


CITY AUDITS

First of Four Fuel Audits Discovers Vulnerable Consumption Oversights

by BRIAN ADDISON  on JULY 11 2013 10:26 in CITY
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Citywide Fuel Expenditures Fleet Services

Report 1 of 4

July 2013



Table 2
User Departments
April - September 2012 Usage

User Department	Apr - Sept 2012 Usage (in Gallons)	Percentage of Total Usage
Public Works	494,400	
Police	280,000	
Fire	81,900	
Parks, Recreation & Marine	49,900	
Gas & Oil	42,200	
Subtotal Top 5 User Depts	948,400	96%
Other User Depts	34,400	4%
Total User Dept Usage	982,800	100%

City Auditor Laura Doud released the first of four reports that will examine fuel expenditures citywide. The initial report examines Long Beach's Fleet Services, which includes all City departments except the Water and Harbor Departments.

Fleet services account for the largest fuel operation in the City, overseeing Police, Public Works, Fire, Parks, Recreation & Marine, and Gas & Oil, which together account for 96% of the City's fuel consumption. The order of their appearance also indicates their fuel consumption quantity, with police using the most and Gas & Oil using the least. That amounts to some 948,400 gallons consumed between the six-month period of April and September of 2012 alone. In total, 1.8 million gallons of fuel at a cost of \$5 million were purchased in fiscal year (FY) 2012.

One of the most egregious findings is the ease with which City employees access fuel through 10 active City-run sites that disperse unleaded, diesel and liquefied gas (LNG). Mainly controlled through a seemingly archaic key access system that revolves around three types of keys: Vehicle Keys assigned to specific vehicles; Employee Keys assigned to specific employees; and Master Keys that are either assigned to a specific person/unit or to a specific pump/location.

Doud's report points out that despite the key type, there is no restriction at the pump to limit fueling, resulting in any vehicle--City-owned or otherwise--having the ability to be filled. Even further, despite if a key is disabled and unable to access the fuel, employees can simply use a different key or enter a Site Master Key PIN number.

Additionally, employees can access fuel at non-City-operated pumps, in which the City is invoiced monthly for transactions that include CNG vehicle fill-ups as well as fill-ups for boats and other equipment at marinas.

The current software management system in place to handle the City's fuel consumption, EJ Ward, has cost the City \$36,000 over the past three years but has ultimately, according to Doud's report, failed to properly monitor the consumption. This ultimately has resulted in the possibility of fraud and abuse at the hand of employees that can easily override the system.

Part of EJ Ward's failure is the simple lack of manpower. Departments, having to deal with multiple setbacks and cuts in budgets and operations, have been unable to make sure the system is properly configured, which also includes establishing controls and monitoring transaction appropriately.