



# Department of General Services

Biennial Performance Audit for  
Fiscal Years Ended June 30,  
2022 and 2021

City Auditor, Josh Pasch

November 21, 2023



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Office of the Comptroller  
**Josh Pasch, City Auditor**  
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Honorable Bill Henry, Comptroller  
and Other Members  
of the Board of Estimates  
City of Baltimore

## **EXECUTIVE SUMMARY**

We conducted a *Biennial Performance Audit of the Department of General Services for the Fiscal Years Ended June 30, 2022 and June 30, 2021*. The objective of our performance audit was to evaluate the effectiveness of monitoring controls over fuel inventory and distribution.

Our audit concludes that the Department of General Services (DGS) controls used to monitor fuel usage, inventory balances, charges, and changes in employee access (e.g., authorized activation and timely deactivation) to fueling systems require improvement. Specifically, DGS does not:

1. Have a citywide process for agencies to monitor fuel usage to identify anomalies;
2. Validate whether Standard Operating Procedures for daily and monthly inventory recordation and reconciliation were applied across all fuel sites;
3. Maintain all documentation for fuel cards to prove authorization; deactivate fuel cards timely after employees separated from their current positions (retire, terminated, and transfer); and effectively restrict use of emergency cards for City of Baltimore (City) business;
4. Confirm whether operable cameras were installed at all fueling locations; and
5. Verify that all fuel costs were for City operations.

As a result of the control weaknesses mentioned in the report, management would not detect misappropriated fuel.

To improve the processes and controls over fueling operations, we recommend the Director of DGS implement the recommendations included in this report. Management's responses are included in Appendix I.

## Biennial Performance Audit Report on the Department of General Services

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We wish to acknowledge DGS's and selected responsible agencies'<sup>1</sup> cooperation extended to us during our audit.

Respectfully,



Josh Pasch, CPA  
City Auditor, City of Baltimore  
November 21, 2023

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<sup>1</sup> Agencies include Baltimore City Fire Department (BCFD), Baltimore City Recreation and Parks (BCRP), Baltimore Police Department (BPD), Department of Housing and Community Development (DHCD), Department of Transportation (DOT), and Department of Public Works (DPW).

## BACKGROUND INFORMATION

The DGS Fuel Systems group (Fuel Systems) is responsible for the acquisition and dispensing of fuel for all City vehicles and equipment. The DGS operates four online fuel stations (three sites with underground tanks and one site with above ground tanks) and oversees the fuel sites noted in Table I below.

**Table I**

**Fuel Sites Overseen by DGS as of August 2023**

<b>Agencies</b>	<b>Manual Sites</b>	<b>Online Underground</b>	<b>Online Aboveground</b>
Baltimore City Public Schools (BCPS)	None	1	None
BCRP - Parks	2	None	1
DPW - Water and Wastewater	2	1	3
DPW - Solid Waste	None	None	1
Mobile Trucks <sup>1</sup>	None	None	5

**Notes:** <sup>1</sup> BCFD, DOT, DPW Solid Waste - Quarantine Road Landfill (two tanks), and DPW Water and Wastewater.

**Source:** DGS

Also, DGS is responsible for managing the system that stores information regarding WEX cards, which will be discussed later in this section.

### Fuel Purchases

Fuel Systems has fuel tank monitors at DGS, BCPS, and DPW Water and Wastewater sites that provide data about the amount of fuel that is available, dispensed, and purchased. Fuel Systems uses this information to order fuel for the respective locations. All other sites communicate their refueling needs to Fuel Systems to place the respective fuel order. The contracted vendor submits invoices for payment. Fuel Systems reviews Organization of the Petroleum Exporting Countries prices daily and applies the respective volume discount. The approved invoices are entered into Workday for subsequent payment. Table II on the next page summarizes fuel expenditures for the Fiscal Years 2022 and 2021.

**Table II**

**Annual Cost and Gallons of Fuel**

<b>Fuel Type</b>	<b>FY 2021 Cost</b>	<b>Gallons</b>	<b>FY 2022 Cost</b>	<b>Gallons</b>
Unleaded	\$3,569,817	1,808,427	\$5,276,876	1,689,507
Diesel	\$2,356,869	1,422,070	\$4,519,069	1,421,250
<b>Total</b>	<b>\$5,926,686</b>	<b>3,230,497</b>	<b>\$9,795,945</b>	<b>3,110,757</b>

**Source:** DGS

**Fuel Dispensing**

Authorization of Fuel Cards

For employees who need to refuel with the City’s E.J. Ward fuel system (see text box), Risk Management will compile the list of employees, perform reviews, and schedule training for drivers, excluding BPD and BCFD. The BPD and BCFD independently does this review and training. At the end of training, a completion form will be prepared that includes the employee personal identification number (PIN). The forms are forwarded to Fuel Systems for E.J. Ward setup and generation of the employee fuel card.

<p><b>E.J. Ward</b></p> <p>E.J. Ward is a fuel management system developed by E.J. Ward Inc. which validates authorized vehicles and authorized employees. It tracks deliveries, disbursements, and inventory on hand. Also, it records detailed fuel inventory transactions. The DGS uses this data to make decisions, such as when to purchase more fuel.</p> <p><b>Source:</b> DGS</p>
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Fueling Process

Authorized employees will use their PIN to refuel at online fueling stations. Additionally, approximately 80 percent of the City’s fleet is equipped with CANceiver technology which communicates the asset number, current mileage, and vehicle fuel capacity to the E.J. Ward system fuel pump to validate the vehicle for fueling. The employee will enter their PIN to validate authorization to obtain fuel and begin fueling. The City has 8,103 active fuel card users throughout the various agencies. If the vehicle does not have a CANceiver (i.e., the remaining 20 percent of the City’s fleet and rental vehicles), a white card is scanned at the pump that identifies the asset number, vehicle fuel capacity, and card number. The employee must enter the current mileage and their PIN to begin fueling.

Manual Sites

When City employees arrive at a manual site to obtain fuel, the site supervisor will provide the site attendant with a key to unlock the nozzle. The site attendant will manually record the asset number, tag number, mileage, fuel received, employee name, and obtain the

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employee signature on the fuel sheet, which is submitted daily to Fuel Systems to charge the respective agency.

WEX Cards

The DGS used the WEX Online system (former retail fuel purchase system) until June 30, 2023. In July 2023, the new retail fuel purchase system, Mansfield (FuelNet) was implemented. Agency Fleet Coordinators will submit an email request to Fuel Systems to obtain WEX cards. Fuel Systems will enter the information into the Mansfield web database to create an account, assign a unique PIN, and generate a WEX card when applicable. Not all employees get their own card. Some WEX cards are linked to more than one PIN<sup>2</sup>. Fuel Systems will contact the agency upon receipt of the card and arrange Fleet Coordinator pickup. WEX cards are issued by agency Fleet Coordinators to authorized employees to obtain fuel from commercial fueling stations for selected take-home vehicles, out-of-area travel, rental cars, and unmarked vehicles (BPD). The agency Fleet Coordinators are responsible for acquiring cards from DGS, safe storage, distribution, monitoring of use, and retrieval of cards from employees. As of September 13, 2023, the City has 154 WEX cards issued (see Table III below).

**Table III**  
**Fuel and WEX Cards Population**

Agencies	Fuel Cards <sup>1</sup>		WEX Cards <sup>2</sup>	
	Number	Percentage	Number	Percentage
BCFD	1,672	21	52	34
BCPS	394	5	0	0
BCRP	249	3	0	0
BPD	2,122	26	87	56
DOT	617	8	0	0
DPW	2,080	26	11	7
Others	969	12	4	3
<b>Total</b>	<b>8,103</b>	<b>100</b>	<b>154</b>	<b>100</b>

**Notes:** <sup>1</sup> The information is based on the data as of July 27, 2023.

<sup>2</sup> The information is based on the data as of September 13, 2023.

**Source:** DGS

<sup>2</sup> Agency equipment will be assigned a WEX card under the equipment name (e.g., skimmer boat 1). Multiple equipment operators will receive PINs to fuel the equipment.

## **Managing Fuel Balances**

### Online Sites

Online sites use the automated Veeder-Root system, totalizer, and the manual sticking process at the beginning and end of shift to reconcile the stock of fuel.

- The Veeder-Root system is an automatic tank gauge that continuously monitors fuel levels. Veeder-Root tracks fuel independent of the E.J. Ward system and prints fuel levels twice daily (beginning and end of shift), as well as before and after fuel delivery.
- The totalizer is a continuous count of the total dispensed fuel. The difference between the beginning and ending of shift totalizer counts should equal the total disbursements.
- The manual sticking process uses a stick to measure the depth of fuel remaining in the tank in inches, and a conversion chart is used to determine how many gallons remain. The conversion chart is provided by the tank manufacturer. The tanks are stucked and converted to gallons to validate the Veeder-Root calculation print out. The total disbursements are compared to the totalizer activity to validate fuel disbursements.

### Manual Sites

At the beginning and end of each shift, a totalizer reading is recorded, which is used to calculate the total disbursements of that day. The tank(s) are stucked at the beginning and end of each shift, and the calculation of total gallons is recorded on the daily disbursement sheet. Fuel receipts are recorded on the daily sheets and is used to determine fuel balances. The daily sheets are submitted to Fuel Systems daily to record the transactions.



## **OBJECTIVES, SCOPE, AND METHODOLOGY**

We conducted our 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 objective. The objective of our audit was to evaluate the effectiveness of monitoring controls over fuel inventory and distribution.

To accomplish our objective, we:

- Obtained and reviewed policies and procedures that govern fueling operations;
- Analyzed E.J. Ward and FASTER<sup>3</sup> systems and reporting to obtain an understanding of the available data and system controls over fueling transactions;
- Interviewed key individuals from DGS to obtain an understanding of: (1) the daily online and manual processes and procedures that govern fueling operations; (2) the systems used to capture and report the fueling activities; and (3) daily and monthly reconciliations of fuel activity;
- Interviewed DGS, and selected City agency fleet coordinators and chief financial officers to obtain an understanding of their analysis of fuel usage and anomalies, as well as the processes and controls over WEX cards;
- Visited and observed online and manual fueling operations, site security, physical measurement of fuel in the tanks, and inventory reporting;
- Judgmentally sampled 28 monthly and 56 daily reconciliations to test effectiveness for underground and aboveground tanks; and
- Judgmentally selected 20 fuel cards and 92 WEX accounts to validate authorization and deactivation of cards and accounts upon separation from current positions.

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<sup>3</sup> Fleet Management utilizes the FASTER information system database that tracks the following: equipment inventory, parts inventory, maintenance history and costs, fuel usage and costs, etc. The FASTER system also schedules and tracks preventive maintenance services.

## FINDINGS AND RECOMMENDATIONS

### **Finding I: The DGS Has Not Established a System of Monitoring Fuel Usage to Identify Anomalies.**

The City does not have systematic monitoring controls to reduce the risk of misappropriation. The DGS delegates monitoring responsibility to agencies; however, DGS does not give necessary tools to agencies to monitor fuel usage and identify anomalies. According to DGS, user department Fleet Coordinators have access to run the reports from FASTER (see page 7) to monitor fuel consumption and anomalies<sup>4</sup>. However, of six agencies<sup>5</sup> that we interviewed,

- Only one agency stated that they run the detailed vehicle reports from FASTER for monitoring fuel usage; and
- The remaining Fleet Coordinators stated that they are unaware of the detailed FASTER reports and the need to obtain the respective reports for monitoring purposes. The agencies' Chief Fiscal Officers only obtain the summary level FASTER report that is used to charge all vehicle costs to the respective agency budget.

A cause of lack of monitoring fueling usage is because there is no formally established responsibility for agency Fleet Coordinators. Specifically, the City does not have uniform guidance for user agencies for what they should be looking for and the methodology to identify anomalies. For example, E.J. Ward system records maximum quantity per transaction for each vehicle and maximum number of visits per day based on agency input. However, neither DGS nor user departments are using this data to identify transactions which are above maximum quantity per transaction and transactions which are above number of visits per day. Additionally, proper training is not provided to Fleet Coordinators.

According to the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States (*Green Book*), "Internal control comprises the plans, methods, policies, and procedures used to fulfill the mission, strategic plan, goals, and objectives of the entity. Internal control serves as the first line of defense in safeguarding assets. In short, internal control helps managers achieve desired results through effective stewardship of public resources."

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<sup>4</sup> We noted that department Fleet Coordinators do not have access to run the reports from the E.J. Ward system (see text box on page 4)

<sup>5</sup> Six agencies include BCFD, BCRP, BPD, DGS, DHCD, and DOT.

Also, the Green Book states that management should:

- “Design an internal control system to provide reasonable assurance regarding prevention or prompt detection and correction;”
- “Establish and operate monitoring activities to monitor the internal control system and evaluate the results;” and
- “Remediate identified internal control deficiencies on a timely basis”.

**Recommendation I:** We recommend the Director of DGS:

- Work with agencies to identify key monitoring controls for fuel usage and identifying anomalies;
- Establish those identified controls in the E.J. Ward system; and
- Develop uniform guidance for Fleet Coordinators for fuel usage monitoring and provide training.

**Finding II: Key Controls to Identify Inventory Shrinkage Are Not Effective at Certain Fueling Sites.**

Although DGS established Standard Operating Procedures for daily and monthly reconciliation of fuel inventory, these reconciliations are not consistently performed at all fueling sites. Specifically,

- **Manual sites** – Three of six manual sites, or 50 percent of sites that we visited do not use a stick to measure the physical inventory and convert the result to gallons. Therefore, these sites do not reconcile the daily book ending balance with the daily physical inventory on hand. Additionally, these manual sites do not perform monthly reconciliations.

Summary of Reconciliation
Reconciliation process includes:
1. Calculating the ending book balance by adding receipts and disbursements to the beginning balance;
2. Measuring the physical inventory by using a stick and converting inches to total gallons; and
3. Comparing the book ending balance (Bullet no.1) with the physical inventory on hand (Bullet no.2).
The validated inventory balance resulting from daily and / or monthly reconciliations prompts responsible personnel to order fuel. Also, it helps identify missing inventory.

- **Online-aboveground sites** – According to DGS, all six online-aboveground sites perform daily reconciliations; however, four of six sites do not perform monthly reconciliations as required by DGS’s Standard Operating Procedure for Monthly Inventory Control. The remaining two aboveground sites, which used to be underground sites, continue doing monthly reconciliations as instructed by DGS.
- **Testing Results for Daily and Monthly Reconciliations:** We judgmentally selected daily and monthly reconciliations for testing, which resulted in exceptions and showed inconsistencies among online-aboveground sites and online-underground sites (see Table IV on page 11).

Additionally, we noted that DGS does not perform periodic site visits to independently verify fuel inventory and validate whether the Standard Operating Procedures for daily and monthly reconciliations are implemented and operating as designed. Independent verification of physical inventory and validation of the implementation of the Standard Operating Procedures are controls to confirm consistency and accuracy of fuel inventory management.

According to the personnel at the manual sites that we visited, they were unaware of the reconciliation procedures written in DGS’s Standard Operating Procedures for daily and monthly reconciliation of fuel inventory.

**Table IV**

**Summary of Daily and Monthly Reconciliations**

Descriptions for exceptions	Exceptions at Online-aboveground Sites	Exceptions at Online-underground Sites
Monthly Reconciliations - Prior monthly ending balance did not agree with the current opening balance and / or current month ending balance did not agree with the following month's opening balance.	No exceptions	3 of 20 (15 percent)
Monthly Reconciliations - Fuel delivery tickets did not agree to the Monthly Reconciliation.	No exceptions	4 of 13 (31 percent)
Daily Reconciliations - The calculated total gallons did not agree with the re-performed auditor calculations using the conversion charts provided.	1 of 16 (6 percent)	16 of 35 (46 percent) <ul style="list-style-type: none"> <li>• 10 exceptions - Two-sites do not stick tanks to do a manual reading and did not record gallons on the daily reconciliations.</li> <li>• 6 exceptions – The calculated total gallons did not agree with the re-performed auditor calculations. The DGS believes frequent turnover contributes to bad stick reads.</li> </ul>
Daily Reconciliations - The Volume Pumped, Beginning Veeder-Root <sup>1</sup> Volume, Ending Veeder-Root Volume, or Fuel Delivery from the Daily Reconciliation did not agree to the Monthly Reconciliation.	3 of 8 (38 percent)	5 of 35 (14 percent)  For all four FY 2021 daily reconciliations tested at one site, none agreed with the monthly reconciliations.
Daily / Monthly Reconciliations - No reconciliations provided.	One site did not provide any of the four requested monthly reconciliations. The DGS does not enforce compliance regarding the aboveground monthly reconciliations.	One site did not provide five of the eight requested daily reconciliations.

**Note:** <sup>1</sup> Veeder-Root is a tank monitoring tool whose functions include gauging the current inventory of fuel in the tank.

The DGS' Standard Operating Procedure for Daily Inventory<sup>6</sup> requires Site Supervisors and / or Fuel Attendants "Compare manual stick gauge readings with corresponding Veeder-Root Inventory Reports. If a large discrepancy (>50 gallons) is observed, attempt to determine the reason for the discrepancy. Attach written comments to the Daily Inventory Form. If no reason can be ascertained, contact Fuel Systems Management at Central Garage."

The DGS's Standard Operating Procedure for Monthly Inventory<sup>6</sup> requires Site Supervisors and / or Fuel Attendants to perform the following:

- "If the daily inventory shows a shortage totaling eighty (80) gallons or more for seven (7) consecutive days, immediately notify Fuel Systems Management at Central Garage of an inventory discrepancy."
- "Compare the Leak Test Volume value to the absolute value of the Sum of Daily Over (+) or Short (-) value (drop negative (-) sign from this value, if applicable). If the absolute value of the Sum of Daily Over (+) or Short (-) value is greater than the Leak Test Volume, Fuel Systems Management at Central Garage should be notified immediately of a monthly inventory discrepancy."

**Recommendation II:** We recommend the Director of DGS:

- Train Site Supervisors and Fuel Attendants in charge of tracking daily fuel inventory to clarify the Standard Operating Procedures for Daily Inventory Control and Monthly Inventory Control; and
- Establish and implement Standard Operating Procedure for periodic (such as monthly) DGS independent surprise visits at fueling sites to verify fuel inventory and validate whether standard procedures are implemented and operating as designed.

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<sup>6</sup> These policies are based on the Maryland Department of the Environment's and the Environmental Protection Agency's mandates.

**Finding III: Authorization, Deactivation, and Emergency Card Inventory Controls Are Not Working Effectively to Restrict Use to City Employees for City Business.**

The DGS did not maintain all documentation to support authorization of fuel and WEX cards selected for review. Additionally, DGS does not deactivate employees' accounts (PIN) immediately after employees are separated from their positions. Also, an independent employee in DGS does not validate whether transactions for emergency cards WEX are valid transactions. Without effective controls over PIN and WEX card inventory, which is discussed below, the risk of misappropriation of fuel is increased. For example, the auditors found a fuel card assigned to an employee, who retired in 2022, had transactions subsequent to leaving the City. The auditors identified 31 transactions between April 27, 2022 and Jan 18, 2023 for 445.49 gallons totaling \$1,963.05.

**I. Missing Documentation to Evidence Authorizations**

- **Fuel Cards:** Of the 20 employees selected for review, the DGS could not provide documentation evidencing Risk Management or BPD approval of three employees, or 15 percent.
- **WEX Cards:** Of the 42 accounts (cards and / or PINs) that are assigned to employees, titles, and vehicles selected for review, DGS could not provide documentation supporting six accounts, or 14 percent.

**II. Separated Employees Listed as Active in Fuel Management Systems<sup>7</sup>**

- **Fuel cards:** Of 20 employees selected for review, one employee's account in the fuel management system is still active although the employee separated from the City in FY 2016<sup>8</sup>. The last day of card use is June 3, 2016.
- **WEX cards**
  - **Former Retail Fuel Purchase System:** Of 92 employees selected for review, ten employees' accounts, or approximately 11 percent were still active in the former retail fuel purchase system. Their accounts were deactivated in the former retail fuel purchase system in July 2023 although those employees separated from their positions between December 1, 2014 and June 30, 2022. As noted above, our review showed 31 fuel transactions, which are associated with one former employee's account, after this employee separated from the City.

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<sup>7</sup> Analysis is based on the data provided to auditors in September 2023.

<sup>8</sup> According to Risk Management, the cutoff date for this person in the Risk Management system is June 6, 2016.

- **New Retail Fuel Purchase System:** Of 92 employees selected for review, 13 separated employees, or approximately 14 percent, are still active in the new retail fuel purchase system. Of those 13 employees,
  - Four employees' PINs are still active in the new retail fuel purchase system and physical cards were issued to them. As of October 13, 2023, our review did not indicate transactions after separation dates.
  - Nine employees' PINs are still active in the new retail fuel purchase system; however, physical cards were not issued to them. Both PIN and physical cards are required to fuel vehicles at retail gas stations. Even though the assignment of PINs to separated employees occurred during the transition from the former retail fuel purchase system to the new retail fuel purchase system, this indicates that the key control of creating and managing PINs is not working effectively.

### III. Emergency WEX Cards

When agencies need an emergency card<sup>9</sup>, they have to complete a form to request cards from the DGS WEX cards custodian. The custodian issues the card and validates transactions and receipts once the cards are returned to him and submits a form to charge the respective agency. Currently, the custodian maintains ten unassigned emergency WEX cards. Although the DGS WEX cards custodian confirms that agencies' transactions are valid, there is no independent DGS employee review of unassigned cards to confirm there are no personal transactions or fuel usage.

Currently, the City's separation checklist requires agencies to collect fuel and WEX cards from employees who are separated from their current positions including transfer, termination, and retirement. However, according to DGS, they are not notified by agencies. Also, DGS does not provide detailed transaction reports which shows employee names, number of gallons, and associated dollar amounts, which could have raised a red flag to agencies if they see separated employees' names. Currently, after implementing the new system in July 2023, agencies receive a summary report that shows total number of gallons and total amount spent.

According to the *Green Book*, "Management designs control activities to limit user access to information technology through authorization control activities such as providing a unique user identification or token to authorized users. These control activities may restrict authorized users to the applications or functions commensurate with their assigned responsibilities, supporting an appropriate segregation of duties. Management designs other control activities to promptly update access rights when employees change job functions or leave the entity. Management also designs control activities for access rights when different information technology elements are connected to each other."

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<sup>9</sup> For example, emergency cards are requested when an agency such as BCFD needs to travel to another jurisdiction for public safety purposes.



**Recommendation III:** We recommend the Director of DGS,

- Provide reports to agencies that detail card activities that include but are not limited to employee names, number of gallons, and associated dollar amounts;
- Periodically (monthly, quarterly, semi-annually, or annually) generate a user report and ask agencies to confirm the validity of those users;
- Establish and implement a formal process that requires agencies to notify DGS of employee separations to deactivate employee PINs;
- Establish and implement formal (written, approved, dated) citywide policies and procedures for the second and third bullets above; and
- Establish and implement a periodic (e.g., monthly) independent review process for emergency WEX cards and formally document (written, approved, and dated) the process.

**Finding IV: Security Cameras Are Not Deployed at All Manual Sites.**

Certain manual fuel sites do not have cameras to deter and investigate suspicious activities. Specifically, three of nine sites<sup>10</sup>, or 33 percent of sites that we visited do not have cameras although they have other physical security measures including Fuel attendants observing the fuel pumps, locked entrances, secured perimeters, and locked pumps. All three sites are manual sites; unlike online sites, these manual sites do not require fuel cards and employee PINs to dispense fuel.

A lack of cameras at manual sites limits the effectiveness of investigations related to anomalies including misappropriation of fuel.

According to DGS, the agencies are responsible for providing cameras and their maintenance for their fueling sites. The cameras and surveillance are based on the agencies' budgets. Hence, some sites have cameras that function, and some sites do not have cameras at all. Historically, Fleet Management was the only division with fuel sites, however, the agencies requested to have fueling stations placed at their sites for better accessibility. Fleet Management manages these sites but are not responsible for them financially and how they are monitored, i.e., camera and surveillance systems.

According to the Green Book, "Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use."

**Recommendation IV:** We recommend the Director of General Services consistently deploy cameras at all fueling stations.

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<sup>10</sup> Nine sites include manual fuel sites and online fuel sites.

**Finding V: The City paid for the fuel of two municipal golf courses that are independently operated and managed by a non-profit organization.**

Until 1984, the City operated the following municipal golf courses: Pine Ridge, Forest Park, Carroll Park, Mount Pleasant and Clifton Park. Since 1985, the City has had an agreement with the Baltimore Municipal Golf Corporation (BMGC), which is 501(c) (3) non-profit organization that operates five municipal golf courses. The BMGC independently runs the municipal golf courses including fuel inventory management and fuel purchases. However, from FYs 2017 to 2023, DGS paid for fuel purchases incurred at two municipal golf courses. As per the agreement between the City and BMGC, it transferred all operating costs to BMGC including fuel expenses. However, DGS personnel were unaware that BMGC was responsible for their own fuel costs and continued to pay the invoices for Mount Pleasant and Pine Ridge golf courses. For seven fiscal years, auditors identified the City paid \$ 49,458 for two of five golf courses (see Table V below).

**Table V**

**Invoice Summary for Two Municipal Golf Courses**

Fiscal Years	Mount Pleasant		Pine Ridge		Total	
	Gallons	Cost	Gallons	Cost	Gallons	Cost
2017	1,140	\$ 2,454	1,338	\$ 2,916	2,478	\$ 5,370
2018	1,440	\$ 3,457	2,272	\$ 5,221	3,712	\$ 8,678
2019	400	\$ 1,046	1,347	\$ 3,518	1,747	\$ 4,564
2020	806	\$ 1,492	2,314	\$ 4,788	3,120	\$ 6,280
2021	721	\$ 1,626	2,292	\$ 5,393	3,013	\$ 7,019
2022	799	\$ 3,067	1,849	\$ 6,868	2,648	\$ 9,935
2023	0	\$ 0	1,873	\$ 7,612	1,873	\$ 7,612
<b>Total</b>	<b>5,306</b>	<b>\$13,142</b>	<b>13,285</b>	<b>\$ 36,316</b>	<b>18,591</b>	<b>\$ 49,458</b>

Source: DGS

**Recommendation V:** We recommend the Director of DGS improve monitoring of fuel invoices to verify DGS pays for fuel purchases applicable to the City only.

## APPENDIX I: MANAGEMENT'S RESPONSE TO THE AUDIT REPORT

**Date:** November 9, 2023

**To:** Josh Pasch, City Auditor

**Subject:** Management's Response to Audit Report:

Biennial Performance Audit Report on the Department of General Service  
for the Fiscal Years Ended June 30, 2022 and 2021

Our responses to the audit report findings and recommendations are as follows:

### **Recommendation I**

We recommend the Director of DGS:

- Work with agencies to identify key monitoring controls for fuel usage and identifying anomalies;
- Establish those identified controls in the E.J. Ward system; and
- Develop uniform guidance for Fleet Coordinators for fuel usage monitoring and provide training.

### **Management Response / Corrective Action Plan**

**Agree**                       **Disagree**

We agree with the recommendations.

Fleet will devise a plan to work in collaboration with the agencies to identify key monitoring controls for fuel usage and identifying anomalies. This will be accomplished by:

- Establishing more contact and interactions with the Fleet Coordinators through frequent training, correspondence, and monitoring of the fuel sites.
- Training that will involve current and new Fleet Coordinators as well as be a part of the on-boarding process for new Fleet Coordinators going forward.
- Working directly with the agencies to identify options, best practices, to monitor fuel usage and how to identify anomalies. We will collaborate with the Fleet Coordinators to discuss best practices and develop policies and procedures that will be conducive for the needs of each fuel site.

- The Fuel Systems Team at Fleet Management will work directly with the Fleet Coordinators from the agencies to formally train them on their responsibilities over the fuel sites, how to monitor fuel usage, and to identify anomalies, through online systems training, Standard Operating Procedures, and scheduled site visits.

Fleet Management will extend Faster and E.J. Ward access to all Fleet Coordinators so they can view and monitor fuel consumption and anomalies, with all agencies' Fleet Coordinators utilizing the same data viewing privileges pertaining to their sites.

To develop uniform guidance for Fleet Coordinators for fuel usage monitoring and provide training, Fleet Management will work directly with the agencies on opportunities to install surveillance systems at the sites where cameras are either non-operable or non-existent. Fleet Management is not financially or organizationally responsible for the installation of cameras at non-Fleet fueling sites, however, we will work in conjunction with the agencies to implement camera systems and protocols to monitor anomalies. Implementation dates and milestones for camera installations and agency collaboration is detailed in Finding IV.

**Overall Implementation Date:** December 4, 2024

- Action Plan Milestone(s): March 4, 2024: Gather Data: Meet with Fleet Coordinators and get feedback on what their needs are and pinpoint best practices for identifying anomalies and tracking improper fuel usage.
- Action Plan Milestone(s): June 5, 2024: Conduct Training: Conduct training with Fleet Coordinators to discuss procedures and protocol for identifying and reporting anomalies at the fuel sites. This information will also be shared with the staff at the fuel sites.
- Action Plan Milestone(s): September 4, 2024: Monitor & Assess: Monitor Fuel Sites and follow-up with their tracking. Review policies and procedures and offer resources if they are not following the protocol that has been put in place.

**Responsible Personnel:**

- Abrar Abukhdeir, Chief - Fleet Management Division
- Shanae Williams, Special Projects Coordinator

**Recommendation II**

We recommend the Director of DGS:

- Train Site Supervisors and Fuel Attendants in charge of tracking daily fuel inventory to clarify the Standard Operating Procedures for Daily Inventory Control and Monthly Inventory Control; and
- Establish and implement Standard Operating Procedure for periodic (such as monthly) DGS independent surprise visits at fueling sites to verify fuel inventory and validate whether standard procedures are implemented and operating as designed.

**Management Response / Corrective Action Plan**

**Agree**                       **Disagree**

We agree with the findings.

We will create a Training Plan and Curriculum for all Supervisors, Leads and Building Maintenance Personnel. We will conduct training on a bi-annual basis, and training will be held at various locations with different types of tanks, for the employees to get a better understanding of all types of sites. Training the entire Building Maintenance Team and Shop Leaders allows us to guarantee that everyone is trained regardless of the main location that they are assigned to. Most of our Supervisors, Leads Building Maintenance Team members work and cover shifts at other location based on staffing needs, inclement weather conditions, and initiatives.

Create Standard Operating Procedures for DGS to randomly visit the fueling sites to verify the fuel inventory, and this will assist in determining that the Standard Operating Procedures for Daily Inventory Control and Monthly Inventory Control are being implemented.

**Overall Implementation Date:** November 12, 2024

- Action Plan Milestone(s): February 5, 2024: Training Session #1 for Site Supervisors and Fuel Attendants
- Action Plan Milestone(s): May 6, 2024: May 6, 2024: Onsite Training Session for Site Supervisors and Fuel Attendants to assess procedures and protocols that have been reviewed.
- Action Plan Milestone(s): July 1, 2024: July 1, 2024: Start conducting pop up visits at fueling sites

**Responsible Personnel:**

- Abrar Abukhdeir, Chief - Fleet Management Division
- Shanae Williams, Special Projects Coordinator

**Recommendation III**

We recommend the Director of DGS,

- Provide reports to agencies that detail card activities that included but are not limited to employee names, number of gallons, and associated dollar amounts;
- Periodically (monthly, quarterly, semi-annually, or annually) generate a user report and ask agencies to confirm the validity of those users;
- Establish and implement a formal process that requires agencies to notify DGS of employee separations to deactivate employee PINs;
- Establish and implement formal (written, approved, dated) citywide policies and procedures for the second and third bullets above; and
- Establish and implement a periodic (e.g., monthly) independent review process for emergency WEX cards and formally document (written, approved, and dated) the process.

**Management Response / Corrective Action Plan**

**Agree**                       **Disagree**

We agree with the recommendations.

DGS has responded to each recommendation made in this finding. Based on the recommendations:

- Fleet Management will work with Baltimore City Information Technology to create a report that tracks WEX and Fuel Card usage by employee, number of gallons and total amount. This report will track user spending and will alert the applicable agency and the Fuel Systems Team of any red flags / callouts that exceed what is to be considered average use based on the fueling needs of the employee, frequency of vehicle uses and fueling needs on average.
- Create Standard Operating Procedures, based on this report, that will require the agencies to review users, and to advise the Fuel Systems team of any discrepancies, and the Fuel Systems team will then make the correction / update.

The Fuel Systems team will also have Standard Operating Procedures that will explain how to generate this report to the agencies, the frequency of the report and how to correct any discrepancies reported by the agencies.

- Create Standard Operating Procedures both internally and for our external partners. The Standard Operating Procedures will require the agencies to notify DGS of any employees who are no longer active, within a specific timeframe, and DGS will deactivate the employee's PIN upon notice to deactivate employee PIN.
- DGS will implement both internal and external policies to ensure that all agencies are familiar with policies and formalities.
- Create an internal audit process to review the process for emergency WEX cards, documentation that will include, but is not limited to when WEX cards were requested, who made the request, who approved and distributed the card, and validity of monthly transactions.

### **Overall Implementation Date:** December 6, 2024

- Action Plan Milestone(s): January 26, 2024: Initiate the process with Fuel Systems Team: Discuss opportunities, review existing Standard Operating Procedures for WEX cards, requests, distribution, tracking and procedures for terminating PINs.
- Action Plan Milestone(s): April 27, 2024: Review and Update: Review and update Standard Operating Procedures that have been created, with the Fuel Systems Team, Fuel Sites and Fuel Coordinators to ensure that they comprehend the revised / newly instated Standard Operating Procedures.
- Action Plan Milestone(s): July 27, 2024: Utilize an internal tracking method to review the progress of our internal and external partners to identify if they are implementing our Standard Operating Procedures that have been put in place.

### **Responsible Personnel:**

- Abrar Abukhdeir, Chief - Fleet Management Division
- Shanae Williams, Special Projects Coordinator



**Recommendation IV**

We recommend the Director of General Services consistently deploy cameras at all fueling stations.

**Management Response/Corrective Action Plan**

**Agree**                       **Disagree**

We will collaborate with DPW and BCRP to either repair, replace or install cameras at the manual fueling sites mentioned in the finding.

**Overall Implementation Date:** November 1, 2024

- Action Plan Milestone(s): December 4, 2023: Work with agencies to devise action plan for Fuel Sites without surveillance, based in individual needs of the sites.
- Action Plan Milestone(s): March 4, 2024: Discuss and review plans, budgets and implementation processes.
- Action Plan Milestone(s): June 3, 2024: Initiate plans and access any changes needed.

**Responsible Personnel:**

- Abrar Abukhdeir, Chief - Fleet Management Division
- Shanae Williams, Special Projects Coordinator

**Recommendation V**

We recommend the Director of DGS improve monitoring of fuel invoices to verify DGS pays for fuel purchases applicable to the City only.

**Management Response/Corrective Action Plan**

**Agree**                       **Disagree**

Management agrees with the recommendation for the Director of DGS to improve monitoring of fuel invoices to verify DGS pays for fuel purchases applicable to the City only. The initial process will include clarifying and resolving the agreement and payment responsibilities with BMGC. We will then work in conjunction with BMGC to ensure that they incur all fuel costs going forward.

**Overall Implementation Date:** December 2, 2024

- Action Plan Milestone(s): February 5, 2024: Identify the Problem and Miscommunication with BMGC
- Action Plan Milestone(s): June 3, 2024: Streamline Fuel Data Collection and Invoicing Process
- Action Plan Milestone(s): September 2, 2024: Improve data accuracy and record keeping with Fuel Systems

**Responsible Personnel:**

- Abrar Abukhdeir, Chief - Fleet Management Division
- Shanae Williams, Special Projects Coordinator