



Wicomico County, Maryland
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Internal Auditor's Report

The County Council and County Executive of Wicomico County, Maryland:

Pursuant to Section 305(D) of the Wicomico County Code and Resolution 91-2020, the Office of the Internal Auditor (IA) has conducted an audit of the Wicomico County Fuel System. A report is submitted herewith. The purpose of the audit was to determine the adequacy of procedures and controls along with the level of compliance with those procedures and controls for the process of accounting for fuel usage in Wicomico County through the established fuel system.

IA conducted the audit with due professional care, and IA planned and performed the audit to obtain reasonable assurance about whether the current fuel inventory system practices are in compliance with applicable policies and procedures and whether those policies and procedures are adequate to obtain an acceptable level of control.

IA extends appreciation to Management and Staff for their timely assistance, cooperation, and candid assessment of the Fuel System.

Respectfully submitted,

Levin J. Hitchens

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Internal Auditor

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Audit Report

Background

Wicomico County Fuel System

Wicomico County utilizes a fuel system with two separate modes of delivery. The pumps at the Roads Division are one mode and are mostly for off-road diesel vehicles and equipment that allows the county to avoid the 'roads tax' charged at public fueling stations to on-road vehicles. The other mode is the WEX program that assigns a fuel card to each vehicle and allows for fueling at public fuel stations. When an employee fuels a vehicle at a fueling station, WEX requires a driver PIN to identify the employee as well as entry of the current odometer of the vehicle at the pump. Each department is responsible for reviewing and validating fuel purchases through the WEX program after receipt of the monthly invoice. The WEX program was the focus of this audit.

Audit Objective

The objectives of the audit were to:

1. Review and evaluate internal controls currently implemented for the County's fuel system
2. Gain an understanding of any new procedures, software, or third-party fuel systems (if any) that the County has started using since most recent follow-up
3. Analyze fuel transactions for reasonableness
4. Make recommendations (if appropriate)

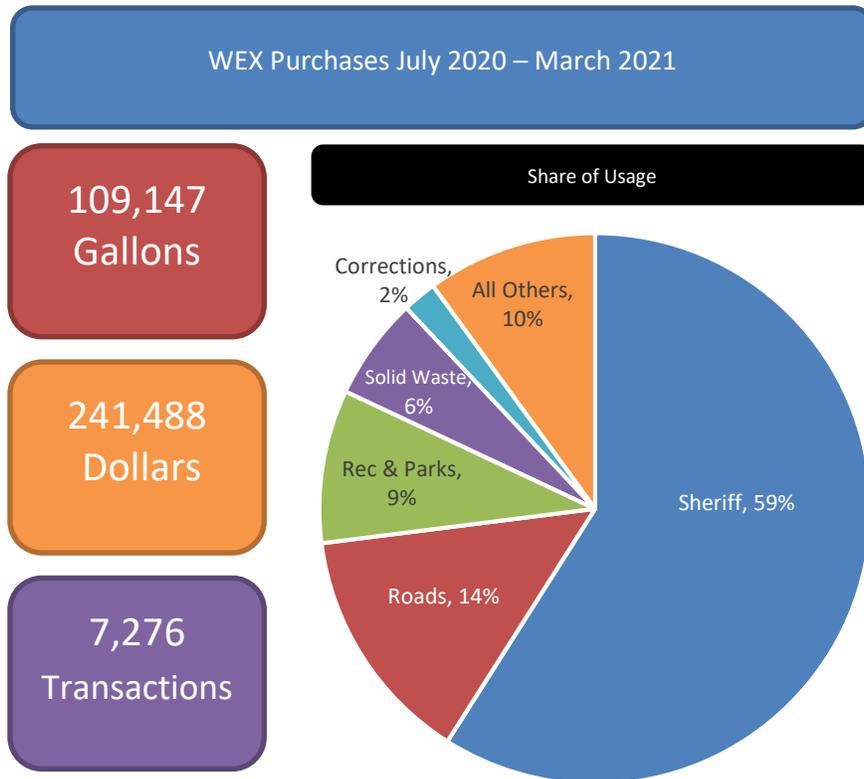
Scope of the Audit

The audit period examined on a test basis was FY 2021. The Scope was open ended. Observations, interviews, and Inquiries with appropriate personnel were conducted. IA performed inspections of selected documentation or systems including:

- WEX data
- Roads Division documentation and spreadsheets

General Statistics and Highlights

During the period July 1, 2020 to March 31, 2021 the County purchased approximately \$241,000 in fuel through the WEX program. Five departments accounted for ninety percent (\$217,000) of fuel purchases: Sheriff's Department, Roads Division, Recreation & Parks, Solid Waste, and Corrections. Over the nine month period, there were nearly 7,300 transactions.



Conclusion

Based on testing, data gathered, and interviews performed during the Fuel System Audit, IA is of the opinion that the internal controls for the system is currently at an adequate¹ level. WEX does not provide wide reaching automated controls to prevent misuse of the program. The County should explore a method to review usage on a monthly basis to deter and detect misuse of the program.

Schedule of Findings and Recommendations/Management Response

1. Odometer Entry at Point-of-Sale

WEX requires the user to enter the vehicle’s odometer at the time of sale. Initial understanding of the program was that incorrect odometer entries would result in some notification to the overseer of the program. Analysis of the program found the software does not provide real-time alerts but does flag transactions for incorrect odometer entries on monthly invoices. IA recommends departments manually monitor their monthly invoices for incorrect odometers entries.

¹ According to the IPPF Practice Guide issued March 2009: “Adequate system of internal control means that findings are subject to reservations. A number of findings, some of which are significant, have been raised. Where action is in progress to address these findings and other issues known to management, these actions may be at too early a stage to allow a satisfactory audit opinion to be given.”

2. Improper Fuel Grade Purchases

During the test period, 1,585 gallons of fuel (about 1.45% of all fuel) did not match the vehicle manufacturer's recommended fuel grade. This resulted in unneeded fuel costs of about \$1,020 over the period. The manufacturer's recommendation for the majority of vehicles is regular fuel (87) and diesel, with an exception for motorcycles at the Sheriff's Department that require fuel with an octane rating of 91 or higher. IA recommends using the manufacturer's recommended fuel grade in each vehicle.

3. Vehicle Fuel Tank Capacity

Fuel tank capacity information entered into the WEX system allows for a compliance measure; however, the majority of vehicles did not have the tank capacity field completed. With correct entry of this data, reports are available in the program that can test for transactions exceeding the tank's capacity. IA recommends updating the program with tank capacity information for all vehicles to provide data for more streamlined review process.

4. Monthly Review Process

Based on meetings with various departments, the monthly review process varies. Based on the findings above, IA recommends the County create a uniform monthly review process for each department to follow that will allow continuous and thorough monitoring for compliance with the program.

Auditor's Closing Remark

The Wicomico County Office of the Internal Auditor would like to thank management and staff for their timely cooperation and assistance during the audit.

Management Comment

Management will work with the end user department proxies in an attempt to establish a uniform process for receipt reviews.