



**Streets and Maintenance (SAM) Fuel Card
Follow-Up Audit
No. A2022-07**

Issued by the
Internal Audit Office
August 11, 2022

**City of El Paso
Internal Audit Office
Streets and Maintenance (SAM) Fuel Card Follow-Up Audit A2022-07**

EXECUTIVE SUMMARY

The Internal Audit Office conducted a Follow-Up Audit of the Streets and Maintenance (SAM) Fuel Card Audit Report dated November 18, 2020. The original Audit Report contained two (2) Findings. Upon completion of the audit fieldwork, we have determined the status of the Recommendation for each audit Finding as outlined in the table below:

Finding No.	Description of Original Findings	Status
1	<p>A review of the Streets and Maintenance Department's Offsite Fuel Card Program identified the following:</p> <ul style="list-style-type: none">• SAM does not have a comprehensive Policies and Procedures Manual for the Administrative or Usage Functions of the Offsite Fuel Card Program.	Implemented
2	<p>A review of the Offsite Fueling Contract #2019-474 identified the following:</p> <ul style="list-style-type: none">• The Streets and Maintenance Department (SAM) does not verify or confirm that the fuel prices being charged by ALON Brands Inc. are correct. <p>Currently, SAM does not access or monitor the Oil Price Information Service (OPIS). This service is used to determine the weekly fuel price information for the El Paso area and confirms if ALON Brands Inc. is charging the correct prices for fuel.</p>	Implemented

For a detailed explanation of the Current Observations please refer to the appropriate Finding contained in the body of this Audit Report.

**City of El Paso
Internal Audit Office
Streets and Maintenance (SAM) Fuel Card Follow-Up Audit A2022-07**

BACKGROUND

The *Generally Accepted Government Auditing Standards* (Standard 8.30) states that auditors should evaluate whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous engagements. The *International Standards for the Professional Practice of Internal Auditing* (Performance Standard 2500.A1) require that the chief audit executive establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

AUDIT OBJECTIVES

The audit objective was to ensure that corrective action was taken by management to address the recommendations identified in the original Audit Report dated November 18, 2020.

AUDIT SCOPE

The audit period covered the Streets and Maintenance Department's operations between Fiscal Year 2021 through Fiscal Year 2022.

AUDIT METHODOLOGY

To achieve our audit objectives, we:

- Reviewed Streets and Maintenance's Commercial Fuel Card Policy and Use Procedure Manual,
- Verified that Streets and Maintenance has subscribed to Oil Price Information Service (OPIS) fuel price reports,
- Reviewed Streets and Maintenance fuel price verification process for accuracy.

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. 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.

**City of El Paso
Internal Audit Office
Streets and Maintenance (SAM) Fuel Card Follow-Up Audit A2022-07**

CURRENT OBSERVATION AND STATUS

Based on the follow-up audit results, each original finding recommendation will be designated with one of the following four status categories:

<i>Implemented</i>	The finding has been addressed by implementing the original corrective action or an alternative corrective action.
<i>In Progress</i>	The corrective action has been initiated but is not complete.
<i>Not Applicable</i>	The recommendation is no longer applicable due to changes in procedures or changes in technology.
<i>Not Implemented</i>	The recommendation was ignored, there were changes in staffing levels, or management has decided to assume the risk.

Finding 1

Current Observation

The Internal Audit Office reviewed a Policies and Procedures Manual created by Streets and Maintenance staff titled “*Commercial Fuel Card Policy & Use Procedure.*” The Manual has an Issue Date of July 5, 2021 with a revision date of June 21, 2022. The Manual addresses both the Administrative and Usage Functions of the Offsite Fuel Card Program.

The Manual is comprised of 16 sections detailing various aspects of the Offsite Fuel Card Program. The Manual contains a Statement of Understanding that City employees must sign acknowledging that they have read and agree with the Terms and Conditions of the Offsite Fuel Card Program. A Supervisor’s signature is also required before an employee can receive a Fuel Card. The last page of the Manual contains a Mileage Log for employees to enter their fuel purchases.

The Manual was formally approved by the Streets and Maintenance Director on July 7, 2022.

Status

Implemented

**City of El Paso
Internal Audit Office
Streets and Maintenance (SAM) Fuel Card Follow-Up Audit A2022-07**

Finding 2

Current Observation

The Internal Audit Office reviewed Streets and Maintenance processes for verifying the accuracy of fuel prices being charged to the City of El Paso by ALON Brands, Inc. Streets and Maintenance has procured a subscription service with Oil Price Information Service (OPIS) for fuel price reports. The subscription is billed on an annual basis.

OPIS provides daily fuel price reports that Streets and Maintenance staff uses to verify that Fuel Card users are being charged the proper amount. Fuel prices provided from OPIS are entered into a verification spreadsheet where the fuel price is recalculated. Street and Maintenance staff will select a sample of daily fuel transactions that are verified for pricing accuracy on a monthly basis.

- The Internal Audit Office reviewed three (3) pricing verifications performed by Streets and Maintenance staff.
 - 3 out of 3 (100%) verifications reviewed were accurate and properly billed by ALON Brands, Inc.

A pricing recalculation review performed by Streets and Maintenance staff identified an overcharge that was then communicated to ALON Brands, Inc. Streets and Maintenance was given a credit of **\$38,904.86** on an invoice dated September 15, 2021. Fuel invoices are reviewed and approved for payment by the Interim Administrative Services Manager.

During the course of the Follow-Up Audit, Streets and Maintenance entered into a new three (3) year fuel purchasing contract with ALON Brands, Inc. The previous contract #2019-474 between the City of El Paso and ALON Brands, Inc. added a fee of \$0.03 to each gallon purchased. The initial term of the Re-Bid Contract #2022-0618 began on July 6, 2022 and continues to July 5, 2025 with a renewal option of two (2) years. The contract will provide a \$0.01 discount from the price quoted on the OPIS fuel price report on each gallon purchased.

Status

Implemented

**City of El Paso
Internal Audit Office
Streets and Maintenance (SAM) Fuel Card Follow-Up Audit A2022-07**

INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods beyond the Audit Report date are subject to the risk that procedures may become inadequate due to changes in conditions, management override of internal controls, or that the degree of compliance with the procedures may deteriorate. This was a limited scope audit which only reviewed the areas stated in the Audit Objectives during the Audit Scope period. No representations of assurance are made to other areas or periods not covered by this audit.

CONCLUSION

We have concluded our audit work on the objectives of the Streets and Maintenance (SAM) Fuel Card Follow-Up Audit. The audit evidence used in the analysis is sufficient and appropriate for addressing the objectives and supporting the Observations and Conclusion. In accordance with *Generally Accepted Government Auditing Standards*, we are required to conclude on whether Streets and Maintenance met the objectives of this Follow-Up Audit. Based on our audit work, we have determined that:

1. Streets and Maintenance met the audit objectives in the following areas:
 - Developed a comprehensive Offsite Fuel Card Program Manual that addresses the Administrative and Usage Functions of the program.
 - Procured a subscription to Oil Price Information Service (OPIS) fuel price reports and periodically reviews fuel charges for accuracy.

We wish to thank Streets and Maintenance Management and staff for their assistance and courtesies extended during the completion of this Follow-Up Audit.

Signature on File

Edmundo S. Calderon, CIA, CGAP, CRMA, MBA
Chief Internal Auditor

Signature on File

Sergio Carrillo, CGAP, MBA
Auditor II

Signature on File

Miguel Montiel, CIA, CGAP
Audit Manager

Distribution:

Financial Oversight and Audit Committee
Tomas Gonzalez, City Manager
Ellen Smyth, Chief Transit and Field Operations Officer
Richard Bristol, Director – Streets and Maintenance