CITY OF SAN ANTONIO

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May 4, 2022

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SUBJECT: Audit Report of San Antonio Fire Department Fleet Maintenance

Mayor and Council Members:

We are pleased to send you the final report of the San Antonio Fire Department Fleet Maintenance. This audit began in January 2021 and concluded with an exit meeting with department management in March 2022. Management's verbatim response is included in Appendix B of the report. The Fire Department management and staff should be commended for their cooperation and assistance during this audit.

The Office of the City Auditor is available to discuss this report with you individually at your convenience.

Respectfully Submitted,

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
City of San Antonio

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CITY OF SAN ANTONIO

OFFICE OF THE CITY AUDITOR

Audit of San Antonio Fire Department

Fleet Maintenance

Project No. AU21-017

May 4, 2022

Kevin W. Barthold, CPA, CIA, CISA
City Auditor

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of the San Antonio Fire Department (SAFD), specifically the Fleet Maintenance (Fleet) Division. The audit objective, conclusions, and recommendations follow:

Determine if SAFD fleet maintenance is operating and managed effectively and efficiently and that performance measures are supported and accurate.

Fleet maintenance was operating effectively and efficiently. In addition, performance measures were supported and accurate. However, there are opportunities to strengthen the controls over the fuel card program and P-card processes.

We determined that SAFD Fleet does not have adequate controls over the fuel card program to verify only business purpose transactions occur. Additionally, P-card purchases lacked proper support documentation and included sales tax paid on purchases.

We recommend that the Fire Chief:

- Implement controls over the fuel card program that include a detailed monthly review of fuel card transactions. The monthly review should include looking for anomalous transactions that do not meet the normal business criteria including non-local transactions, excessive transactions per vehicle per day, mismatch of fuel type and vehicle, multiple transactions by the same cardholder in a 24-hour period, etc.
- Implement additional controls so P-card transactions that do not meet the proper guidelines are not approved and paid.

San Antonio Fire Department management agreed with the audit findings and has developed positive action plans to address them. Management's verbatim response is in Appendix B on page 7.

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Background

The San Antonio Fire Department's (SAFD) fleet of vehicles is managed by Fleet Maintenance (Fleet). Fleet is one of four sections that constitute the Logistics/Services Division of SAFD's Administration. Fleet is responsible for maintenance and repairs of SAFD fire and Emergency Medical Service (EMS) vehicles and emergency equipment.

SAFD's Fleet consists of a manager, three supervisors, 22 technicians, and four parts room staff. Fleet performs preventive maintenance and repair activities in-house. They repair vehicle systems such as engines, transmissions, suspensions, and brakes. Technicians also maintain and repair fire pumps, hydraulic systems for aerial ladders, emergency lights, sirens, and special equipment like hydraulic cutters. Fleet is responsible for managing and maintaining 219 emergency vehicles (see table below). In-service emergency vehicles are available 24 hours a day, seven days a week, 52 weeks per year. When in-service vehicles are down for repair, a spare vehicle may be utilized to ensure all fire stations are fully equipped and available to respond to emergency calls.

Emergency Vehicles	In-Service	Spare Vehicles	Total
Pumper/Engine	54	19	73
Ladder/Platform	21	8	29
Mobile Air Command Truck	4	0	4
HAZMAT Response Vehicle	2	0	2
Spill Truck	2	0	2
Heavy Rescue	2	2	4
Ambulance	42	19	61
Medic Officer Truck	6	1	7
Squads (Pickup Truck)	22	0	22
Brush Truck	13	0	13
Ambulance & Command Busses	2	0	2
Total	170	49	219

In addition to maintaining SAFD's vehicles, Fleet is responsible for administering and monitoring the fuel card program. The fuel costs for SAFD for fiscal year 2019 and 2020 were approximately $1.5M and $1.2M respectively. In January 2021, Fleet changed payment vendors for the fuel cards from Valero to Wright Express Corporation (WEX) which handles payments to most retail fuel locations including Valero.

Fleet utilizes the FASTER system, which is a commercial fleet database software application used to track equipment, parts inventory, labor, and maintenance work based on a work order process flow. Technicians are responsible for recording their daily activities in the system including parts used, labor charged, and services performed.

Audit Scope and Methodology

The audit scope was October 2019 through August 2021. It included work orders created by SAFD Fleet Maintenance (Fleet), parts room inventory, fuel card transactions, and P-card purchases.

To establish test criteria, we examined SAFD's standard operating procedures specific to Fleet operations. Additionally, we reviewed the City's P-card User Guide.

We interviewed Fleet and SAFD fiscal personnel to gain an understanding of Fleet operations, including preventive maintenance, performance measures, fuel transactions, and P-card purchases.

As part of our testing procedures, we reviewed work orders in FASTER to determine if preventive maintenance of Fleet vehicles was done timely. In addition, we reviewed work orders to verify the work performed was legitimate and performed on Fleet vehicles. We reviewed fuel transactions incurred by Fleet to determine if they were accurate and reasonable.

We reviewed FASTER preventive maintenance records to determine if Fleet was meeting their performance measure goals. We tested the vehicle parts inventory to determine if it was accurate and properly safeguarded. Additionally, we reviewed certification records to determine if Fleet technicians are certified. Finally, we tested the FASTER system to determine if user access was appropriate.

We relied on computer-processed data in FASTER to validate Fleet preventive maintenance work and inventory part counts. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. Our direct testing included verifying preventive maintenance was performed timely, verifying inventory records, and verifying performance measures were met. We do not believe that the absence of testing general and application controls influenced the results of our audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Results and Recommendations

A. Fuel Transactions

SAFD Fleet does not have sufficient controls in place over the fuel card program. We identified certain transactions that did not meet business purpose standards for fuel purchases.

The City has contracted with Valero to provide SAFD with fuel cards used at any Valero service station throughout the city. The purpose of the Valero fuel card program is to reduce time spent refueling vehicles between calls by providing easier access to fueling stations throughout the city. However, beginning in January 2021, SAFD contracted WEX Inc. to facilitate the SAFD fuel purchases.

We reviewed Valero fuel purchases for both EMS and FIRE from October 2019 through December 2021 that resulted in total purchases of $1,521,488. In addition, we reviewed WEX fuel purchases for both EMS and FIRE from January 2021 through March 2021 that resulted in total purchases of $235,376.

During the review, we identified the following anomalies related to fuel transactions:

- We identified purchases made in other cities for both Fire and EMS. We identified specific transactions made in Houston that Fleet management determined to be fraudulent. Fleet determined that the EMS fuel card holder was not in Houston during the time the purchases occurred and informed WEX of the fraudulent charges.
- We identified numerous purchases of Premium and Super unleaded fuel when vehicles should only fill-up using Regular unleaded.
- Fuel cards for Fire has a limit of $200 dollar per transaction and $400 limit per day. EMS has a $75 dollar limit per purchase and $150 limit per day. However, our data analysis showed fuel purchases for EMS vehicles exceeding the fuel card purchase limits 314 times (out of 22,979 transactions) and for Fire vehicles 15 times (out of 29,585 transactions).

The anomalies occurred because SAFD Fleet does not perform a detailed monthly review of fuel purchases. Lacking a process to monitor and investigate fuel purchases and anomalies can result in an environment conducive to fraud and abuse.

In addition, WEX tracks fuel purchases by the user’s pin number which must be entered at the pump. The user's pin number is his/her badge ID number and is setup by the Fleet Manger. This could lead to potential fraud issues if users know each other’s badge ID number.

Recommendations

The SAFD Chief should implement controls over the fuel card program that include a detailed monthly review of fuel card transactions. The monthly review should include looking for anomalous transactions that do not meet the normal business criteria including non-local transactions, excessive transactions per vehicle per day, mismatch of fuel type and vehicle, multiple transactions by the same cardholder in a 24-hour period, etc.

B. P-Card Purchases

P-card purchases lacked proper support documentation and included sales tax paid on purchases.

We reviewed purchasing card transactions from September 2020 through September 2021. We identified nine out of 12 months of documentation packets did not have adequate support for all the transactions. Most of the inadequate documentation related to RAM Products Ltd. transactions for “nuts and bolts.” The support consisted of emails that showed the dollar amount of the transactions, however there was no documentation showing an itemized list of items that were purchased. In addition, two out of the 12 months reviewed contained purchases that included sales taxes that were paid.

According to the P-Card User Guide, a cardholder is required to collect and submit itemized receipts for each transaction. In addition, “the cardholder must ensure all transactions are exempted from Texas sales and use tax.”

Although SAFD Fleet and SAFD fiscal had controls in place to review and approve P-card transactions, they did not identify the transactions that were not adequately supported or that included sales tax.

Lacking proper P-card controls can result in an environment conducive to fraud, waste, and abuse.

Recommendation

The SAFD Chief should implement additional controls so P-card transactions that do not meet the proper guidelines are not approved and paid.

Appendix A – Staff Acknowledgement

Mark Bigler, CPA-Utah, CISA, CFE, Audit Manager
Daniel Zuniga, CPA, CIA, Auditor in Charge
Javier Castillo, IT Auditor

Appendix B – Management Responses

CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

April 28, 2022

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
San Antonio, Texas

RE: Management's Corrective Action Plan for Audit of San Antonio Fire Department Fleet Maintenance

The San Antonio Fire Department has reviewed the audit report and has developed the Corrective Action Plan below corresponding to the report recommendation.

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
1	**Fuel Transactions** The SAFD Chief should implement controls over the fuel card program that include a detailed monthly review of fuel card transactions. The monthly review should include looking for anomalous transactions that do not meet the normal business criteria including non-local transactions, excessive transactions per vehicle per day, mismatch of fuel type and vehicle, multiple transactions by the same cardholder in a 24-hour period, etc.	5	Accept	Chief Noel Morones	3/9/2022
Action plan: Our Management Analyst will be responsible for reviewing monthly transactions looking for any of the anomalies listed above. If any are found he will report them to the Fleet Operations Manager who will address the issues. When the new contract takes effect the fuel cards will be limited to use only within Bexar County, eliminating the possibility of out of town transactions.					
2	**P-Card Purchases** The SAFD Chief should implement additional controls so P-card transactions that do not meet the	5	Accept	Chief Noel Morones	3/9/2022

Appendix B – Management Responses Continued

	proper guidelines are not approved and paid.				
	Action plan: The department has met with the P-Card holder responsible for the infractions to make him aware of the importance of itemized lists and reviewing transactions for accuracy prior to submission. The P-Card holder will also be required to complete a training class. Additionally, the Fiscal Compliance Supervisor assigned to the Fire Chief's Office will conduct a random sample monthly review of P-Card transactions to ensure strict program compliance.				

We are committed to addressing the recommendation in the audit report and the plan of action presented above.

Sincerely,

Charles N. Hood
Fire Chief
San Antonio Fire Department

4/28/2022
Date

María Villagómez
Deputy City Manager
City Manager's Office

4/28/2022
Date

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