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City Auditor Releases Third of Four Citywide Fuel Expenditures Audits
Water Department Has Taken Steps to Address Audit Findings

Long Beach, CA – Long Beach City Auditor Laura Doud announced today the release of the third of four audits of the City of Long Beach’s fuel expenditure and usage system. The subject of the third report is the fuel operation overseen by the Water Department.

During fiscal year 2012, the Water Department purchased approximately 132,000 gallons of fuel costing over \$408,000. Diesel and unleaded fuel usage are tracked through the department’s fuel system. While inappropriate fueling did not appear prevalent for the transactions reviewed, the audit identified areas where control weaknesses exist and where the use of additional controls could provide further protection against misuse.

Employees can access fuel by using vehicle fuel keys or a master key located at the main fuel station. The manner in which the vehicle fuel keys and master key are being used essentially allows unlimited fueling to any vehicle, City-owned or not. The Water Department relies on security cameras and guards to monitor access to the yard and fuel pumps, which reduces the risk of inappropriate fueling. However, yard restriction does not necessarily eliminate all risk, as anyone with entry into the yard could freely access fuel by using the master key.

One of the key findings in this audit is the extensive overuse of the master fueling key. According to Water Department management, employees are instructed to use the vehicle assigned fuel keys when fueling that particular vehicle. The one master key which is located at the main fueling station is to be used only for filling small fuel cans. However, the audit found that 46% of the fueling transactions were performed by the master key.

As of the audit’s release date, the department has installed security key boxes that require use of employee electronic identification cards to access vehicle keys thus creating a record of vehicle usage and parameters of control. Additionally, the master key has been removed from the fuel station and is located in the new security box, an interim master key policy has been developed, and monthly reviews of fuel transactions are now being conducted.

City Auditor Doud expressed her appreciation to the management and staff of the Long Beach Water Department for embracing the recommendations, taking immediate action to strengthen controls, and their professional cooperation with the audit.

The full report with a detailed explanation of the City Auditor’s recommendations and management comments can be viewed on the City Auditor’s website, www.CityAuditorLauraDoud.com.

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