

Montana Public Vehicle Fueling Program

Department of Administration
Department of Transportation

JUNE 2010

10P-02

REPORT SUMMARY

To further limit questionable purchases and improper use, the Department of Administration and the Department of Transportation should establish policies and provide training over the use of more than 8,400 fuel cards and the distribution of fuel.

Context

The Department of Administration (DOA) manages the Montana Public Vehicle Fueling Program, which was created to privatize fleet fueling, simplify accounting fuel transaction procedures, achieve

purchases not related to fuel or vehicle maintenance, fuel cards with limits that are too high, nonutilization of pertinent card controls, active cards not being used, and cards being used with personal vehicles while conducting state business. We also found employees are purchasing premium grade fuel, which leads to higher costs for the state.

Fiscal Year 2009	Fuel Cards (Sept. 2009)
\$13,292,725	8,436

Source: Compiled by the Legislative Audit Division from SABHRS and fuel card vendor records.

greater control over fuel expenditures, and automatically exempt applicable federal taxes at the point of sale. Fuel cards are used to purchase fuel and vehicle-related maintenance. The state is currently under contract with two fuel card vendors. One vendor is used primarily for agency-owned vehicles and the second vendor is used by the Department of Transportation (MDT) for fuel cards associated with their Equipment Program and Motor Pool vehicles.

Our first objective was to determine if DOA established formal controls over fuel cards and if controls meet industry best practices. We reviewed fuel card practices at a sample of six agencies and found current procedures could be strengthened to align with industry standards. DOA has not created a statewide fuel card policy, which has resulted in a lack of guidance and less than effective controls used by agencies. In addition, we found questionable

Our second objective was to examine controls over fuel purchasing cards used in the MDT's Motor Pool operations. Audit work found improvements in oversight are needed. MDT has created two separate policies for their Motor Pool's agency-leased vehicles and daily-use vehicles. These policies are not up-to-date, are inconsistent, and are not enforced. We also found MDT is not utilizing some vendor-offered card controls that could improve card use and transparency. Finally, the current fuel card transaction and invoice review process conducted by MDT personnel could be improved. Transaction analysis found purchases that appear to be questionable. Furthermore, agencies that lease Motor Pool vehicles do not have access to transaction data to review what their employees are purchasing with the MDT fuel cards.

Our final objective was to determine if DOA established controls over the physical security of bulk fuel tanks and the monitoring of fuel tank transactions. DOA has not created a statewide bulk fuel tank policy. A review of a sample of bulk tanks within five sampled agencies found physical controls and the monitoring of tank use varied both within and among the agencies.

Results

Audit recommendations address the implementation of a statewide fuel card policy and bulk fuel tank policy by DOA, and the improvement of existing MDT fuel card policies and card controls. The following recommendations were made to DOA:

- ▶ Establish statewide fuel card policy that incorporates industry best practices.
- ▶ Periodically educate state agencies relative to fuel card use and controls.
- ▶ Establish policy that addresses purchases of regular and premium grade fuels.
- ▶ Strengthen controls over bulk fuel tank access and use by establishing policy that addresses access, security, records management, and transaction review.

The following recommendations were made to the Department of Transportation:

- ▶ Adopt, clarify, and enforce the Motor Pool agency-leased and daily-use vehicle policies pertaining to fuel card use.
- ▶ Strengthen fuel purchasing card controls by using unique personal identification numbers, adopting additional vendor-offered card controls, and regularly reviewing and deactivating unused cards.
- ▶ Ensure proper reconciliation of fuel card purchases.
- ▶ Strengthen controls over nonfuel purchases by updating the daily-use vehicle log trip tickets, reviewing fuel card vendor transaction data, and uploading nonfuel purchases on the Equipment Vehicle Maintenance System.

Recommendation Concurrence	
Concur	8
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	