuel and maintenance services using the fuel card is important to ensure proper management of the vehicle's maintenance history. We identified six charges to Jiffy Lube for oil changes totaling \$393 and three charges at O'Reilly Auto Parts totaling \$82.

Cause. The Fleet Fiscal Manager reached out to Contracts and Procurement about the Purchasing Cards being used for fuel purchases and found that it was not against purchasing card policy to purchase fuel or maintenance.

Effect/Risk(s). When maintenance is purchased with a purchasing card, the vehicle's maintenance history is not complete. As a result, unnecessary expenditures may occur.

Recommendation

We recommend that County employees be required to sign an acknowledgement that all fuel and vehicle maintenance services must be paid for using the Fuel Card.

Management Response

Agree. When employees receive fuel cards, they will sign a form that states they understand proper usage of the fuel card.

Action Taken

The Fleet Accountant communicated with other Accounting and Fiscal Staff during a Purchasing Cardboard Meeting that all fuel purchases must be made using the fuel card. In addition, a published reminder in Contracts and Procurement's "Purchasing Pulse" was sent out to not make fuel purchases on purchasing cards. Contracts and Procurement also provided Audit Services a draft revised- policy which also included the provision.

Appendix A: Additional Information

Appendix A: Additional Information	
Scope & Methodology	<p>The scope of our audit was July 1, 2019, through June 30, 2020. Our work included a review of the internal controls over cash disbursements, accounts payable, fuel cards, maintenance and work orders at County fueling stations.</p> <p>To accomplish the audit objectives:</p> <ul style="list-style-type: none"> • We reviewed purchasing documents such as purchase orders, invoices, receipts, and bills of lading. We observed Fleet’s purchasing procedures to ensure adequate segregation of duties and compliance with County policies. • We reviewed controls in place over work order creation, addition of parts, and work order approvals processes. • We verified controls in place over issuing, safeguarding, and deactivating fuel cards as well as transaction monitoring for fuel purchases. • We reviewed preventative and detective controls for fueling at County fueling stations and maintenance of bulk fuel inventory. <p>Note: The Generally Accepted Governmental Auditing Standards (GAGAS) requires audit findings to be reported in a timely manner^{6,7}. Due to circumstances related to the COVID-19 Pandemic, shifting office and County priorities, and elected official turnover, we are just now getting this audit issued.</p>
Exclusions	<p>We did not review Fleet’s payroll, billing, or accounts receivable as a part of this audit. In addition, we did not review purchasing related to the vehicle replacement program.</p>
Follow-Up Audit Process	<p>An initial follow-up review to determine the implementation status of open recommendations will be conducted six months after the final audit report date. A final follow-up review will be conducted 12 months after the final audit report date. Results of the final follow-up audit will be reported to management and other stakeholders. Additional follow-up audits may be scheduled based on the severity of the risks, or the lack of corrective action to address significant issues noted during the initial audit.</p>

⁶ <https://www.gao.gov/assets/720/713761.pdf>

⁷ GAGAS 9.17g

Appendix B: Finding Risk Classifications

Appendix B: Finding Risk Classifications	
Classification	Description
1 – Low Risk Finding	Recommendations may or may not be given to address the issues identified in the final audit report. If recommendations are given, management should try to implement the recommendations within one year of the final audit report date if possible. Follow-up audits may or may not focus on the status of implementation.
2 – Moderate Risk Finding	Recommendations will be given to address the issues identified in the final audit report. Management should implement the recommendations within one year of the final audit report date if possible. Follow-up audits will focus on the status of implementation.
3 – Significant Risk Finding	Recommendations will include necessary corrective actions that address the significant risks identified in the final audit report. Management should implement the recommendations within six months of the final audit report date if possible. Follow-up audits will focus on the status of implementation.
4 – Critical Risk Finding	Recommendations will include necessary corrective actions that address the critical risks identified in the final audit report. Management should implement the recommendations as soon as possible. Follow-up audits will focus on the status of implementation.

Agency Response

Agency Response Fleet Division

Finding 1 – Fuel delivery and amount not verified prior to vendor payment.

Risk Rating: 3 – Significant Risk Finding

Recommendation(s)	Agree/ Disagree	Action Plan	Target Date
1. We recommend that Fleet require bulk fuel suppliers provide a bill of lading or drop ticket for all fuel deliveries, regardless of the quantity of fuel delivered to the fueling stations. Fleet should save copies of all bills of lading or drop tickets and attach them to the corresponding invoice to ensure that fuel quantities delivered can be easily traced to charges on each invoice.	Agree	We have contacted fuel vendors requesting bill of lading be sent to Fleet. We have also requested that drop tickets be sent when a bill of lading is not possible because of small fuel drops. Bill of lading and drop tickets will be attached to invoice.	9/1/2021
2. We recommend that Fleet use the bill of lading or drop ticket to verify the amount of fuel delivered prior to approving and paying fuel supplier invoices.	Agree	Bill of lading will be used to verify invoice charge. Billing of lading will be attached to invoice.	9/1/2021

Finding 2 – Fuel Card Program Lacked Written Policies and Procedures Establishing Oversight Responsibilities.

Risk Rating: 3 – Significant Risk Finding

Recommendation(s)	Agree/ Disagree	Action Plan	Target Date
1. We recommend that Fleet develop written policies and procedures for the proper use of County fuel cards. The policies and procedures should establish proper agency oversight of employee fuel card usage, including that fuel cards are used for the assigned vehicle only, that an accurate odometer reading must be entered when fueling a County vehicle, and that	Agree	Fleet will update Fleet policy 1350 to include a section on fueling. Policy will include proper use of fuel cards and County fueling stations including that accurate odometer readings be entered, cards used only on assigned vehicles, personal purchases are prohibited, and proper storage and safeguarding of the card. Update will be submitted to Fleet Board for approval. After approval by the	Dec 2021 Fleet Board meeting

personal fuel purchases are strictly prohibited.		Board, policy update will follow County process.	
2. We recommend that the written policies and procedures require that a County agency notify Fleet immediately when a County fuel card is lost or missing.	Agree	We will include that Fleet be notified of a lost or stolen card in policy 1350 update.	Dec 2021 submit to Fleet Board
3. We recommend that the written policies and procedures require that all County agencies that participate in the fuel card program perform a monthly review and approval of employee fuel card usage, completed vehicle service work orders, and that they notify Fleet immediately of any discrepancies or irregularities.	Agree	Agencies pay fleet for services performed and product purchased. We are their vendor. Most agencies review their charges very carefully. This is an excellent 3 rd party independent review to ensure that charges are valid and correct. We will include in policy 1350 update that agencies review monthly fuel and maintenance charges. Approval will be assumed unless agencies contact fleet with an issue.	Dec 2021 submit to Fleet Board
4. We recommend that all County agency fuel card users and their supervisors sign an acceptable use agreement and acknowledgement of the fuel card program policies and procedures prior to being issued a fuel card.	Agree	All new fuel card authorizations will require a form to be signed by employee that is being authorized to purchase fuel. The form will include language that the employee understands fleet card policy which includes proper use and procedures for fuel purchases.	When Fleet Policy 1350 is approved.

Finding 3 – Inadequate segregation of duties over the process of work order to invoice approval.

Risk Rating: 3 – Significant Risk Finding

Recommendation(s)	Agree/ Disagree	Action Plan	Target Date
Management should take steps to verify that there are at least two people involved in the creation and/or closing of work orders and payment approval process.	Agree	We already require at least two people be involved in the payment approval process. County process to make payments require multiple approvals to process payments. All invoices are required to be approved before accounting specialist makes payment. Regarding work orders: we will work out a process where the same person cannot open and close a work order.	2/1/2022

Finding 4 – Segregation of duties and proper authority were not always present in the work order process.

Risk Rating: 3 – Significant Risk Finding

Recommendation(s)	Agree/ Disagree	Action Plan	Target Date
1. We recommend that management clearly define user rights in written policies and procedures. Management should ensure that work order software is correctly configured to enforce the written policy. Exceptions should be clearly documented and approved.	Agree	We will document how user rights are to be set up in the software. We will work with software vendor to configure software to enforce written document.	2/1/2022
2. We recommend that management should ensure that duties are appropriately segregated, or that mitigating controls are implemented within the work order process so that no one person can perform all steps without independent review.	Agree	This has been a struggle for fleet with our small staff. We have hired a new admin employee that will enable us to improve segregation of duties. We are currently working on reviewing job assignments and will make adjustments to ensure duties are properly segregated.	12/31/2021

Finding 5 – Documentation of service authorization was not adequate.

Risk Rating: 3 – Significant Risk Finding

Recommendation(s)	Agree/ Disagree	Action Plan	Target Date
1. We recommend that Fleet Management create a clear policy regarding maintenance authorizations. This policy should indicate methods of requesting and documenting vehicle maintenance and ongoing document retention.	Disagree	Fleet does not believe that a service request form is necessary. Current forms are treated as a notepad. Work requests are accepted verbally, email, or on request form. Repair request is entered on a work order in the software, which is official work request, and is retained in the software.	
2. We recommend that documentation be retained to substantiate requests where questions arise, and for audit purposes. Forms could also be scanned and attached or linked to the work order.	Disagree	As forms will not be required a retention schedule is not necessary.	

Finding 6 – Cash Balance of the Imprest Checking Account was Understated by \$20,247.

Risk Rating: 2 – Moderate Risk Finding

Recommendation(s)	Agree/ Disagree	Action Plan	Target Date
1. We recommend that the Custodian of the Imprest Account identify outstanding check balances in the "outstanding voucher" line item and the actual ending bank balance with a reconciliation to the authorized amount.	Agree	Custodian will reconcile Imprest Account transactions recorded in QuickBooks with bank statement on a monthly basis. All outstanding balances will be accounted for with a total recorded on the “outstanding voucher” line item.	8/1/2021
2. We recommend that payments which do not clear within one year be documented and resolved with the vendor.	Agree	Any outstanding balances will be investigated and resolved on a monthly basis when reconciliation of the account takes place. Any outstanding transaction over a year old will be reported to Treasurer’s Office and the Utah State Unclaimed Property Division.	8/1/2021

Finding 7 – Evidence of management’s authorization for employee fuel card use was not always on file.

Risk Rating: 2 – Moderate Risk Finding

Recommendation(s)	Agree/ Disagree	Action Plan	Target Date
1. We recommend that all requests for fuel access require an authorization form to be filled out and signed.	Agree	As stated in finding 2 item 4. Form will be signed by employee.	When Fleet Policy update to 1350 is approved.

2. We recommend that evidence of agency authorization be retained on file for all active fuel users.	Agree	Fuel authorization forms will be kept on file for all active fuel users	When Fleet Policy update to 1350 is approved.
3. We recommend that policies and procedures be developed regarding the authorization form as well as the process of requesting agencies to review authorized fuel users on a periodic basis.	Agree	We will include in policy 1350 update that all agencies review and approve on an annual basis all employees authorized to purchase fuel. Fleet will provide the agencies a list of authorized employees. We plan to do this in the last quarter of the year.	Fleet policy update to Board in Dec 2021.

Finding 8 – Policies and procedures for adding and removing users from fuel systems were not documented.

Risk Rating: 2 – Moderate Risk Finding

Recommendation(s)	Agree/ Disagree	Action Plan	Target Date
1. We recommend that Fleet removes access to fuel for retired and terminated employees.	Agree	Fleet currently removes access to fuel for retired and terminated employees. We were depending on the off-boarding process to be notified when an employee is no longer with the county. It appears that process is not always accurate. We will use list of terminated employees from HR and remove terminated employees from fuel systems on a weekly basis.	9/1/2021
2. We recommend that Fleet implements policies and procedures that addresses fuel system authorization changes, including department responsibility for notifying Fleet of changes in employee departments or positions. All documentation, such as e-mail notifications, should be saved and archived for reference.	Agree	We will include in policy 1350 update that agencies notify fleet of changes in employee status that impacts fuel authorization. A schedule for documentation retention will be set up.	Dec 2021 submit to Fleet Board

<p>3. We recommend that a log or system report of individuals added to the fueling system be reviewed and reconciled to signed authorization forms by an independent party on a periodic basis.</p>	<p>Partially Agree</p>	<p>There is a system report that shows all vehicles and users added to the system and who added them. Current authorized users will be reviewed by each agency on an annual basis, an independent 3rd party review. This review will be verified against system report.</p>	<p>When Fleet Policy update to 1350 is approved.</p>
<p>4. We recommend that a log or system report of individuals removed from the fueling systems be reviewed and reconciled to termination notices by an independent party on a periodic basis.</p>	<p>Partially Agree</p>	<p>Current authorized users will be reviewed by each agency on an annual basis, an independent 3rd party review.</p>	<p>When Fleet Policy update to 1350 is approved.</p>
<p>5. We recommend that reviews be documented and retained on file, along with supporting documentation.</p>	<p>Agree</p>	<p>Annual review by agencies will be retained on file. We will set up a retention time.</p>	<p>When Fleet Policy update to 1350 is approved.</p>

Finding 9 – Inadequate segregation of duties in the administration of fuel cards.

Risk Rating: 2 – Moderate Risk Finding

Recommendation(s)	Agree/ Disagree	Action Plan	Target Date
<p>1. We recommend that the fuel card log be used for all cards, including new and replacement cards and the individuals who ordered the card and why, as well as who received, activated, and distributed the card. At each step of the process, there should be employee initials and a date to document who was responsible for the card. Additionally, the log should include the last four digits of the card or other unique identifier.</p>	<p>Agree</p>	<p>We will work with staff to ensure that they are maintaining log of fuel card ordering and distribution.</p>	<p>9/1/2021</p>

<p>2. We recommend strengthening the segregation of duties around the management of ordering, distributing, and monitoring the fuel cards.</p>	<p>Agree</p>	<p>Since the audit we hired a new staff member that will enable us to strengthen segregation of duties. We are currently working on job assignments. We don’t know what it will look like yet and need to make sure that we have backups for all duties performed. Segregation of duties will be strengthened.</p>	<p>Our goal is by 12/1/2021 to have a plan in place.</p>
<p>3. We recommend restricting user rights to the Accounting Specialist to enforce separation of duties.</p>	<p>Agree</p>	<p>We will review and assure that proper user rights are given to all staff involved in the management of fuel cards.</p>	<p>Our goal is by 12/1/2021 to have a plan in place.</p>

Finding 10 – Written authorized approval to pay was not evident on all invoices.

Risk Rating: 2 – Moderate Risk Finding

Recommendation(s)	Agree/ Disagree	Action Plan	Target Date
<p>1. We recommend that management develop and document policies and procedures identifying individuals authorized to approve an invoice for payment.</p>	<p>Agree</p>	<p>Fleet will document employees authorized to approve invoices</p>	<p>1/1/2022</p>
<p>2. We recommend that the Accounting Specialist verify that there is written authorized approval on or attached to all invoices before submitting the invoice for payment.</p>	<p>Agree</p>	<p>Accounting Specialist currently verifies that there is a written authorization approval prior to paying an invoice. Some of the invoices tagged as not having approval in the sample had electronic approvals. Mistakes were made on invoices that sample looked at. We will work with Accounting Specialist to emphasis importance of ensuring there is an approval on invoices prior to payment.</p>	<p>Currently</p>

Finding 11 – The fuel card for three vehicles remained active after the vehicle disposal.

Risk Rating: 1 – Low Risk Finding

Recommendation(s)	Agree/ Disagree	Action Plan	Target Date
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<p>1. We recommend that policies be implemented that outline the Fleet Manager's responsibility for deactivating fuel cards after disposal and how timely they need to be deactivated.</p>	<p>Agree</p>	<p>We currently deactivate vehicles from the fuel card system and county fuel system when a vehicle is disposed. To help reduce the possibility of missing a vehicle we will develop a procedure that includes a checklist of items that need to be done when a vehicle is disposed of. The checklist will include deactivation of the fuel card and deactivation from the county fuel system. Checklist will be retained in FA software.</p>	<p>11/1/2021</p>
<p>2. We recommend that a log be used to document the card number, account, vehicle ID, vehicle disposal date, with a signature line for the initials of the Fleet employee that deactivated the card and date of deactivation.</p>	<p>Agree</p>	<p>This will be accomplished using the checklist referred to above. Item on the checklist will be deactivate fuel card. Checklist will be attached to disposal work order that is opened on the vehicle.</p>	<p>11/1/2021</p>
<p>3. We recommend that management periodically review all fuel cards associated with disposed vehicles to confirm they have been deactivated and that the card has not been used.</p>	<p>Agree</p>	<p>We will need to develop a report that is capable of showing this. Review will be end of each year.</p>	<p>First review will be end of 2022</p>

Finding 12 – Maintenance services were paid for with County Purchasing Cards instead of a County fuel card or through Fleet.

Risk Rating: 1 – Low Risk Finding

Recommendation(s)	Agree/ Disagree	Action Plan	Target Date
<p>We recommend that County employees be required to sign an acknowledgment that all fuel and vehicle maintenance services must be paid for using the Fuel Card.</p>	<p>Agree</p>	<p>When employees receive fuel cards, they will sign a form that states they understand proper usage of the fuel card.</p>	<p>When Fleet Policy update to 1350 is approved.</p>