EXECUTIVE SUMMARY

FUEL CONTROLS AUDIT #16-08

The FY2016 operating budget for fuel, $20,730,246, represents Capital Metro’s fourth largest expense. Capital Metro retains financial responsibility for purchasing fuel supplies, while contracted service providers have responsibility for ordering, receiving, and dispensing fuel as well as maintaining the Authority’s fuel receiving and dispensing equipment.

MANAGEMENT HAS AGREED TO:

- Review fuel delivery reconciliations prior to authorizing vendor payment and investigate material variances.
- Periodically review and verify users’ access to the e-fueling systems used to dispense diesel and unleaded fuel.
- Program capital funding in FY2016 & 2017 budgets to replace the e-fueling systems located at each of the three Capital Metro owned locations. The 2910 Headquarters replacement is the first priority. (In process prior to audit.)
- Centralize management of the fuel contracts under a single Project Manager who has developed standardized detailed fueling procedures intended for use by all contracted service providers. (In process prior to audit.)

Do existing controls and processes provide reasonable assurance that fuel is properly ordered, received, dispensed, paid for and that fueling equipment is well maintained?

ORDER FUEL

- Existing procedures and practices provide assurance that service providers have enough fuel on-hand to provide transit services.

RECEIVE & PAY FOR FUEL

- The price paid per gallon was accurate and matched the daily OPIS price and contract mark-up rate.
- The Authority consistently paid for the full quantity that the fuel vendors’ invoiced, even when pre- and post-delivery fuel tank volume measurements indicated that a different amount was received. There was no documentation that the material discrepancies between these quantities was investigated or resolved. However, the net financial impact during the audit period was immaterial.

DISPENSE FUEL

- Access to the e-fueling systems is not periodically verified to ensure access is limited to only those with a valid business need. Former employees and contractor staff have retained system access after termination or job changes.
- The “FuelGuard” dispensing system at the 2910 Headquarters is malfunctioning. This caused excessive “overrides” of fueling system controls resulting in unreliable data.

MAINTAIN FUEL EQUIPMENT

- Preventative and corrective work orders for fuel equipment located at Capital Metro owned locations were generally completed and closed out in a timely manner. Ongoing quality monitoring of contractors’ equipment maintenance is performed by Capital Metro’s Building Maintenance Quality Assurance group.

ENVIRONMENTAL & REGULATORY

- All underground storage tanks (USTs) were permitted and all above ground storage tanks (ASTs) were registered in accordance with local, state, and/or federal requirements.
- All facilities with a UST have designated Class A, B, & C operators as required by the Texas Administrative Code to help ensure safe fueling operations.
- USTs are monitored for potential leaks. Monthly leak detection/monitoring reports were completed and submitted to the City of Austin as required.

SIGNIFICANT IMPROVEMENTS NEEDED

SOME IMPROVEMENTS NEEDED

ACCEPTABLE CONDITIONS