

# FUEL MANAGEMENT FOR NON-REVENUE VEHICLES

*PROGRAM EVALUATION AND AUDIT*



**METROPOLITAN**  
C O U N C I L

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## Fuel usage controls need improvement.

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### What We Found

#### *What's Working Well*

Environmental Services (ES) and Metro Transit have controls in place that prevent fuel theft and misuse. Each Environmental Services wastewater treatment plant that we toured has a set of security controls that prevent unauthorized access to the plant.

#### *What Needs Improvement*

A documented process is not in place at Metro Transit to ensure that former employees' credentials cannot be used to make purchases with Wright Express Corporation (WEX) cards after they leave the Metropolitan Council. Additionally, not all ES plants are maintaining their manual fuel logs.



### What We Recommend

Metro Transit should develop and document a process to ensure WEX Inc. is notified of employee departures and both Metro Transit and ES should verify that WEX has a current list of employee IDs

ES should enforce their work instructions regarding manual fuel logs.

### Why We Did This Work

We conducted this audit to ensure that onsite fuel delivery and dispensing, as well as fuel purchased with WEX cards at gas stations, is controlled per Council policies, procedures, and control documents.

### What We Reviewed

We reviewed fuel transactions made offsite with WEX cards, manual logs of onsite transactions, vehicle inventory, and fuel delivery records and reconciliations from ES and Metro Transit, as applicable, from January 1, 2022, to September 30, 2023.

### How We Did This Work

We reviewed policies, procedures, work instructions, and control documents from ES and Metro Transit. We interviewed Metro Transit and ES employees and toured three ES wastewater treatment plants to evaluate onsite fuel processes and security measures.

## Summary of Findings

Number	Description	Recommendation	Follow-Up Action	Page
<b>Observation 1</b>	Former Council Employee Credentials Used to Purchase Fuel with WEX Cards.	Metro Transit should work with HR to develop and document a process to ensure that WEX is periodically notified when employees leave the Council and both Metro Transit and ES should verify WEX has a current list of employee IDs.	Confirmation	8
<b>Observation 2</b>	Fuel Use Is Not Being Accurately Monitored.	The ES Facilities and Fleet Manager should implement training and enforce the Receiving Procedure (ESWI-7).	Confirmation	9

# Introduction

## Background

Fuel use is managed and monitored in a variety of ways across the Council. Metro Transit and Environmental Services use unleaded, E85, and diesel fuel for non-revenue vehicles and other assets such as generators and lawn equipment. Metro Transit has a fleet of 391 non-revenue vehicles and 310 off-road assets, while ES has a fleet of 172 non-revenue vehicles and 73 off-road assets (snow blowers, lawn mowers, etc.). ES has diesel and unleaded fuel pumps onsite, while Metro Transit only has diesel fuel pumps onsite. ES has 14 fuel tanks across seven locations while Metro Transit has 20 tanks across seven locations. Metro Transit and ES rely on WEX cards, which are only allowed to purchase fuel at gas stations. While Metro Transit uses diesel for some of its non-revenue vehicles, it does not fuel them onsite. Instead, all Metro Transit non-revenue diesel vehicles are fueled offsite at gas stations using WEX cards.

**Fuel Sources for Non-Revenue Vehicles:  
January 1, 2022-September 30, 2023**

	Environmental Services		Metro Transit	
Fuel Source	Gallons	Cost	Gallons	Cost
WEX Cards	36,134	\$148,837	485,383	\$1,864,112
Bulk Fuel	280,556	\$977,023	N/A	N/A

ES uses the Veeder-Root<sup>1</sup> system to monitor fuel levels in each tank across all plants. The Veeder-Root system can retain information on the 10 most recent fuel deliveries and generate printed reports of fuel levels.

## Objectives

This audit had two objectives:

- Ensure onsite access, fuel deliveries, and fuel dispensing are controlled and monitored according to Council policies, procedures, and control documents at ES facilities.
- Verify fuel dispensed at gas stations is controlled and monitored according to Council policies, procedures, and control documents.

This audit considered the Council's Thrive MSP 2040 Outcomes and Principles of Stewardship and Accountability by ensuring that the Council is responsibly using public dollars to purchase and use fuel, and taking adequate measures to prevent theft, misuse, and waste of fuel resources.

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<sup>1</sup> Veeder-Root is an automatic tank gauge system that can be programmed to monitor various aspects of fuel such as current levels, amount delivered, amount dispensed.

## Scope

Audit reviewed fuel transactions, inventory, and any reconciliations from ES and Metro Transit between January 1, 2022, and September 30, 2023. Audit staff also reviewed Council policies, procedures, documentation, and data associated with fuel management. This included, but was not limited to, authorization and deactivation of WEX cards, WEX card transactions, manual logs, and how to pump fuel both at gas stations and onsite.

This audit did not review any information related to electric vehicles or fueling of revenue vehicles, such as buses. Additionally, this audit did not review how fuel is procured.

## Methodology

This audit reviewed Council policies and procedures, and industry best practices. Audit examined fuel delivery, tracking, reconciliations, and WEX card transaction data in PeopleSoft, WAM, TxBase, and manual fuel logs (ES only). Audit also interviewed key staff members at ES and Metro Transit, including but not limited to, Fleet Management, Operations, and Security, and conducted onsite visits at three wastewater treatment plants operated by ES.

## Limitations

There were two tests that Audit could not complete due to lack of data retained. The first test that Audit could not complete was fuel usage for offroad assets (snowblowers, lawnmowers, etc.). Audit could not complete this test because fuel usage is not tracked by asset number for these assets at either Metro Transit or ES. The second test that Audit did not complete was WEX card replacement. Neither Metro Transit nor ES had reported any lost or stolen WEX cards during the scope of this audit. Additionally, WEX Inc. initiates routine card replacements every two to three years. These limitations are discussed in greater detail in the *Non-Finding Observations* section of the report.

## Recognition

We want to thank ES and Metro Transit managers and staff for their cooperation and collaboration during this audit.

# Non-Finding Observations

## **Fuel usage of offroad assets is tracked.**

Audit tried to analyze fuel records for offroad assets (lawnmowers, leaf blowers, snow blowers, generators, etc.) by searching for asset numbers assigned to offroad assets and searching transaction records. Audit could not find fueling records for all offroad asset numbers. The Manager of Facilities and Fleet Management at Environmental Services and the Assistant Director of Bus Maintenance from Metro Transit confirmed that fueling offroad assets are not always tracked by asset numbers the way that vehicles are. Instead, Metro Transit employees use WEX cards assigned to individuals and vehicles to fuel offroad assets and may fuel multiple offroad assets at one time but may only note one of the asset numbers. ES only assigns WEX cards to vehicles, and fuels offroad assets with bulk fuel located onsite. ES work instructions state that employees must note the asset number on the manual fuel log, but in some instances only the name of the offroad asset was provided. In a follow-up discussion with ES and Metro Transit they both stated there was no benefit or need to monitor fuel use per offroad asset number at this time.

## **Routine WEX Card Replacements Are Initiated by WEX Inc.**

Audit attempted to analyze how quickly ES and Metro Transit replaced WEX cards that were reported lost or stolen, and if all WEX cards were replaced on a regular schedule by the Council. However, we learned from interviews with the Manager of Facilities and Fleet Management at Environmental Services that the Council rarely initiates replacement of WEX cards due to being lost or stolen. None were reported lost or stolen during the scope of this audit. According to the Director of Bus Maintenance Administration at Metro Transit and the Manager of Facilities and Fleet Management at ES, the cards are replaced every two to three years.

## **ES Fuel Deliveries are Monitored.**

Fuel delivered to the ES plants are verified by a couple of methods upon delivery. When the fuel delivery driver first arrives at a plant they manually “stick the tank”, which involves measuring the fuel level before fuel is dispensed with a measuring stick. The reading is compared against a chart that informs the driver how many gallons are currently in the tank. After the fuel is pumped into the tank it is “sticked” again to get how many gallons are in the tank. The difference between the two measurements is how much fuel was delivered. The second method involves a State certified flow meter at the back of the fuel delivery truck. The flow meter also measures how much fuel was delivered. Both the information from the flow meter and the manual measurements are noted on the bill of lading that is provided to ES which is reviewed. It was not deemed necessary or feasible to have an ES employee verify the fuel deliveries, as they happen, as ES does not have the resources to do so, and the volume of fuel being delivered in a year was not considered high.

## **Various Security Practices Employed at ES Facilities**

Audit observed various security measures and practices at the three ES facilities we visited. These measures included fencing, gates, a phone number to call to be let in and out of a facility, guard shacks, badge readers, cameras, signing in and out, and audit staff being escorted. These security measures and practices were appropriate for the ES facilities visited, to deter or monitor the theft of fuel.

# Observations

## Former Council Employee Credentials Used to Purchase Fuel with WEX Cards

We reviewed all WEX card transactions by Metro Transit and ES employees within the scope of the review. During this period, 13 Metro Transit employee ID's belonging to former employees were used to complete 18 transactions, which totaled \$849.71 of fuel. One ES employee ID number belonging to a former employee was used to complete one transaction, which totaled to \$76.07 of fuel. In a follow-up conversation with the Facilities and Fleet Manager at ES, they stated that they already have a process in place to inform WEX of employees that left the Council, and this one employee ID was before the process was implemented. All WEX cards are either assigned to a vehicle or to an individual. Most ID numbers belonging to former employees were only used one time, and most former employees left the Council more than a year ago. Also, as stated previously, no WEX cards were reported lost or stolen. Therefore, purchases made using former employees' credentials were made in error and did not result in financial loss to the Council.

The National Institute of Standards and Technology (NIST) Special Publication 800-53, Section AC-2 Account Management: Security and Privacy Controls for Information Systems and Organizations states that organizations should disable employee accounts if they:

1. Have expired,
2. Are no longer associated with a user or individual,
3. Are in violation of organizational policy, or
4. Have been inactive for organization-defined time period.

WEX cards are not included in HR 7-1: *Separation of Employment Procedure*, which requires supervisors to complete the Leaving Service Form and Network Access form within two days of notice of resignation or dismissal. Council staff do not notify WEX Inc. of employee separations from the Council. Notification would allow WEX Inc. to deactivate the credentials of terminated employees within their system so the employee ID of the former employee would not work at the pump.

The risk to the Council if former employee credentials are not deactivated within the WEX system, it may be possible for unauthorized users to pump fuel, resulting in financial loss to the Council.

### Recommendation:

1. Metro Transit and ES should remove old employees' IDs and work with HR to regularly obtain a list of former employees so Metro Transit and ES can notify WEX Inc. to deactivate the former employees' credentials and retrieve the WEX card.

### Metro Transit

**Management Response:** Metro Transit Bus Maintenance Management agrees to the finding, specific to Metro Transit non-revenue vehicles, equipment and the fuel cards used to support the fleet. In response to the findings, Bus Maintenance pursued the following:

- Performed a 1-time clean-up audit of all fuel cards and compared them to active employee's names and employee numbers. Any card for an employee no longer in the identified cost center in WEX and/or no longer with the Met Council, was terminated on the WEX website.



- Submitted a request to HR to add verbiage containing the following to the “Manager’s Checklist for Employee Separation”: checklist/form:
  - Collect Fuel Card
  - Notify Bus Maintenance Administration via email: Transit-BusMaint-Admin
  - Send card to OHB attn. Bus Maintenance Administration

**Timetable:** As of June 5, 2024, both previously listed action items are complete.

**Staff Responsible:** WEX cancellations were performed by Kim Hedin – Bus Maintenance Administrative Assistant and Anthony Zessman – Bus Maintenance Assistant Director – Administration. The HR changes were requested of Brenda McCoy – HR Assistant with the involvement of Martin Aguero - HR BA, Paula Crane – HR Office Coordinator and Nathan Smith – HR Manager.

### **Environmental Services**

**Management Response ES:** The one employee was removed from the WEX list and ES currently has a process in place to inactivate former employees. Council HR sends staff notification change of termination. Fleet Management verifies WEX status and terminates card access if it exists.

**Timetable:** Process in place.

**Staff Responsible:** Fleet Management currently Facilities and Fleet Manager

**Audit Follow-up:** Confirmation

### **Fuel Use Is Not Being Accurately Monitored**

All three ES plants that were visited had a manual log where dispensed fuel was recorded. However, the mileage/odometer readings were only being recorded at the Metro plant. In discussion with the ES Facilities and Fleet Manager, they stated that recording the mileage on the log was not necessary, as they pull this information from the Automatic Vehicle Locators (AVLs). Additionally, the manual log at the Blue Lake facility had gotten wet, which caused the ink to run, making some of the information illegible.

When comparing a sample of the amount of fuel dispensed noted on the manual log to the Veeder-Root system, the system used to monitor how much fuel is in a tank, there were discrepancies at the Metro plant. There was a 60-gallon discrepancy for unleaded fuel, a 48.7-gallon discrepancy for E85, and a 74.5-gallon discrepancy for diesel with a 77-gallon correction. The ES Facilities and Fleet Manager does review this information and perform reconciliations for the Metro plant. They indicated that discrepancies like these do happen and are the result of human error (employee notes the wrong fuel dispensed, transposing numbers, forgetting a digit, etc.), or the temperature can impact how the gauge reads the tank, and are not the result of theft. This testing could not be done for the other two plants sampled, St. Croix Valley and Blue Lake, as fuel usage information from the manual fuel logs could not be provided for the scope of the audit.

Per Environmental Service’s *Fuel Data Procedures* work instruction, the manual fuel log is to be completed for each on-site transaction. Each ES facility with a fuel log must also protect the log from the weather and submit the log to Fleet Management on the first of each month.

Issues with the fuel logs primarily stem from the lack of enforcement of the defined *Fuel Data Procedures* work instruction. This lack of enforcement is the reason testing could not be performed at the St Croix Valley or Blue Lake facilities, as staff at these facilities were not retaining the fuel logs, nor were they submitting them on the first of the month to the ES Facilities and Fleet Manager. In discussion with staff at the Blue Lake facility, they were unclear on what to do with the manual fuel logs or what their purpose was and staff at the St. Croix Valley facility were giving the fuel log to someone in administration who was then sending it to the Facilities and Fleet Manager. However, the Facilities and Fleet Manager had stated they hadn't received anything. It is also not documented when to investigate discrepancies between the manual logs and the Veeder-Root system. Lastly, the ES Facilities and Fleet Manager indicated that an employee may have recorded the wrong fuel being dispensed.

For the water damaged fuel log at the Blue Lake facility, it was in a plastic enclosed case, but it was kept outside exposed to the weather, whereas the logs at the other two facilities tested were kept inside a building or in a plastic container that provided better protection from the weather.

Not being able to monitor fuel use at each ES facility carries the risk that ES cannot monitor for fraud or misuse of fuel by comparing the Veeder-Root system's data to the manual fuel logs. This potential fraud or misuse of fuel ultimately would result in a financial loss for the Council.

**Recommendation:**

1. The ES Facilities and Fleet Manager should determine if the manual fuel logs are still needed or if there is a better control to monitor fuel that is dispensed at the ES plants. If the manual fuel logs are still needed, then the ES Facilities and Fleet Manager should, once again, communicate the requirements of the manual fuel logs to each of the facilities and then enforce these requirements. Training should then be provided, as needed, to relevant staff at each ES facility with fuel tanks. A threshold of when to investigate discrepancies between reported fuel use and what the Veeder-Root system records should be established.

For the Blue Lake facility, sending the manual logs to the ES Facilities and Fleet Manager on a monthly basis, as stated in the *Fuel Data Procedures* work instruction, would help reduce the risk of damage to the logs as they would not be outside for as long as they currently are now. A better method to protect the manual fuel log should also be considered.

**Management Response:** ES FFM confirms manual fuel logs are necessary. Fuel Log procedure has been redistributed by Fleet Management. Plant Operations staff BUCS to assign monthly fuel log duties. RMF ISBU BUM to assign monthly fuel log duties.

**Timetable:** Beginning the next end of month (July 30).

**Staff Responsible:** Fleet Management Currently Facilities and Fleet Manager; Operations Plant Management Blue Lake, Eagles Point, St Croix, Hastings; RMF BUM.

**Audit Follow-Up:** Confirmation

## Conclusions

Environmental Services and Metro Transit have controls that prevent unauthorized onsite access and make theft of fuel resources unlikely. While theft of fuel at the Council is unlikely, both divisions should continue to ensure that fuel resources pumped on- and off-site are dispensed and monitored according to Council policies, procedures, and work instructions.



June 18, 2024  
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Program Evaluation & Audit

## Appendix A

Program Evaluation and Audit recommendations are categorized according to how Audit will follow-up on them. The categories are:

- **Retest** — Audit will retest the area using the same or similar procedures after a recommendation has been implemented and sufficient time has passed for the changes to take effect. The retest will take place on a specified timetable. The recommendation will be closed once the change has occurred. A new audit project will be opened for retesting and any new findings will include new recommendations.
- **Confirmation** — Audit will confirm that an adequate risk response has been completed on the agreed upon timeline. The recommendation will be closed once the change has taken place.
- **Assess Risk** — Audit will not plan for specific follow up to these recommendations. Audit will discuss the area as part of its annual risk assessment activities and consider future audit work in the area.

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