



LAURA DOUD

March 28, 2022

Oliver Cruz
Fuel Operations Program Officer
2600 Temple Avenue – Fleet Services Bureau
Long Beach, CA 90806

Dear Mr. Cruz,

The Department of Financial Management (Department) requested the City Auditor's Office to perform an independent Agreed-Upon Procedures (AUP) engagement to determine procedure-specific compliance with the Underground Storage Tank (UST) Management Program as of September 30, 2020. This agreed-upon procedures engagement was conducted in accordance with U.S. Generally Accepted Government Auditing Standards.

The UST Program was established and implemented as a result of the Consent Judgment and Permanent Injunction (Consent Judgment) filed on January 21, 2010 between the California State Water Resources Control Board (State Water Board) and the City of Long Beach (City) with an expiration that was set for January 2015. In response to the Consent Judgment, the City implemented the UST Management Program with the intent to provide structure and outline specific procedures to ensure the City's UST sites are operated in an environmentally responsible manner and in accordance with applicable State and Federal laws. On December 4, 2015, the City and the State Water Board elected to settle all pending disputes and agreed to terminate the Consent Judgment.

The City of Long Beach Tank Management Program formalizes an approach for the technical operations and maintenance of USTs as well as tank equipment and system inspections, repairs, and corrective actions. In addition, it sets recordkeeping and reporting protocols to ensure compliance with state and federal tank regulations. The current version of the Tank Management Program manual is from June 2018.

The Department and the City Auditor's Office agreed prior to the start of the engagement that the procedures enumerated below reflect the critical components of the UST Program; and therefore, compliance test work was only performed on the procedures listed herein. The sufficiency of the procedures and the UST Program are solely the responsibility of management. Consequently, we make no representation regarding the sufficiency of the procedures described below.

Our procedures and results are as follows:



Procedures 1. Compliance Issue Resolution

Fleet Services Bureau Administration – Judgmentally select five locations to review the Site Repair Ticket (SRT) and Corrective Action Report (CAR) electronically captured in the SRT-CAR Tracking Spreadsheet and the Compliance Issue Tracking Report (CITRs) maintained by Fleet Services Bureau Administration. From the SRT-CAR Tracking Spreadsheet and CITR we will randomly select SRTs and CARs to ensure: 1) SRTs and corresponding CARs were completed accurately and entered on the SRT-CAR Tracking Spreadsheet; 2) the Fleet Supervisor or Project Manager prepared and electronically logged a corresponding and accurate CAR after the receipt of the SRT; 3) progress of corrective action was tracked on the CITR and reviewed quarterly at the TMP Oversight Committee meetings for the portion of the year they were held; and 4) the Subject Matter Expert signed and certified the Site as Compliant by signing the CAR and sending it back to the Fuel Operations Program Manager (City of Long Beach Tank Management Program, Section 4.2 and Appendix A, Procedure 6).¹

The City Auditor's Office will also review the number of SRT's in comparison to prior years to identify any trends that need to be evaluated.

Results: CARs were not able to be specifically reviewed due to the absence of the PetroTools System during our review period. Therefore, a portion of procedure 1.1 as well as procedures 1.2 and 1.4 were unable to be completed.

As a result of the procedures that could be completed, we noted the following area of non-compliance:

- One November 2019 SRT was not included on the appropriate CITR reports in 2020, so it would not have been reviewed at the January 2020 TMP Oversight Committee meeting.

Procedure 2. Semi-Weekly Site Inspections

Fleet Services Bureau Administration – Judgmentally select five locations. For each location, we will randomly select two months and review the Semi-Weekly UST inspection log books and corresponding Semi-Weekly UST Site Inspection Checklists to ensure inspections were conducted in a timely manner and wholly documented on a semi-weekly basis in accordance with policy (City of Long Beach Tank Management Program, Section 4.1 and Appendix A, Procedure 5).

Results: Based on the procedures above, we noted the following area of non-compliance:

- Two of the five sites were missing semi-weekly inspection checklists to correspond with all log book entries. Although the semi-weekly site inspections were noted on the log for these locations, without the

¹ Beginning in March 2020, the onset of the COVID-19 pandemic greatly impacted regular business processes and operations across the City. In accordance with City Manager directives, departments conducted business remotely as they were able, employees were required to work from home, and non-essential meetings were cancelled. As a result, some elements of this procedure have been modified to account for process changes that were required of the Department.



corresponding checklist, we could not confirm that the inspections occurred. These two sites would be out of compliance with semi-weekly inspections if the missing checklists meant that the inspections did not occur. This issue occurred for four checklists out of the total 88 checklists we reviewed as part of this procedure.

Procedure 3. Monthly Site Inspections

Fleet Services Bureau Administration – Judgmentally select five locations. For each location, obtain and review Monthly Designated UST Operator Inspection Reports to ensure inspections were completed and documented appropriately on a monthly basis in accordance with policy (City of Long Beach Tank Management Program, Section 4.1 and Appendix A, Procedure 5).

Results: No exceptions noted as a result of our procedures.

Procedure 4. Offsite Documentation

Fleet Services Bureau Administration – Obtain and review UST Compliance Files to ensure original documents are appropriately maintained for the five judgmentally selected UST locations. (City of Long Beach UST Compliance Program, Section 4.3 and Appendix A, Procedure 3).

Results: Total compliance could not be achieved, because two of the items listed in the program no longer exist and need to be removed as requirements.

Procedure 5. Onsite Documentation

UST Sites – Judgmentally select a sample of five locations and perform field visits to review UST Compliance Binders and ensure copies of key documents are complete and appropriately maintained on site (City of Long Beach Tank Management Program, Section 4.3 and Appendix A, Procedure 3). Additional documents to review onsite: 1) Test and Maintenance Documentation and 2) Facility Employee Training Log. These additional documents should be maintained onsite for monthly Designated Operator Site Inspections [Appendix A, Procedure 5 (e-f)].

Results: Total compliance could not be achieved, because one of the items listed in the program no longer exists and needs to be removed as a requirement.

Procedure 6. Training

Fleet Service Bureau Administration – Obtain a list of all employees as of September 30, 2020, sorted by respective training groups as defined in Section 6 of the City of Long Beach Tank Management Program. Review documentation to ensure



employees attended the appropriate training annually (City of Long Beach Tank Management Program, Section 6 and Appendix A, Requirement 1).²

Results: Program procedures were modified for pandemic protocols, therefore total compliance could not be achieved.

We reviewed the modified procedures and found no exceptions as a result of our procedures.

This was an Agreed-Upon Procedures engagement. We did not conduct an audit, the objective of which would be the expression of an opinion on the City of Long Beach's compliance with the entire UST Compliance Program. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the City of Long Beach and is not intended to be and should not be used by anyone other than this specified party.

We thank the Department staff for their cooperation during this engagement.

Sincerely,



Hannah Gardener
Deputy City Auditor
City Auditor's Office

cc: Laura Doud, City Auditor
Kevin Riper, Director of Financial Management
Dan Berlenbach, Fleet Services Manager

² Beginning in March 2020, the onset of the COVID-19 pandemic greatly impacted regular business processes and operations across the City. In accordance with City Manager directives, departments conducted business remotely as they were able, employees were required to work from home, and non-essential meetings were cancelled. As a result, some elements of this procedure have been modified to account for process changes that were required of the Department.



Date: April 11, 2022

To: Hannah Gardener, Deputy City Auditor

From: Oliver Cruz, Fuel Operations Program Officer



Subject: **Response to Underground Storage Tank (UST) Agreed Upon Procedures Engagement**

Thank you for conducting this engagement at our request. It is greatly appreciated and has been very helpful.

The Department of Financial Management and the Fleet Services Bureau have reviewed the audit management letter and opinion. We concur with the findings. With regard to the November 2019 site repair ticket (SRT), we have made the correction to our Compliance Issue Tracking Report (CITR), and we have since implemented a new database within our Fleet management system to ensure these SRTs are properly reported. Additionally, Fleet will review the Tank Management Program document to ensure it is up-to-date with current requirements and best management practices.

Management welcomes the City Auditor's recommendations, appreciates the opportunity to review and will address the recommendations through additional staff training and guidance.

CC: LAURA DOUD, CITY AUDITOR
KEVIN RIPER, DIRECTOR OF FINANCIAL MANAGEMENT
DAN BERLENBACH, FLEET SERVICES BUREAU MANAGER