

2nd FOLLOW-UP REPORT

Salt Lake County Fleet Management

SEPTEMBER 2023



Chris Harding, CPA, CFE, CIA
County Auditor

Office of the Auditor
Salt Lake County

Audit Team

Tyler Standing, Internal Auditor
Pete Busche, CIA, Senior Internal Auditor
Audra Bylund, Audit Manager

Audit Management

Chris Harding, CPA, CFE, CIA, Auditor
Richard Jaussi, MBA, Chief Deputy Auditor
Roswell Rogers, Senior Advisor
Shawna Ahlborn, Audit Division Director



Office of the Auditor
Salt Lake County
2001 S State Street, Ste N3-300
Salt Lake City, UT 84190-1100
Phone: (385) 468-7200

www.slco.org/auditor

Salt Lake County Auditor



Chris Harding, CPA, CFE, CIA
County Auditor

2001 S State Street, Ste N3-300, Salt Lake City, UT 84190
Phone: (385) 468-7200 www.slco.org/auditor

AUDITOR'S LETTER

In keeping with generally accepted government auditing standards and Auditor's Office policy, as authorized by Utah Code, we have a responsibility to monitor and follow up on audit recommendations to ensure county agencies address audit findings through appropriate corrective action and to aid us in planning future audits.

This letter serves as the final follow-up audit report for Salt Lake County Fleet Management. The original audit report was issued in June 2022, followed by a preliminary follow-up report in February 2023. The original audit report identified 12 findings with 30 recommendations. In the preliminary follow-up, Fleet Management had fully implemented 15 of the 30 recommendations, 5 were closed due to management actions, 8 were in progress, and 2 were not implemented.

In this final follow-up, 4 findings and 8 recommendations remained to be tested. Fleet Management has fully implemented 7 of the 8 recommendations, and 1 recommendation was NOT IMPLEMENTED. Overall, Fleet Management has fully implemented 22 of the 30 recommendations, 6 were closed, and 2 were not implemented.

Fleet Management has made significant progress by implementing most of the recommendations, particularly in areas such as authorization for employee fuel card use, policies and procedures for adding and removing users from fuel systems, and administration of fuel cards for disposed vehicles. However, it is a matter of concern that the recommendation related to the segregation of duties in the administration of fuel cards was not implemented. This is a high-risk area that poses a threat to the integrity of the fuel card system and, by extension, to the financial stability of Fleet Management.

This is our final follow-up audit, and no further follow-up work will be performed by our office. The onus is now on management and those charged with governance to implement the remaining recommendation and mitigate the associated risks.

We performed this audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We appreciate the cooperation and assistance provided by all county stakeholders during this audit. Please review the enclosed audit report for detailed findings and recommendations, and feel free to contact me at 385-468-7200 with any questions.

A handwritten signature in black ink that reads "Chris Harding".

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

September 2023

Action Since Audit Report

Salt Lake County Fleet Management

Original Audit: Report Issued June 2022

12 findings with 30 recommendations found in June 2022.

Preliminary Follow-up: Report Issued February 2023

Fleet Management fully implemented 15 of the 30 recommendations, 5 were closed because of changes made by management as a response to the audit, 8 were in progress, and 2 were not implemented.

Final Follow-up

- For the final follow-up, 4 findings and 8 recommendations remain to be tested from the preliminary follow-up audit.
- Fleet management has fully implemented 7 of the 8 recommendations, and 1 recommendation not implemented.

Overall, Fleet Management fully implemented 22 of the 30 recommendations, 6 were closed and 2 were not implemented.



FULLY
IMPLEMENTED

7



NOT
IMPLEMENTED

1

FINDING 7. EVIDENCE OF MANAGEMENT'S AUTHORIZATION FOR EMPLOYEE FUEL CARD USE NOT ALWAYS ON FILE.



Recommendation 7.3 - 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.

Agency Action - Implemented our recommendation

FINDING 8. POLICIES AND PROCEDURES FOR ADDING AND REMOVING USERS FROM FUEL SYSTEMS WERE NOT DOCUMENTED.



Recommendation 8.3 - 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.

Agency Action - Implemented our recommendation



Recommendation 8.4 - 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.

Agency Action - Implemented our recommendation



Recommendation 8.5 - We recommend that reviews be documented and retained on file, along with supporting documentation.

Agency Action - Implemented our recommendation

FINDING 9. INADEQUATE SEGREGATION OF DUTIES IN THE ADMINISTRATION OF FUEL CARDS.



Recommendation 9.2 - We recommend strengthening the segregation of duties around the management of ordering, distributing, and monitoring the fuel cards.

Agency Action - Recommendation Not Implemented – Insufficient segregation of duties due to one individual ordering, distributing, and monitoring fuel cards. Management reminded the employees of separating these duties. Due to this being a second follow-up audit, no further testing will be performed.



Recommendation 9.3 - We recommend restricting user rights to the Accounting Specialist to enforce separation of duties.

Agency Action - Implemented our recommendation

FINDING 11. THE FUEL CARD FOR THREE VEHICLES REMAINED ACTIVE AFTER THE VEHICLE DISPOSAL.



Recommendation 11.2 - 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.

Agency Action - Implemented our recommendation



Recommendation 11.3 - 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.

Agency Action - Implemented our recommendation