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No. 3



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PARLIAMENT OF TASMANIA

**REPORT OF THE
AUDITOR-GENERAL
No. 11 of 2016–17**

Use of fuel cards

April 2017

Presented to both Houses of Parliament in accordance with the provisions of the *Audit Act 2008*

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11 April 2017

President
Legislative Council
HOBART

Speaker
House of Assembly
HOBART

Dear Mr President
Dear Madam Speaker

REPORT OF THE AUDITOR-GENERAL

No.11 of 2016-17: Use of fuel cards

This Report details findings from our examination of the use of fuel cards, which was carried out under section 23 of the *Audit Act 2008*. The objective of this examination was to assess the probity and propriety of the use of fuel cards in all General Government Sector entities. It should be noted this examination did not constitute an audit.

Yours sincerely

Rod Whitehead
AUDITOR-GENERAL

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List of acronyms and abbreviations

DoE	Department of Education
DHHS	Department of Health and Human Services
DoJ	Department of Justice
DPFEM	Department of Police, Fire and Emergency Management
DPAC	Department of Premier and Cabinet
DPIPWE	Department of Primary Industries, Park, Water and Environment
State Growth	Department of State Growth
Treasury	Department of Treasury and Finance
GGS	General Government Sector
FPA	Forest Practices Authority
HoA	House of Assembly
IC	Integrity Commission
LAC	Legal Aid Commission of Tasmania
LC	Legislative Council
MAST	Marine and Safety Tasmania
OoG	Office of the Governor
OoHCC	Office of the Ombudsman and Health Complaints Commissioner
PFT	Private Forests Tasmania
RTBG	Royal Tasmanian Botanical Gardens
SFC	State Fire Commission

Executive summary

Executive summary

Background

Tasmanian General Government Sector entities (GGS entities) use fuel cards to purchase fuel for their light passenger and commercial vehicle fleets.

The use of government vehicles, including the consumption of fuel, is subject to considerations such as appropriate standards of probity, propriety and accountability.

The Department of Premier and Cabinet (DPAC) issued a *“Policy and Guidelines for the Allocation and Use of Motor Vehicles within the State Service”*¹. The policy applied to all State Service agencies in respect of all government owned and operated vehicles.

Examination objective

The objective of this examination was to assess the probity and propriety of the use of fuel cards.

Examination scope

The examination covered transactions for the 2015 calendar year (1 January 2015 to 31 December 2015). The examination covered all GGS entities that used fuel cards.

Examination criteria

The examination criteria by major category were as follows:

Fuel card purchases

- fuel purchased incompatible to assigned vehicle requirements
- multiple fuel purchases made within two hours, on same day or within 50 kilometres
- prohibited items purchased and charged to the fuel card
- amount of fuel (in litres) purchased above the fuel tank capacity of the assigned vehicle
- fuel purchases made on non-working days, including public holidays, or at unusual times (excluding vehicles operated on a 24/7 basis and private plated cars).

¹ Department of Premier and Cabinet 2009, *Policy and guidelines for the allocation and use of vehicles within the state service effective July 2009 (amended August 2013)*, Department of Premier and Cabinet, Hobart, viewed 9 March 2017, <http://www.dpac.tas.gov.au/divisions/corporate_and_governance_division/gov_vehicles_policy>

Fuel card controls

- correct odometer reading provided or entered when refuelling, including readings
 - not provided or entered as zero
 - entered as the same value more than once
 - entered less than 100 kilometres
 - greater than 60 000 kilometres
 - entered as a default code, such as '777'
 - out of sequence.
- whether security PINs were used.

Fuel card transaction reporting and monitoring

- LeasePlan reporting and its use by GGS entities and State Fire Commission (SFC)
- fuel cards used infrequently (no transactions or less than five recorded transactions)
- duplicate transactions.

Examination findings

Based on our testing of fuel card purchases, we found:

- 3.1% of fuel purchases where fuel cards were used to purchase fuel different to vehicle requirements
- fuel purchases for additional vehicles, pieces of equipment or containers
- non-fuel transactions identified as "Petrol Account Goods" for which we were unable to obtain sufficient evidence to support the nature of the purchases
- fuel purchased on non-working days or unusual times that could not be corroborated to logbooks
- a lack of supporting information related to specific transactions from our examination of logbooks maintained for the government plated vehicles
- several transactions that breached individual departmental vehicle policies
- weaknesses in Legal Aid Commission of Tasmania (LAC) controls related to identification of card users, which have subsequently been addressed

- instances where the correct odometer reading was not provided or entered. In analysing odometer reading data, we identified that no entity exceeded our acceptable error rate of 20% for recording odometer readings. However, this was in contravention of the “*Drivers’ Responsibilities*” document²
- security PINs were not activated for all fuel cards used. We consider an active PIN is a strong control to prevent unauthorised use of fuel cards
- seventy five percent of entities utilised LeasePlan reporting, however, we were unable to comment on the effectiveness of the reporting due to our inability to evidence how each entity used LeasePlan reports. We consider the new suite of LeasePlan reports will greatly assist entities in fleet and fuel card management
- thirty one percent of fuel cards were unused or under-utilised. Entities indicated that spare pool cards are held for use in the event of unusually high activity and were used infrequently
- no duplicate transactions within the data obtained
- a number of instances where we were unable to obtain sufficient evidence to support the nature of the purchase identified as an anomaly or exception. In particular, our enquiries of SFC found a lack of supporting information to address anomalies and exceptions identified from their fuel data.

Overall conclusion

The anomalies and exceptions arising from our examination were not substantial in monetary terms, but represented weaknesses in the controls related to the use of fuel cards which exposed entities to a higher risk of misuse.

Recommendations made

Recommendations made may only be relevant to a specific entity however, it would be prudent for each entity to consider all recommendations in the Report in reviewing the use of their fuel cards.

To assist in adopting the recommendations, it is strongly suggested that all entities either amend existing or develop internal policy documents.

² Department of Treasury and Finance 2015, *Drivers’ Responsibilities*, Department of Treasury and Finance, Hobart, viewed 9 March 2017, <<http://db.purchasing.tas.gov.au/domino/contracts.nsf/all-v/FA6791BED7CA45C6CA256B3A0080C842>>

The Report contains the following recommendations:

Rec	Section	Applies to ³	We recommend that...
1	1.2	All entities excluding Treasury, IC, OoHCC, PFT and RTBG	...entities comply with the “ <i>Drivers’ Responsibilities</i> ” document ⁴ and restrict fuel cards allocated to a specific vehicle to the fuel type recommended by the manufacturer. The fuel type required should be made clearly visible in each vehicle to avoid confusion.
2	1.2/1.3	DoE, DPFEM, DPIPWE, DoJ, TasTAFE and SFC	...fuel cards allocated to a specific vehicle should not be used to fill other vehicles, vessels or equipment and a separate fuel card is used for ancillary fuel purchases. This would enable fuel used for other plant and equipment to be monitored.
3	1.4	DoE, State Growth and SFC	...fleet managers investigate controls to limit non-fuel purchases. Any other purchases should be made using normal procurement processes and delegations.
4	1.5	DoE, DHHS, DPFEM, TasTAFE and SFC	...entities monitor and investigate fills in excess of tank capacity.
5	1.6	DoE, DPIPWE and TasTAFE	...entities monitor and investigate fuel purchased on non-working days or unusual times for government plated motor vehicles.
6	1.6	DoE, DPIPWE, TasTAFE and SFC	...entities ensure logbooks are maintained to support the use of a government plated motor vehicles.
7	2.2	All	...entities comply with “ <i>Drivers’ Responsibilities</i> ” document ⁵ and record the correct odometer reading when refuelling.

³ List of acronyms and abbreviations, page iv.

⁴ Department of Treasury and Finance 2015, *Drivers’ Responsibilities*, op. cit.

⁵ *ibid.*

Rec	Section	Applies to ³	We recommend that...
8	2.3	All	...all fuel cards are issued with a PIN to improve the level of security over fuel purchases. To overcome problems where there are a number of users of an unallocated fuel card, a “generic” PIN could be requested that is unique to the entity.
9	3.2	All	...entities access the new LeasePlan Analytics reports and implement procedures to ensure a timely review of fuel usage and scrutiny of unusual transactions.
10	3.3	All	...entities should implement procedures to monitor the utilisation of individual fuel cards and assess whether they are holding surplus cards.

**Audit Act 2008 section 30 –
submissions and comments received**

Audit Act 2008 section 30 — submissions and comments received

Introduction

In accordance with section 30(2) of the *Audit Act 2008* (Act), a copy of this Report was provided to all entities subject to the examination.

Submissions and comments that we receive are not subject to the audit nor the evidentiary standards required in reaching an audit conclusion. Responsibility for the accuracy, fairness and balance of these comments rests solely with those who provided the response. However, views were considered in finalising examination findings.

Section 30(3) of the Act requires that this Report include any submissions or comments made under section 30(2) or a fair summary of them. Submissions received are included in full below.

Submissions and comments received

Department of Education

Thank you for the opportunity to provide comment in regards this report and findings that relate to the Department of Education.

Whilst disappointing that my Department was not able to comply fully with the examination criteria, I am pleased to note that there were a very limited number of transactions that contributed to this.

Since your review, the Department has undertaken a number of activities to address the findings.

The Department has introduced a centralised exception reporting process to monitor fuel card transactions across the range of criteria in your review. This is being assisted through the increased functionality of the LeasePlan Analytics suite of reports, and is being conducted on a quarterly basis.

The Department has reviewed and is updating its Fleet Management Procedure to support your recommendations and the Department of Premier and Cabinet guidelines. The updated procedure is due to be released shortly, supported by a communication process to remind all vehicle users and custodians of their responsibilities. In addition, further periodic reminders and checks in regards compliance with these procedures are scheduled.

The Department of Education is committed to continue using the upgraded systems and data available to increase compliance and improve the monitoring and management of its fuel purchases.

Jenny Gale
Secretary

Department of Health and Human Services

Please find the Department of Health and Human Services (DHHS) response below.

Recommendation 1

We recommend entities comply with the Drivers' Responsibilities document and restrict fuel cards allocated to a specific vehicle to the fuel type recommended by the manufacturer. The fuel type required should be made clearly visible in each vehicle to avoid confusion.

DHHS Response:

The DHHS is aware that the current practice falls outside of the Driver's Responsibility Document that was developed by Treasury and Finance and steps will be taken immediately rectify this.

Recommendation 4

We recommend entities monitor and investigate fills in excess of tank capacity. LeasePlan Analytics Reports contain this information.

DHHS Response:

DHHS will continue to monitor and investigate fuel fills that are in excess of tank capacity.

Recommendation 7

We recommend all entities comply with Driver's Responsibilities document and record the correct odometer reading when refuelling.

DHHS Response:

DHHS provide regular reminders to staff in relation to the need to provide odometer readings when refuelling. Reminders are generally via messages on our car pool system when staff log into the system or "vehicle updates" that are available on the DHHS Intranet.

Recommendation 8

We recommend that all fuel cards require use of a PIN to improve the level of security over fuel purchases. To overcome problems where there are a number of users of an unallocated fuel card, a "generic" PIN could be requested that is unique to the entity.

DHHS Response:

Given the large and diverse fleet and numbers of drivers on any given day within DHHS, prior to rolling out the use of a PIN to all staff, a trial is currently underway within Ambulance Tasmania. The Department will assess the results of this trial prior to implementing more broadly.

Recommendation 9

We recommend that all entities access the new LeasePlan Analytics Reports and implement procedures to ensure a timely review of fuel usage and scrutiny of unusual transactions.

DHHS Response:

DHHS will continue to review the new Analytics Reports and the opportunities that that provides. LeasePlan data is regularly used for exceptions reports.

Recommendation 10

We recommend entities should implement procedures to monitor the utilisation of individual fuel cards and assess whether they are holding surplus cards.

DHHS Response:

DHHS currently monitors fuel card usage. Standard procedure is that if cards have not been used for an extended period of time (generally 12 months) contact is made with the fuel card contact person to see if the card is still required.

Thank you for the opportunity to comment on the Report on behalf of DHHS.

Michael Pervan
Secretary

Department of Police, Fire and Emergency Management

Thank you for the opportunity to review and provide comment in relation to the draft *Report of the Auditor-General No. 11 of 2016-17 Use of Fuel Cards* as it relates to the State Fire Commission

The unique operating processes of the State Fire Commission will prevent it from achieving a number of the recommendations. These processes relate specifically to fire trucks that use their engine and transmission for pumping while stationary, apparent overfilling of the vehicle due to the vehicles ancillary equipment being refuelled, requirements for emergency services to operate after-hours, and the variety of fuel required to operate mechanical firefighting equipment.

Notwithstanding the State Fire Commission previously accepted all recommendations from the Report of the Auditor-General No 3 of 2015-16 Vehicle Fleet Usage and Management in Other State Entities, with the subsequent adoption of the Leaseplan data repository providing for enhanced reporting and monitoring in relation to the use of fuel cards and is improving its internal controls in manner consistent with the perceived risks.

Chris Arnol

Chair - State Fire Commission

Department Premier and Cabinet

Thanks for the opportunity to respond to the recommendations made in the report. I'm pleased to note that the advice from my team is that DPAC meets all the criteria and the improvements you've suggested have already been addressed or are being implemented.

My team has also advised me that in relation to each of the recommendations:

1. DPAC complies with this recommendation;
2. DPAC complies with this recommendation. Generic fuel cards are used for ancillary fuel purchases;
3. DPAC supports this recommendation and is not aware of any instances of non-fuel purchases. DPAC uses exception reporting to identify non-compliance;
4. DPAC regularly monitors fuel purchase in excess of tank capacity through exception reporting. DPAC has not had any instances where this has occurred recently. Where this has (rarely) occurred in the past, the excess fuel has not exceeded a litre;
5. There will be instances where DPAC G-plated vehicles purchase fuel on non-working days. For example, TIS coaches attending weekend sporting events. However, there is certainly no evidence of systemic, inappropriate use of G-plated vehicles within the DPAC fleet;
6. DPAC complies with this recommendation and remains vigilant with respect to the maintenance and accuracy of logbook entries;
7. DPAC complies with this recommendation. However, DPAC acknowledges that human error (unintentionally) can play a factor in providing incorrect odometer readings at the time of refuelling;
8. DPAC complies with this recommendation;

9. DPAC regularly accesses the LeasePlan Analytic reports and responds appropriately to any discrepancies. My Executive meets with the responsible corporate manager for fleet use each quarter, and just yesterday considered a comprehensive report on the issue of fuel and fleet use across the agency; and
10. DPAC regularly assesses the supply and use of generic fuel cards across its business units.

DPAC remains vigilant with respect to the use of fuel cards and will continue to actively monitor, review and respond to any suspected inappropriate-use.

Greg Johannes
Secretary

Department of Primary Industries, Parks, Water and Environment

Thank you for the opportunity to provide a response on the use of Government fuel cards.

The Department is committed to ensuring the appropriate use of fuel cards, whether in Government vehicles or in field operations. The key recommendations contained in the report are strongly supported and will be implemented in Agency procedures as we move forward.

John Whittington
Secretary

Department of State Growth

The Department of State Growth welcomed the opportunity to participate in the audit of the use of fuel cards and acknowledges the overall findings.

The department is committed to improvement in the use of its resources and will consider the recommendations. I am pleased to advise that some of the recommendations have already been considered and work to implement has commenced.

I thank you for the opportunity to comment on the report.

Kim Evans
Secretary

Department of Treasury and Finance

Thank you for the opportunity to comment on your draft report to Parliament on the use of fuel cards within the Tasmanian Government.

The Department of Treasury and Finance (Treasury) oversees the whole of government Fleet Management Agreement, currently held by LeasePlan, on behalf of Tasmanian Government agencies. Treasury notes the overall conclusion of the audit was that the anomalies or exceptions arising were not substantial in monetary terms, but represented weaknesses in the controls. Treasury is working with LeasePlan and agencies to respond to the recommendations made within the report.

Treasury is in the process of arranging security PIN and fuel type restrictions for all government fuel cards, and establishing a Government Fleet Reference Group, whereby agencies will work collaboratively to address specific fleet management issues. The first meeting of this group is proposed to be held on 31 March 2017 and the examination of fuel card usage will be a key item on the agenda for the meeting. Emphasis on improving management of fuel cards will be a continued focus of this group. The *Drivers Responsibilities* brochure will be reissued to group members and strategies considered as how best to communicate its contents to government drivers. Agencies will be encouraged to make greater use of LeasePlan's new suite of reporting facilities to assist with fuel card management.

With regard to recommendations seven to ten, which include Treasury in the scope, Treasury staff will be reminded of the importance of entering correct odometer readings when refuelling vehicles. Treasury will continue to monitor fleet reporting to ensure that unusual transactions are identified early. Treasury reviewed its unallocated fuel cards in 2015 and has an operational requirement to retain three fuel cards for the agency. Controls are in place to securely manage these cards, however a PIN will be applied to further reduce the risk of misuse.

Jonathon Root
Acting Secretary

House of Assembly

Response to each such recommendation is as follows:-

Recommendation 1 – Restriction of fuel cards to specified fuel type.

The *House of Assembly Motor Vehicle Policy and Guidelines* has been amended in accordance with the Recommendation so as to comply with the document entitled *Drivers' Responsibilities*, Department of Treasury and Finance, November 2016.

Recommendation 7 – Recording of odometer reading.

The *House of Assembly Motor Vehicle Policy and Guidelines* contains this prescription. Cardholders will be reminded of the requirement to record the odometer reading when refuelling.

Recommendation 8 – Use of PINs.

The *House of Assembly Motor Vehicle Policy and Guidelines* has been amended in accordance with the Recommendation so as to comply with the document entitled *Drivers' Responsibilities*, Department of Treasury and Finance, November 2016. Such provision will be phased in with each new car order.

Recommendation 9 – Utilisation of LeasePlan analytics.

The House of Assembly will utilise those 'LeasePlan Analytics' to which it has access. Review procedures based on 'spot check' auditing will be implemented.

Recommendation 10 – Utilisation of cards.

The House of Assembly will implement procedures to monitor utilisation of cards in accordance with the Recommendation.

Shane Donnelly

Clerk of the House

Marine and Safety Tasmania

1. Fuel card purchases

MAST agrees with the recommendation and will ensure the *Drivers' Responsibilities* document is made available to staff to ensure ongoing compliance.

7. Odometer readings out of sequence

As per Recommendation 1, MAST will ensure the *Driver's Responsibilities* document is made available to staff and will further remind staff of the importance of correct odometer readings when refuelling.

8. Fuel Card PINs

MAST agrees with the recommendation. Drivers have been instructed to ensure a PIN is enabled. By default Caltex Fuel Cards are issued without a PIN which MAST believes is a potential weakness in ongoing compliance, as it relies in the driver to create the PIN at the point of sale when purchasing fuel. MAST would like to see a PIN assigned to a card on initial issue to ensure ongoing compliance.

9. LeasePlan reporting

MAST does use the LeasePlan Analytics reports. However with a relatively small fleet some aspects of the reporting functionality are not overly useful and more suited to the management of large fleets.

MAST will continue to access reporting features as appropriate and also rely on detailed billing information to effectively manage its vehicle fleet.

10. LeasePlan reporting

MAST agrees with the recommendations. With a small number of vehicles in the MAST fleet, the use of surplus cards would be readily identifiable.

Lia Morris
Chief Executive

TasTAFE

TasTAFE uses fuel cards predominantly in three settings:

- For 'G Plated' pool cars and buses;
- For private plated SES vehicles; and
- For fuel purchases for hire cars.

Since 2015 TasTAFE has taken a number of steps to improve card management. In particular:

- We have undertaken a review of all cards and have culled a very large number of low use cards (as well as reducing our fleet). Consequently TasTAFE is currently operating with only 97 fuel cards compared to the 181 at the time of the survey;
- We now have PINs on all cards;
- We now manage the booking of our pool vehicles through an on-line booking system and, through that process, are seeking to maximise the use of pool cars and to minimise the use of hire cars;
- We also manage our hire car fuel cards through an on-line booking system to improve accountability and transparency.

By virtue of the use of hire cars, TasTAFE does expect to experience at least some small transactions. For example, the process of topping up a fuel tank before a hire car is returned after a short term local booking can generate small fuel purchases.

However, notwithstanding the potential for some exceptions associated with hire cars, and notwithstanding improvements that have been made through the introduction of better systems since the original audit, TasTAFE values the insight that the report has provided and undertakes to further investigate some of the findings and to use the audit as an opportunity to remind vehicle users of the importance of operating in accordance with the Driver's Responsibilities document.

Nick May
Executive Manager, Corporate Services

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Introduction

Introduction

Background

Tasmanian General Government Sector (GGS) entities use fuel cards to purchase fuel for their light passenger and commercial vehicle fleets.

The use of government vehicles, including the consumption of fuel, is subject to considerations such as appropriate standards of probity, propriety and accountability.

The Department of Premier and Cabinet (DPAC) issued *“Policy and Guidelines for the Allocation and Use of Motor Vehicles within the State Service”*⁶. The policy applied to all State Service agencies in respect of all government owned and operated vehicles. It set out government policy on the allocation and use of government motor vehicles for operational purposes and in relation to vehicles that are provided as part of remuneration arrangements.

The policy required government plated motor vehicles be used only for official purposes. Exceptions could be made for incidental private use that was consistent with the Government's commitment to providing a working environment which recognised the family responsibilities of its employees. It also recognised that official travel often involved employees travelling outside normal working or business hours.

In addition, the policy states, where necessary, agencies may develop more detailed vehicle usage guidelines that are tailored to the business needs of their agency. The majority of departments, TasTAFE and SFC have or are developing internal policies in relation to the use of motor vehicles and fuel cards, which expand on the DPAC policy. Other smaller GGS entities either:

- have individual policies or rely on departmental policies
- do not have individual policies due to the small number of vehicles and fuel cards held.

This Report did not extend its examination to the existence or adequacy of internal vehicle usage guidelines. However, where testing found transactions that breached internal policies, these were included within the Report's findings.

The Government provided private plated vehicles as part of the total remuneration package for Members of Parliament, Heads of Agency, certain statutory office holders, senior executives and other senior appointees. A vehicle provided as part of a remuneration package is available for the private use of the officer without restriction, including weekends, public holidays and periods of leave.

⁶ Department of Premier and Cabinet 2009, *op. cit.*

GGG entities

Caltex Australia Petroleum Pty Ltd (Caltex) was appointed the government's primary supplier for all fuel products in December 2014. BP Australia Pty Ltd (BP) was appointed secondary supplier where Caltex was unable to supply.

LeasePlan Australia Limited (LeasePlan) managed the Government's light passenger vehicle fleet and was responsible for issue of fuel cards and administration arrangements, including collecting fuel usage and other information from fuel suppliers and reporting to entities. The majority of fuel cards are assigned to a specific driver or vehicle (both government and private plated motor vehicles). Cards that are not assigned to a specific driver or vehicle are generally used to refuel hire vehicles or other plant and equipment.

Fuel cards issued by LeasePlan had an expiry date of 60 months from the date of issue. Fuel cards issued to specific vehicles were normally cancelled at the end of the lease or when the vehicle was returned, whichever came first. Unallocated fuel cards were retained by the entities for the life of the fuel card or until assessed as being surplus to requirements. Entities were charged a fee for the use of each fuel card.

Conditions that can be attached to a fuel card included:

- requirement to provide odometer reading to the service station when refuelling
- limitation on type of fuel
- restriction on purchases other than fuel
- security PIN.

State Fire Commission

SFC owns and controls its own fleet. It was not subject to LeasePlan fleet management arrangements and utilised fuel cards from Caltex, BP, Shell, United and Caltas through its own arrangements.

Examination objective

The objective of this examination was to assess the probity and propriety of the use of fuel cards by:

- analysing data to identify potentially erroneous or fraudulent transactions
- following-up instances identified from our examination of data to determine the effectiveness of controls built into fuel card use and oversight
- reviewing and assessing transaction reporting and monitoring aimed at preventing and/or detecting incorrect or fraudulent use.

Examination scope

This examination was conducted under section 23 of the Act. The examination covered the following GGS entities:

- Department of Education (DoE)
- Department of Health and Human Services (DHHS)
- Department of Justice (DoJ)
- Department of Police and Emergency Management (DPFEM)
- DPAC (including Ministerial and Parliamentary Support)
- Department of Primary Industries, Parks, Water and Environment (DPIPWE)
- Department of State Growth (State Growth)
- Department of Treasury and Finance (Treasury)
- Forest Practices Authority (FPA)
- House of Assembly (HoA)
- Integrity Commission (IC)
- Legal Aid Commission of Tasmania (LAC)
- Legislative Council (LC)
- Marine and Safety Tasmania (MAST)
- Office of the Governor (OoG)
- Office of the Ombudsman and Health Complaints Commissioner (OoHCC)
- Private Forests Tasmania (PFT)
- Royal Tasmanian Botanical Gardens (RTBG)
- State Fire Commission (SFC)
- TasTAFE.

The examination covered transactions for the 2015 calendar year (1 January 2015 to 31 December 2015). The transactions for DPFEM only represent fuel purchased for the former Department of Police and Emergency Management.

At the time of our examination 5 844 fuel cards were used. GGS entities used 4 462 fuel cards to purchase 4.79m litres of fuel at a cost of \$5.51m. SFC used 1 382 fuel cards, purchased 490 000 litres of fuel at a cost of \$0.66m.

Examination approach

Fuel card transaction data for GGS entities subject to examination was obtained from LeasePlan. All entities lease light vehicles and commercial vehicles from LeasePlan. We also requested all transactional data from SFC which was extracted from their own records.

The combined data population comprised 5 844 fuel cards and 125 745 fuel card transactions.

A summary of the information, compiled from our examination, is included in Appendix 2. We analysed the data by entity and review criteria and provided entity specific information to each entity. Information sessions were arranged with each entity to discuss the data, explain the objectives of our analysis and request their review and response of specific identified transactions of data sets.

Responses received varied in the amount of detail, but were general in nature due to the volume of transactional data. In relation to the larger GGS entities, the analysis and response was, in most cases, based on a sample of the data provided. Our assessment of the responses noted:

- transactions identified that did not comply with fuel card policy requirements were addressed immediately by the GGS entity
- it was not practical for the GGS entities to examine all of the data due to the volume of information provided.

From the responses received from each entity, we concentrated on identified outliers that were outside the parameters of the examination criteria. We sought further evidence from each entity including copies of vehicles logbooks (where applicable), timesheet data, hire car invoices and any other relevant documentation to substantiate the explanations provided.

In summarising our analysis and responses received we categorised each transaction as an:

- **Outlier** – a transaction outside the parameters of the examination criteria
- **Explained outlier** – an outlier validated by a response and confirmed to supporting information
- **Anomaly** – an outlier supported by a response but not able to be confirmed to supporting information provided or where no supporting information was provided
- **Exception** – an outlier identified as either a breach of policy, or not able to be confirmed to supporting information provided or where no supporting information was available.

Due to their nature, our examination focused on anomalies and exceptions identified.

Examination criteria

Fuel card data was assessed against ten separate criteria:

1. Fuel card purchases
 - 1.1. fuel purchased incompatible to assigned vehicle requirements
 - 1.2. multiple fuel purchases made within two hours, on same day or within 50 kilometres
 - 1.3. prohibited items purchased and charged to the fuel card
 - 1.4. amount of fuel (in litres) purchased above the fuel tank capacity of the assigned vehicle
 - 1.5. fuel purchases made on non-working days, including public holidays or at unusual times.

2. Fuel card controls
 - 2.1. correct odometer reading provided or entered when refuelling, including readings:
 - not provided or entered as zero
 - entered as the same value more than once
 - entered less than 100 kilometres
 - greater than 60 000 kilometres
 - entered as a default code such as '777'
 - out of sequence
 - 2.2. whether security PINs were used.

3. Fuel card transaction reporting and monitoring
 - 3.1. LeasePlan reporting and its use by GGS entities
 - 3.2. fuel cards used infrequently (no transactions or less than five recorded transactions)
 - 3.3. duplicate transactions.

Reporting

As the Report focuses on anomalies and exceptions identified, the recommendations made may only be relevant to specific GGS entities. Appendix 1 details the recommendations relevant to each entity.

However, it would be prudent for each GGS entity to consider all recommendations in the Report in assessing the use of their fuel cards.

Timing

Planning for this examination began in November 2015 with fieldwork undertaken until September 2016. The Report was finalised in April 2017.

Resources

The examination plan recommended 370 hours and a budget, excluding production costs, of \$75 550. Total hours were 1 103 and actual costs, excluding production, were \$179 970, which exceeded our budget.

The variance between the actual hours and cost in comparison to budget can be primarily attributed to additional time to:

- analyse the volume of transactional data received
- follow-up more outliers than expected at the time of setting the budget
- validate outliers and obtain explanations and supporting documentation relating thereto from GGS entities.

Why this examination was selected

This examination was selected because of the significance of the cost of running light passenger and commercial vehicle fleets to government and the high risk of fraud. An examination was also warranted in light of the findings reported in the Report of the Auditor-General No. 3 of 2015-16: *Vehicle fleet usage and management in other state entities*.

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1. Fuel card purchases

1. Fuel card purchases

Background

Treasury issued the “*Drivers’ Responsibilities*” document⁷ that applied to anyone required to drive a government vehicle including a private plated vehicle. A driver must:

- only use standard unleaded fuel (91 Octane) unless the vehicle specifically required premium fuel
- provide the odometer reading at the time of purchasing fuel and ensure that the correct reading is entered
- ensure that the vehicle log-book (if provided with the vehicle) is kept up-to-date. It is expected that the log-book will be updated at the end of each business-related journey.

The majority of fuel cards are assigned to a specific vehicle and should only be used to purchase fuel for that vehicle. Cards that are not assigned to a specific driver or vehicle are generally used to refuel hire vehicles or other plant and equipment. In addition, fuel cards should be restricted for the type of purchases available, limiting purchases to only fuel, oils and car wash.

Based on the requirements of the “*Drivers’ Responsibilities*” document⁸ and the DPAC “*Policy and Guidelines for the Allocation and Use of Motor Vehicles within the State Service*”⁹, we identified transactions that:

- did not match the fuel type linked to that card (Section 1.1)
- were within two hours, on the same day, or within 50 kilometres (Section 1.2)
- appeared to be purchases of prohibited items (Section 1.3)
- appeared abnormal in the context of usage, consumption or fuel tank capacity (Section 1.4)
- were on weekends, public holidays or at unusual times (Section 1.5).

A summary of the base data and outliers identified related to fuel card purchases is provided in Appendix 2 – Summary of data analysis
Table 1: Fuel card purchases.

⁷ Department of Treasury and Finance 2015, op. cit.

⁸ *ibid.*

⁹ Department of Premier and Cabinet 2009, op. cit.

1.1. Was the fuel purchased incompatible to assigned vehicle requirements?

Our expectation:

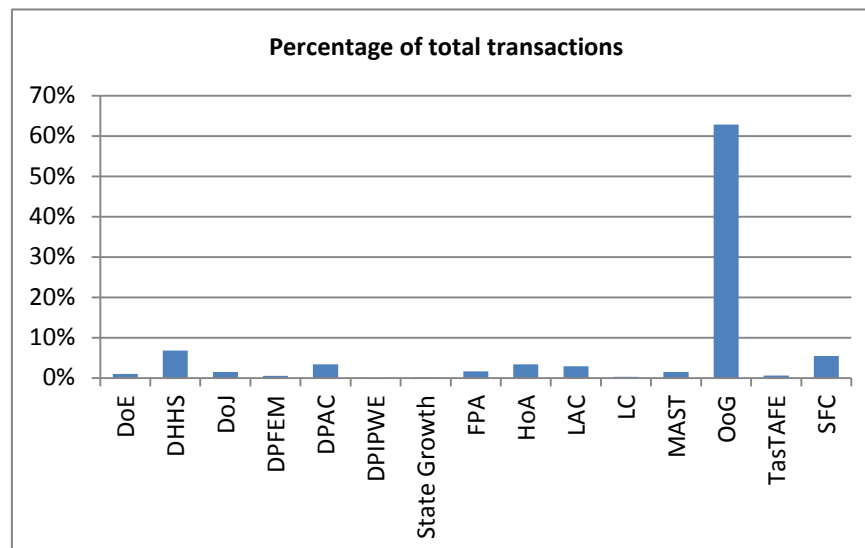
For a fuel card allocated to a specific vehicle, the fuel type recommended by the manufacturer should be purchased. We did not expect premium fuel to be purchased unless the vehicle specifically required such fuel. We did not expect different fuel types (e.g. unleaded for a diesel vehicle) to be purchased on the same card.

GGG entities

Our examination found fuel different to vehicle requirements was purchased in 15 entities, as illustrated in Figure 1 on the following page. The majority of purchases related to premium unleaded fuel in a vehicle that only required standard unleaded. Although the purchases were not significant in dollar terms, they were in breach of the “*Drivers’ Responsibilities*” document¹⁰.

OoG recorded approximately 63% (44 instances) of purchase transactions for premium unleaded fuel for vehicles that only required standard unleaded (based on manufacturer specifications). OoG have indicated they believed the two vehicles required premium fuel based on manufacturers’ specification. Subsequent investigation by OoG found this information was incorrect. The cost of using premium unleaded and not standard unleaded was not assessed as significant.

Figure 1: Purchases of incorrect fuel compared to assigned card/vehicle requirements¹



¹ Results for DoE (1.01%), DPFEM (0.53%), DPIPWE (0.07%), State Growth (0.12%), LC (0.29%) and TasTAFE (0.66%) are not visible in Figure 1.

Our examination also identified the following anomalies or exceptions.

¹⁰ Department of Treasury and Finance 2015, op. cit.

DPFEM

We identified:

- a purchase of 98.7 litres of premium unleaded to fill a police vessel, using a card allocated to a diesel motor vehicle
- on the same fuel card, there was a purchase of 9.5 litres of unleaded fuel, to fill a ride on lawnmower
- a purchase of 18.7 litres of premium unleaded to fill police motorcycles, using a card allocated to a diesel motor vehicle.

DPIPWE

We identified a purchase of 71.3 litres of premium unleaded to fill an operational vessel using a card allocated to diesel motor vehicle.

SFC

SFC was unable to provide documentation to corroborate any of the outliers identified for response. These included 101 transactions where we identified fuel purchases different to the assigned vehicle or card.

Section 1.1 findings

Our examination found 3.1% of total purchases (refer Appendix 2 – Table 1) where the fuel card was used to purchase fuel different to specific vehicle requirements and for other vehicles, vessels or equipment.

Recommendation 1 (applies to all entities excluding Treasury, IC, OoHCC, PFT and RTBG)

We recommend entities comply with the “*Drivers’ Responsibilities document*”¹¹ and restrict fuel cards allocated to a specific vehicle to the fuel type recommended by the manufacturer. The fuel type required should be made clearly visible in each vehicle to avoid confusion.

Recommendation 2 (DoE, DPFEM, DPIPWE, DoJ, TasTAFE and SFC)

We recommend that fuel cards allocated to a specific vehicle should not be used to fill other vehicles, vessels or equipment.

¹¹ Department of Treasury and Finance 2015, op. cit.

1.2. Were multiple fuel purchases made within 2 hours, on the same day or within 50 kilometres?

Our expectation:

With the exception of:

- emergency response vehicles
- ministerial vehicles
- hire cars
- long distance trips
- internal policies that required a vehicle be returned with a full tank

we considered the need to refuel within two hours on the same day or within 50 kilometres, unnecessary.

We identified outliers in the data where fuel fills were made either within two hours on the same day or within 50 kilometres.

We examined the following anomalies and exceptions, which were not considered significant in comparison to the total number of transactions reviewed.

DoE

We identified purchases within a two hour period. DoE advised the card was used to fill a school bus as well as a teacher's private vehicle as part of an excursion. We were unable to obtain sufficient evidence to support the nature of the purchase.

The school was subsequently advised by management this was not appropriate and was in breach of DoE's policy.

DoJ

We identified fuel purchases within a two hour period. DoJ advised the card was used to fill the assigned vehicle as well as equipment including whipper snippers and lawnmowers.

These transactions were in breach of DoJ's policy, whereby equipment fuel is to be purchased on a separate fuel card specifically for the purchase of equipment related fuel.

DPIPWE

We identified fuel purchases on the same day. DPIPWE advised the card was used to fill the assigned vehicle as well as the tanks of whipper snippers, lawnmowers and fuel pumps. We were unable to obtain sufficient evidence to support the nature of the purchase.

These transactions were in breach of DPIPWE's policy.

LAC

In reviewing purchases made on the same day we identified instances, in certain locations, where the identity of the fuel card user could not be determined. Although the fuel cards were held for use with hire cars and were not specifically allocated to a staff member, it is considered unusual that the identity of the user was not recorded. LAC advised they will implement improved controls over the use of fuel cards.

SFC

SFC was unable to provide documentation to corroborate the outliers identified for response. These included:

- 78 transactions made on the same day
- 32 transactions made within two hours
- 106 transactions made within 50 kilometres.

Section 1.2 findings

Multiple fuel purchases were made on the same day (6.3% of total purchases) or within a short period of time (1.1%). Although the majority of these were explained, entities are using cards allocated to specific vehicles to fill other vehicles, vessels, equipment or containers.

A number of the transactions noted were in breach of departmental policy on vehicle and fuel card use.

A weakness in LAC controls, related to the non-identification of card users, was identified and remedial action taken by LAC.

Restated and amended Recommendation 2 (DPIPWE, DoJ and SFC)

We recommend that fuel cards allocated to a specific vehicle should not be used to fill other vehicles, vessels or equipment and that a separate fuel card be used for ancillary fuel purchases. This would enable fuel used for other plant and equipment to be monitored.

1.3. Were prohibited items purchased and charged to the fuel card?

Our expectation:

Fuel cards are restricted to only permit purchases of fuel, oils and car washes. No other purchases should be incurred on these cards.

We obtained from LeasePlan a listing of all non-fuel transactions. After excluding card fees, transaction fees, oil and car washes, there were 23 outliers identified of which 18 related to SFC. The value of the transactions was not considered significant.

Our examination also identified the following anomalies or exceptions.

DoE

We identified a transaction consisting of “Petrol Account Goods” which based on advice from the DoE was identified as LPG purchased for a barbeque. We were unable to obtain sufficient evidence to support the nature of the purchase.

State Growth

We identified a transaction consisting of “Petrol Account Goods” which was unable to be explained by State Growth management.

SFC

SFC was unable to provide us with documentation to corroborate any of the outliers identified but they informed us that there were 18 LPG tanks purchased.

Section 1.3 findings

Although insignificant in dollar terms, there were a number of non-fuel transactions identified as “Petrol Account Goods” for which we were unable to obtain sufficient evidence to support the nature of the purchases.

Recommendation 3 (DoE, State Growth and SFC)

We recommend fleet managers investigate controls to limit non-fuel purchases. Any other purchases should be made using normal procurement processes and delegations.

1.4. Was the amount of fuel (in litres) purchased above the fuel tank capacity of the assigned vehicle?

Our expectation:

We expected to see no purchases that exceeded the vehicle manufacturer’s tank capacity specifications.

Our examination focused on transactions that exceeded fuel tank capacity by more than five litres. Vehicle manufacturers provide LeasePlan with the standard tank capacity for each vehicle as well as secondary long range tanks, which are recorded in conjunction with the allocated fuel card. A five litre threshold was used to offset variability between the manufacturer’s capacity and actual capacity. This also allowed for vehicles that were completely empty when filled or overfilled. Purchases in excess of the reported tank capacity may indicate the purchase of fuel for other purposes.

Our examination found the following anomalies or exceptions for fuel purchases above the expected vehicle capacity:

- DoE - a fuel purchase 25.4 litres above the expected vehicle capacity. DoE advised that the card was used to fill an external drum.

- DHHS - four transactions with a total fuel overfill of 39.9 litres. No explanation was provided.
- DPFEM - four transactions with a total fuel overfill of 260.5 litres. No explanation was provided.
- TasTAFE - a transaction where there was a fuel overfill of 26.2 litres. No explanation was provided. We also identified a transaction where there was a fuel overfill of 148.6 litres. TasTAFE has indicated that farm equipment and stand-alone fuel tanks may have been filled at the same time as the vehicle.
- SFC - six transactions with a total fuel overfill of 376.5 litres. SFC was unable to provide documentation to corroborate outliers identified for response.

Section 1.4 findings

We noted instances where the amount of fuel (in litres) purchased was abnormal in comparison to the motor vehicle fuel tank capacity. It appears fuel cards were being used to fill other vehicles or equipment in the same transaction. In all cases supporting documentation to explain purchases could not be provided.

Restated Recommendation 2

We recommend that fuel cards allocated to a specific vehicle should not be used to fill other vehicles, vessels or equipment and that a separate fuel card be used for ancillary fuel purchases. This would enable fuel used for other plant and equipment to be monitored.

Recommendation 4 (DoE, DHHS, DPFEM, TasTAFE and SFC)

We recommend entities monitor and investigate fills in excess of tank capacity.

1.5. Was fuel purchased on non-working days, including public holiday or at unusual times?

Our expectation:

With the exception of entities that operated on a 24/7 basis and private plated cars, we expected the majority of fuel purchases would be made in normal business hours (Monday to Friday) excluding public holidays.

GGs entities that operated on a 24/7 basis were expected to have fuel fills outside of normal hours for government plated vehicles as part of normal operations.

Our testing focused on government plated operational vehicles and unallocated cards, where purchases were made outside the timeframes of before 7:00am and after 8:00pm on normal week days, on weekends and on public holidays.

Our examination identified the following anomalies or exceptions.

DoE

We identified:

- five purchases made on weekends for two government plated vehicles. The purchases were unable to be corroborated to the logbooks provided.
- two purchases made on separate public holidays for a government plated vehicle that was regularly home garaged. We were unable corroborate the purchases to a logbook, as it could not be provided.

DoJ

We identified one transaction made on a public holiday which was corroborated to supporting documentation. However, as part of the review it was found that permission had not been given for the vehicle to be home garaged on that occasion. This was in breach of DoJ's vehicle policy.

DPIPWE

We identified a fuel purchase at 4:55am that was not supported by the vehicles logbook due to incomplete records. A reason for the anomaly was not provided. We were unable to obtain sufficient evidence to support the nature of the purchase.

TasTAFE

Due to incomplete logbook records, we are unable to conclude on 12 weekends, two public holidays, and two purchases made at 4:33am and 10:11pm on different days.

SFC

The majority of the transactions identified for SFC related to vehicles that operate on a 24/7 basis. However, a review of the transactions found SFC was unable to provide logbooks or other documentation to support the outliers identified.

Section 1.5 findings

We identified fuel purchased on non-working days or unusual times. Our review of logbooks maintained for government plated vehicles examined revealed they lacked sufficient information to support the explanation of the transaction.

There was a breach of the DoJ's vehicle policy related to an unauthorised home garaging.

Recommendation 5 (DoE, DPIPWE and TasTAFE)

We recommend entities monitor and investigate fuel purchased on non-working days or unusual times for government plated motor vehicles. LeasePlan Analytics reports contain this information.

Recommendation 6 (DoE, DPIPWE, TasTAFE and SFC)

We recommend entities ensure logbooks are maintained to support the use of a government plated motor vehicles.

Findings

Based on our testing, we found 3.1% of total purchases where the fuel card was used to purchase fuel different to vehicle requirements and for other vehicles, pieces of equipment or containers. There were also non-fuel transactions identified as “Petrol Account Goods” for which we were unable to obtain sufficient evidence to support the nature of the purchases.

In addition, we noted fuel purchased on non-working days or at unusual times that could not be corroborated to logbooks. Our review found a lack of supporting information in logbooks for specific transactions for government plated vehicles.

We also identified several transactions that breached individual departmental vehicle policies and a weakness in LAC controls, related to the non-identification of card users, was identified, which has been addressed

Whilst the transactions noted above were not substantial in monetary terms, they do represent breaches in the use of fuel cards which would expose entities to a higher risk of misuse.

2 Fuel card controls

2. Fuel card controls

Background

The “*Drivers’ Responsibilities*” document¹² states that drivers are to “provide the odometer reading at the time of purchasing fuel and ensure that the correct reading is entered”.

Odometer data forms a key component of the reports available for fleet managers to monitor and manage the fleet as well as monitor the use of fuel effectively. If odometer readings are not provided, entered as zero, or entered as a default code there is an increased risk of fraud.

Unallocated fuel cards used to fill hire cars or equipment do not require an odometer reading.

Vehicles leased from LeasePlan are generally retained for a maximum of 36 months or 60 000km, whichever comes first. DPFEM vehicles are leased for 36 months or 90 000 kilometres and SFC own its fleet of vehicles. Some entities own a limited number of specialised vehicles, such as prisoner transport trucks or school buses, which are not subject to the retention requirements for normal vehicles.

LeasePlan has the capacity to activate a security PIN on all cards issued by them. A number of cards had activated PIN’s to enable the refuelling at unmanned service stations located around the State. All Caltex cards issued to SFC had been allocated a PIN whereas cards supplied by other fuel suppliers did not.

Use of PINs may be more difficult to implement where the fuel card is not allocated to a specific vehicle or employee. In cases of unallocated cards used for pool vehicles or hire cars, we acknowledge there may not be active PIN being used. Should a fuel card be lost or stolen the use of a PIN may prevent unauthorised use.

A summary of the base data and outliers identified related to odometer readings is provided in Appendix 2 – Summary of Data Analysis Table 2: Fuel card controls odometer reading data.

¹² Department of Treasury and Finance 2015, op. cit.

2.1. Were correct odometer reading provided or entered when refuelling?

Our expectation:

It was expected that all drivers, where applicable, would enter the correct odometer reading when refuelling.

We did not expect to see odometer readings:

- not provided or entered as zero
- entered as the same value more than once
- less than 100 kilometres
- greater than 60 000 kilometres
- entered as default codes such as 777 (unless unallocated)
- out of sequence.

It was expected that some errors would be made by the users of fuel cards, for example, accidentally keying in an incorrect odometer reading. However, we expected entities to be vigilant in monitoring the use of fuel cards so that the unusual transactions are identified and corrective action taken.

In completing our analysis of transactional data we considered an error rate of less than 20 percent to be reasonable when taking into account the likelihood of some transaction recording errors occurring, including register keying errors or provision of incorrect odometer readings.

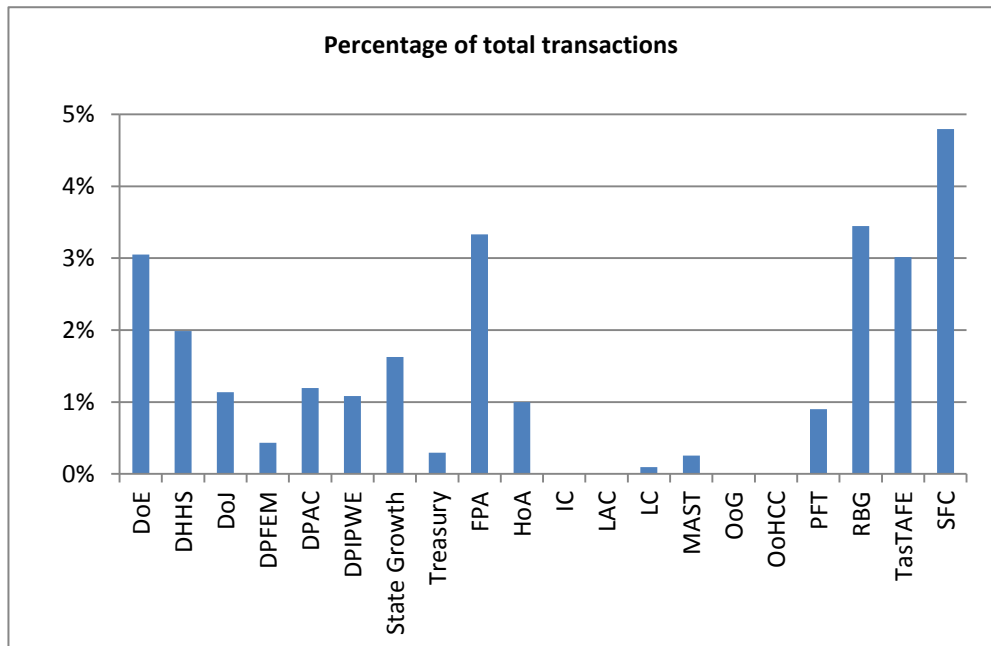
Even taking into account the probability of such errors occurring, we consider an error rate of greater than and including 20% or more to be unacceptable.

2.1.1. Odometer reading not provided or entered as zero

For fuel cards allocated to specific government plated vehicles or private plated vehicles, drivers are required to enter the correct odometer reading at a service station when paying for fuel.

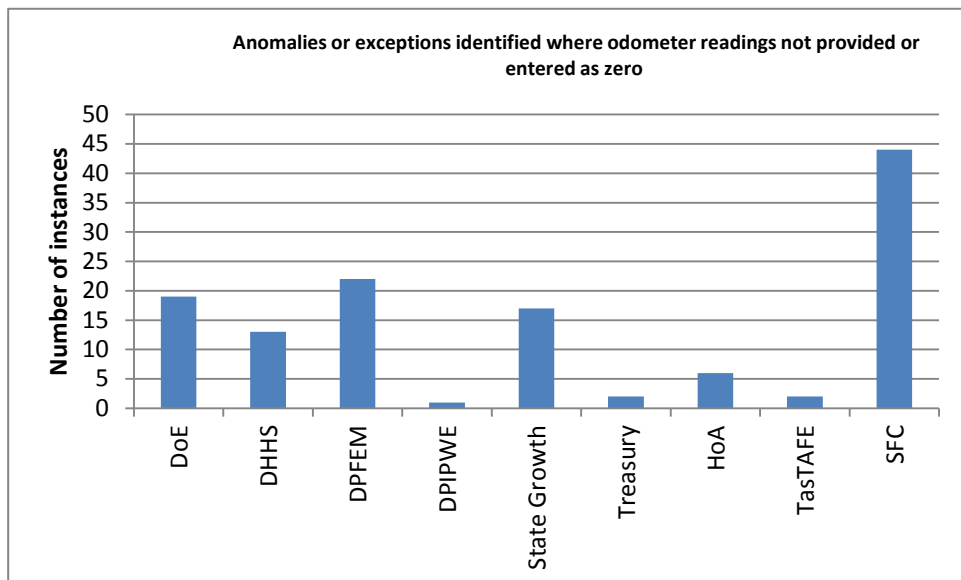
From our examination of the data provided, we identified that no single entity exceeded our acceptable error rate for this criteria as shown in Figure 2.

Figure 2: Odometer readings not provided or entered as zero



A more detailed review of a selection of transactions identified anomalies or exceptions for odometer readings entered as zero or not at all. These transactions are detailed in Figure 3.

Figure 3: Anomalies or exceptions identified where odometer readings not provided or entered as zero



We were unable to substantiate these transactions to logbooks or other supporting documents.

2.1.2. Odometer reading entered as the same value more than once SFC

We identified 483 transactions where the same odometer reading was provided on more than one occasion for one fuel card. SFC advised employees filled a vehicle and other items such as chainsaws and drip torches at the same time with the same fuel card, stating an identical odometer reading for each purchase.

2.1.3. Odometer reading entered less than 100 kilometres

Vehicle suppliers are only required to deliver new vehicles with a maximum of 10 litres of fuel. This results in new vehicles having to be filled immediately following delivery.

Our examination identified anomalies or exceptions for odometer readings entered less than 100 kilometres that did not appear to be the vehicle's first fill. These transactions related to:

- DoE (3 instances)
- DPIPWE (1 instance)
- TasTAFE (2 instances)
- SFC (3 instances).

We were unable to corroborate these transactions to the logbooks provided.

2.1.4. Odometer reading entered greater than 60 000 kilometres

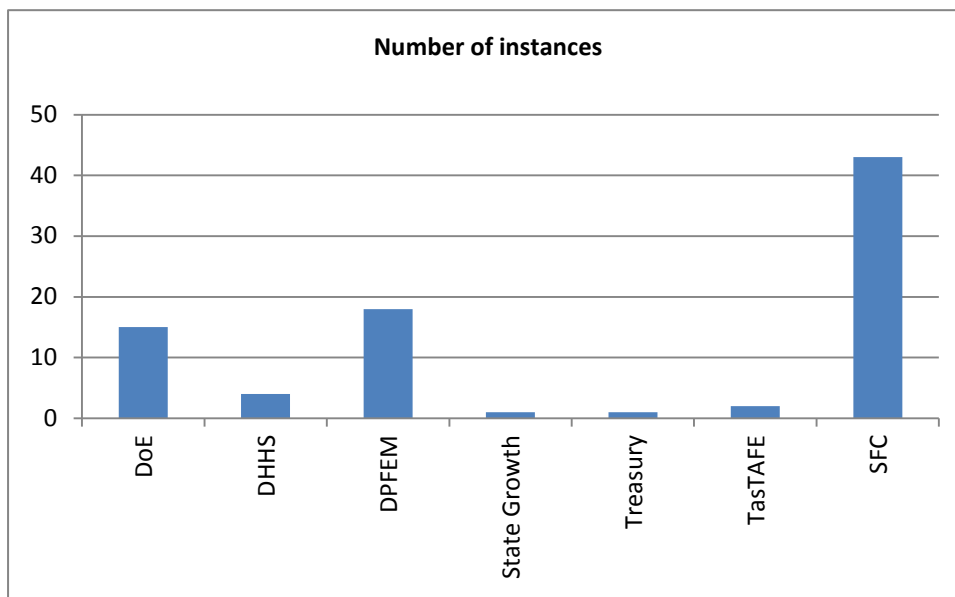
When a leased vehicle is replaced, the fuel card allocated to the vehicle is returned to LeasePlan with the vehicle.

We found instances where fuel cards were used for vehicles with odometer readings were in excess of 60 000 kilometres. Further investigation found the vehicles were still in use as there was a delay in changeover. We found no instances where fuel cards were used after the return of the allocated vehicle.

2.1.5. Odometer reading entered as a default code such as '777'

Our review identified anomalies or exceptions for odometer readings entered as default codes. These transactions are detailed in Figure 4 on the following page.

Figure 4: Anomalies or exceptions identified where odometer readings entered as a default code



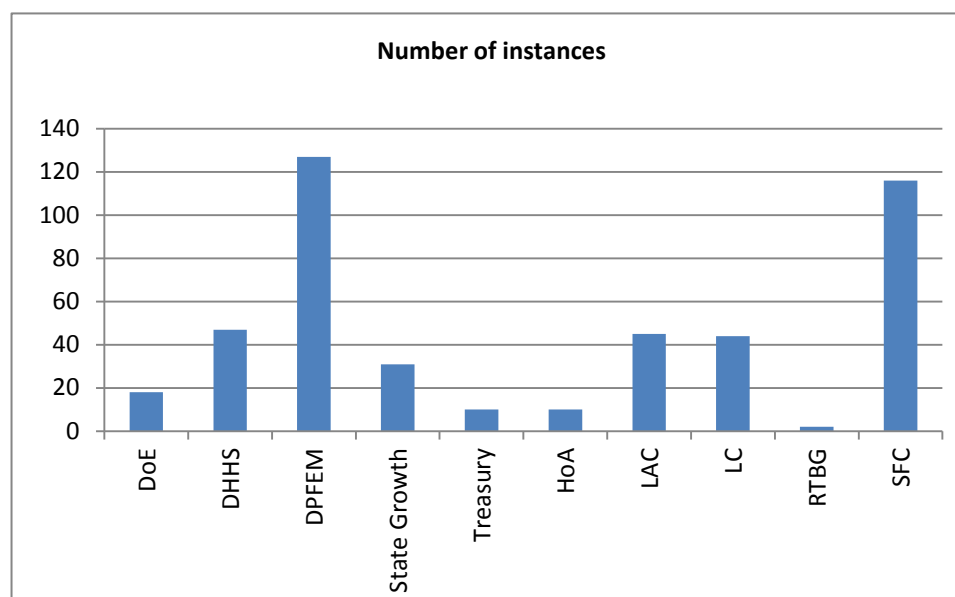
We were unable to substantiate these transactions to the logbooks provided.

2.1.6. Odometer readings out of sequence

Odometer readings recorded out of sequence were identified by ordering fuel fill dates for each card and determining whether the odometer reading was less than or equal to the last recorded fill.

We identified out of sequence odometer readings in every entity. Across 10 entities and 18 cards examined, we were unable to obtain supporting documents (logbooks) for 495 transactions that were recorded out of sequence. These transactions are detailed in Figure 5.

Figure 5: Anomalies or exceptions identified where odometer readings were out of sequence



Section 2.1 findings

In analysing odometer reading data, we identified that no entity exceeded our acceptable error rate of 20% for recording odometer readings (refer Figure 2).

A detailed review of the odometer readings identified an insignificant number of anomalies and exceptions compared to the total number of transactions, which were:

- unable to be corroborated to the logbooks provided
- in contravention of the “Drivers’ Responsibilities” document¹³.

Restated Recommendation 6

We recommend entities ensure logbooks are maintained to support the use of the vehicle as well as the fuel card.

Recommendation 7 (All)

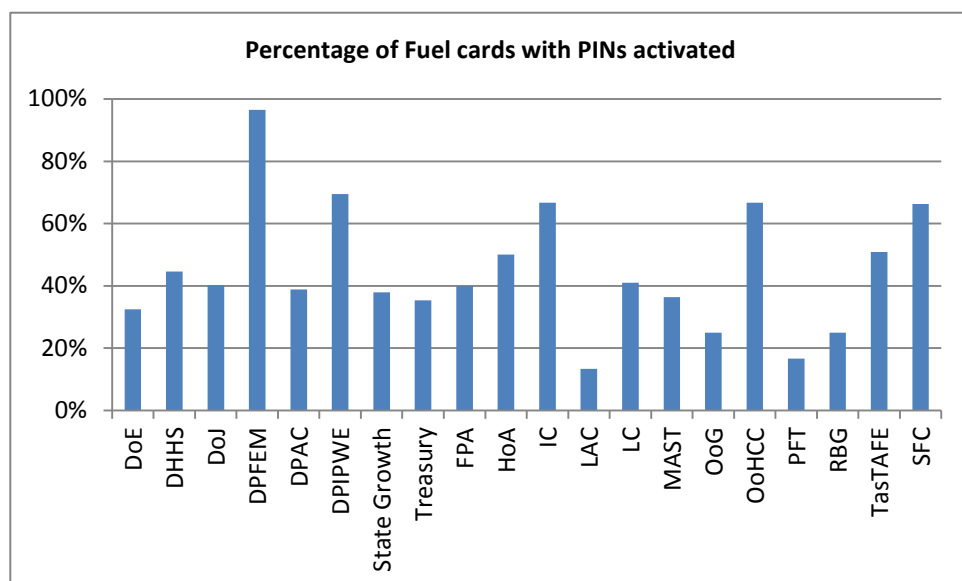
We recommend all entities comply with “Drivers’ Responsibilities” document¹⁴ and record the correct odometer reading when refuelling.

2.2. Were security PINs used?**Our expectation:**

All fuel cards issued by LeasePlan should require the use of a security PIN when refuelling. The PINs should be used for each card.

GGs entities

Our analysis showed the use of PINs varied across entities. Figure 6 illustrates the percentage of active fuel cards with PINs activated for each entity.

Figure 6: Fuel cards with PINs activated

¹³ Department of Treasury and Finance 2015, op. cit.

¹⁴ *ibid.*

From our analysis, a significant number of entities could extend the implementation of PINs activated on fuel cards held.

Some entities advised of potential operational complexities arising from having security PIN's activated on unallocated cards and cards allocated to pool cars. It was their view that the risk of forgetting the PIN outweighed the additional security benefits.

Section 2.2 findings

Security PINs were not activated for all fuel cards used. We consider an active PIN is a strong control to prevent unauthorised use of fuel cards.

Recommendation 8 (All)

We recommend that all fuel cards require use of a PIN to improve the level of security over fuel purchases. To overcome problems where there are a number of users of an unallocated fuel card, a "generic" PIN could be requested that is unique to the entity.

Findings

Based on our testing, we noted instances where the correct odometer reading was not provided or entered. In analysing odometer reading data, we identified that no entity exceeded our acceptable error rate of 20% for recording odometer readings. However, this was in contravention of the *"Drivers' Responsibilities"* document¹⁵.

In addition, security PINs were not activated for all fuel cards used. We consider an active PIN is a strong control to prevent unauthorised use of fuel cards.

¹⁵ Department of Treasury and Finance 2015, op. cit.

3 Fuel card transaction reporting and monitoring

3. Fuel card transaction reporting and monitoring

Background

During the period covered by our examination, LeasePlan provided quarterly Fleet and Exception Reports to all entities, with the exception of SFC. The establishment of the Department of Police, Fire and Emergency Management, resulted in LeasePlan managing SFC fuel cards.

All entities, except for SFC, had access to Fleet and Exception Reports and could obtain information online quarterly. LeasePlan offered to work with each entity to educate them on its reports. The reports included information specifically related to fuel cards such as:

- incorrect odometer readings
- fuel fill exceeding tank capacity
- multiple fuel fills
- multiple fuel types
- fuel economy savings.

From our discussions with LeasePlan, new LeasePlan Analytics reports were available online in late 2016, providing monthly information for larger entities. It was expected access to the online reporting would be available to the remaining entities in 2017. Training had been made available to entities, with reports able to be tailored to suit specific information requirements. This will provide more timely information to monitor fuel card usage.

Internally, entities either had detailed policies or were developing policies to provide further information on vehicle and fuel card usage.

A summary of the base data and outliers identified related to usage of PINs and infrequently used cards is provided in Appendix 2 – Summary of Data Analysis Table 3: Usage of PINs and Table 4: Infrequently used cards data.

3.1. Was LeasePlan reporting used by GGS entities?

Our expectation:

All entities would utilise the LeasePlan reporting information as an integral component of their fleet and fuel card management.

During our examination we discussed the use of LeasePlan reports with all entities. This included determining whether an entity was aware of the reporting information, if it was received and how it was used.

We identified approximately 75% of entities utilised the reports. The following entities did not utilise LeasePlan reports:

- FPA
- IC
- LAC
- OoG
- RTBG.

These entities generally had a small number of vehicles and fuel cards. In addition they did not have a dedicated fleet manager.

From our discussions with fleet managers, entity contacts and LeasePlan, it was unclear how well entities utilised and monitored the use of fuel cards with LeasePlan reports. During the course of the examination, we considered that many of the outliers identified would have been reported to entities. We would have expected that these transactions were identified, followed up and resolved.

We consider monitoring fuel card usage to be an integral component of fleet and fuel card management.

Section 3.1 findings

Seventy five percent of entities obtained LeasePlan reporting. Due to the nature of the reporting and our inability to evidence the use of the reports, we were unable to determine the how well entities used the information provided.

We consider the new suite of LeasePlan reporting will greatly assist entities in the management of fleet and fuel cards.

Recommendation 9 (All)

We recommend that all entities access the new LeasePlan Analytics reports and implement procedures to ensure a timely review of fuel usage and scrutiny of unusual transactions.

3.2. Were there cards that were used infrequently?

Our expectation:

Entities should monitor the use of fuel cards to ensure that they did not hold unnecessary or under-utilised fuel cards.

We analysed the data provided by LeasePlan and identified 4.4% of fuel cards with no transactions and 26.6% with less than five transactions in the period (refer Appendix 2 – Summary of Data Analysis Table 4).

Figure 7 illustrates the proportion of fuel cards that were not used or used infrequently in comparison to the total number of fuel cards held.

Figure 7: Infrequently used fuel cards

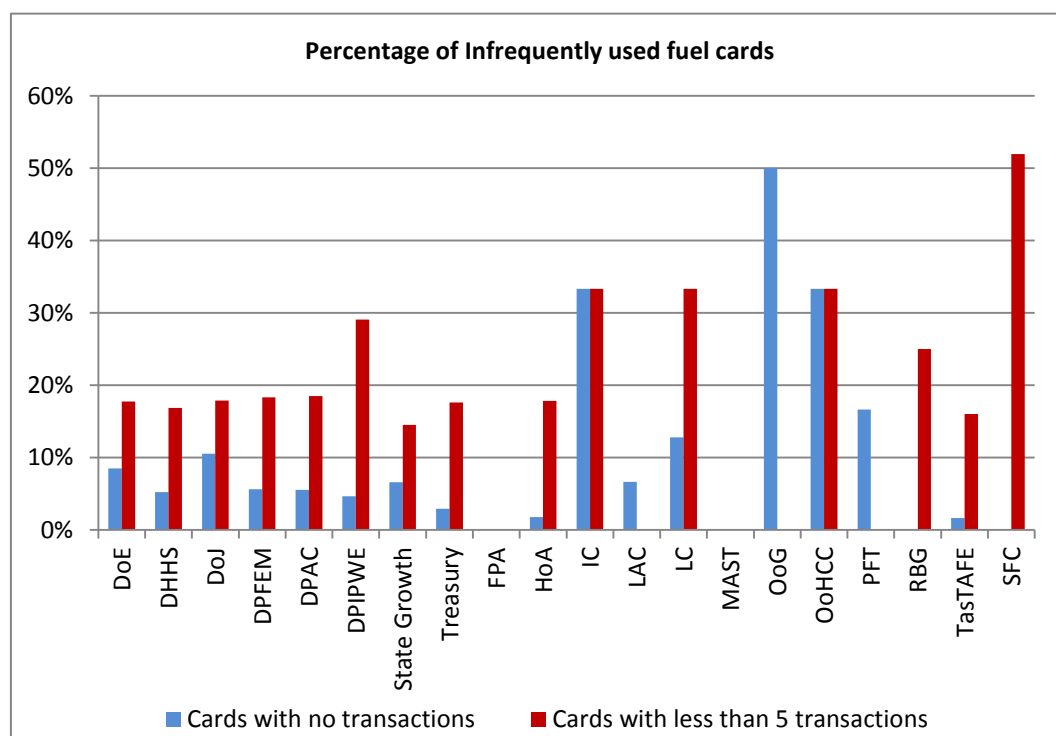


Figure 7 highlights some entities had a significant number of fuel cards that were unused or under-utilised during the review period. Explanations for entities holding these cards included:

- fuel cards supplied in December 2015 for new vehicles delivered in January 2016
- unallocated fuel cards used predominately for refuelling hire cars
- fuel cards retained for emergency situations
- vehicles that have more than one fuel card
- DHHS allocated fuel cards to doctors who worked on a part-time basis for the use of their private vehicle in accordance with its policy. DHHS have advised they no longer provide these fuel cards.
- fuel cards for plant and equipment that had infrequent use.

The entities were not able to provide documentation to either confirm or dispute the reasons for maintaining the number of cards held. We were also unable to identify any documented procedures for the monitoring of fuel card utilisation.

For cards that were either used infrequently or not used at all, an assessment should be made to determine whether those cards are actually required.

Section 3.2 findings

We identified 31% of fuel cards that were unused or under-utilised. Entities indicated that spare pool cards are held for use in the event of unusually high activity and were used infrequently. We were unable to identify any documented procedures for the monitoring of fuel card utilisation.

Recommendation 10 (All)

We recommend entities should implement procedures to monitor the utilisation of individual fuel cards and assess whether they are holding surplus cards.

3.3. Were there duplicate transactions?

Our expectation:

There would be no duplicate transactions within the LeasePlan reports. Any duplicates should be identified and remedied by entities prior to payment of the fuel invoice.

We did identify duplicate transactions in the data provided by LeasePlan. Our further investigation of these transactions found that they were not included in invoices issued to, or paid by entities.

From the data provided in relation to SFC, we identified no duplicate transactions.

Section 3.3 findings

We did not identify duplicate transactions within the data obtained.

Findings

Seventy five percent % of entities obtained the LeasePlan reporting available. However, we are unable to comment on the effectiveness of the reporting due to our inability to evidence how each entity used LeasePlan reports.

We consider the new suite of LeasePlan reporting will greatly assist entities in the management of fleet and fuel card management.

We identified 31% of fuel cards that were unused or under-utilised. We did not identify duplicate transactions within the data obtained.

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Appendix 1 – Summary of recommendations

Appendix 1 details the recommendations relevant to each entity.

	Recommendations									
	1	2	3	4	5	6	7	8	9	10
DoE	●	●	●	●	●	●	●	●	●	●
DHHS	●			●			●	●	●	●
DPAC	●						●	●	●	●
DPFEM	●	●		●			●	●	●	●
DPIPWE	●	●			●	●	●	●	●	●
DoJ	●	●					●	●	●	●
State Growth	●		●				●	●	●	●
Treasury							●	●	●	●
FPA	●						●	●	●	●
HoA	●						●	●	●	●
IC							●	●	●	●
LAC	●						●	●	●	●
LC	●						●	●	●	●
MAST	●						●	●	●	●
OoG	●						●	●	●	●
OoHCC							●	●	●	●
PFT							●	●	●	●
RTBG							●	●	●	●
TasTAFE	●	●		●	●	●	●	●	●	●
SFC	●	●	●	●		●	●	●	●	●

Appendix 2 – Summary of data analysis

Table 1: Fuel card purchases data

The following table represents all fuel card purchases data initially identified as outliers outside the parameters of the examination criteria.

Agency	Cards	Transactions	Examination Criteria (% represents the proportion of outliers compared to total transactions)									
			Multiple fuel purchases made on the same day	Fuel purchases made within short period of time less than 2 hrs	Fuel purchases made within short distance less than 50 km	Purchases of incorrect fuel compared to assigned vehicle requirements	Non-fuel transactions	Calculate dollar value billed compared to volume purchased \$/litre	Purchases above capacity of fuel tank	Small purchases less than 10 litres	Fuel purchases made on non-working days or unusual times (excl. privately plated vehicles)	
DoE	400	8 050	464 5.8%	77 1.0%	56 0.7%	81 1.0%	1 0.0%	Nil	357 4.4%	91 1.1%	521 6.5%	
DHHS	1 738	38 806	1 188 3.1%	132 0.3%	214 0.6%	2 641 6.8%	1 0.0%	7 0.0%	252 0.6%	189 0.5%	2 609 6.72%	
DoJ	246	5 337	254 4.8%	38 0.7%	16 0.3%	82 1.5%	1 0.0%	Nil	5 0.1%	60 1.1%	353 6.61%	
DPREM	747	32 854	3 446 10.5%	178 0.5%	290 0.9%	175 0.5%	Nil	2 0.0%	718 2.2%	160 0.5%	19 452* 59.2%	
DPAC	162	4 193	411 9.8%	17 0.4%	24 0.6%	144 3.4%	Nil	Nil	12 0.3%	29 0.7%	259 6.1%	
DPWPWE	581	10 553	316 3.0%	61 0.6%	44 0.4%	7 0.1%	1 0.0%	6 0.0%	281 2.7%	40 0.4%	1 017 9.6%	
State Growth	227	5 612	182 3.2%	14 0.2%	18 0.3%	7 0.1%	1 0.0%	Nil	78 1.4%	20 0.4%	375 6.7%	
Treasury	34	694	18 2.6%	4 0.6%	Nil	Nil	Nil	Nil	Nil	3 0.4%	1 0.1%	
FPA	5	180	10 5.6%	Nil	2 1.1%	3 1.7%	Nil	Nil	Nil	1 0.6%	10 5.6%	

Table 1: Fuel card purchases data (Continued)

Agency	Cards	Transactions	Examination Criteria (% represents the proportion of outliers compared to total transactions)									
			Multiple fuel purchases made on the same day	Fuel purchases made within short period of time less than 2 hrs	Fuel purchases made within short distance less than 50 km	Purchases of incorrect fuel compared to assigned vehicle requirements	Non-fuel transactions	Calculate dollar value billed compared to volume purchased times \$/litre	Purchases above capacity of fuel tank	Small purchases less than 10 litres	Fuel purchases made on non-working days or unusual times (excl. privately plated vehicles)	
HoA	56	1 203	25 2.1%	4 0.3%	2 0.2%	41 3.4%	Nil	Nil	Nil	4 0.3%	2 0.2%	Nil
IC	3	21	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
LAC	15	472	29 6.1%	10 2.1%	8 1.7%	14 2.9%	Nil	Nil	Nil	2 0.4%	56 11.9%	29 6.14%
LC	39	1 032	12 1.2%	Nil	Nil	3 0.3%	Nil	Nil	Nil	1 0.1%	1 0.1%	Nil
MAST	11	395	12 3.0%	Nil	Nil	6 1.5%	Nil	Nil	Nil	Nil	1 0.2%	108 27.3%
OoG	4	70	Nil	Nil	Nil	44 62.9%	Nil	Nil	Nil	Nil	Nil	Nil
OoHCC	3	51	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
PFT	6	119	6 5.0%	2 1.7%	Nil	Nil	Nil	Nil	Nil	Nil	Nil	3 2.5%
RTBG	4	58	4 6.9%	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	5 8.6%
TasTAFE	181	4 713	443 9.4%	58 1.2%	58 1.2%	31 0.7%	Nil	Nil	Nil	57 1.2%	165 3.5%	220 4.6%
SFC	1 382	11 332	1 050 9.3%	783 6.9%	569 5.0%	617 5.4%	18 0.2%	Nil	Nil	173 1.5%	229 2.0%	2 975* 26.2%
Total	5 844	125 745	7 870 6.3%	1 378 1.1%	1 301 1.0%	3 896 3.1%	23 0.0%	15 0.0%	1 940 1.5%	1 047 0.8%	27 937 22.2%	

*Fuel purchases made on non-working days or unusual times for DPEFM and SFC include operational vehicles as they also have privately plated or TFS plated operational vehicles.

Table 2: Fuel card controls – odometer readings data

The following table represents all odometer readings data for both government and private plated vehicles initially identified as outliers outside the parameters of the examination criteria.

Our acceptable error rate can be applied to columns “Odometer readings not provided”, “Same value used more than once” and “Default code” only.

Agency	Cards	Transactions	Examination Criteria (% represents proportion of total transactions relating to government or privately plated vehicles plus Tasmanian Fire Service vehicles for SFC)						
			Total Transactions Relating to Government & Private Plated Vehicles or 'TFS' for SFC	Odometer readings not provided (or 0)	Same value used more than once	<100km (exclude 0)	>60000km	Default code (0000, 777, etc)	Odometer readings out of sequence
DoE	400	8 050	7 242	221 3.1%	Nil	43 0.6%	844 11.6%	56 0.8%	703 9.7%
DHHS	1 738	38 806	38 071	756 2.0%	Nil	220 0.6%	2 815 7.4%	203 0.5%	4 048 10.6%
DoJ	246	5 337	4 750	54 1.1%	Nil	26 0.6%	874 18.40%	12 0.2%	344 7.2%
DPPEM	747	32 854	31 601	137 0.4%	Nil	73 0.2%	9 780 30.9%	71 0.2%	4 467 14.1%
DPAC	162	4 193	3 769	45 1.2%	Nil	15 0.4%	141 3.7%	11 0.3%	209 5.6%
DPIPWE	581	10 553	10 436	113 1.1%	Nil	41 0.4%	1 275 12.2%	50 0.5%	1 037 9.9%
State Growth	227	5 612	4 670	76 1.6%	Nil	17 0.4%	1 267 27.1%	12 0.3%	401 8.6%
Treasury	34	694	675	2 0.3%	Nil	3 0.4%	22 3.3%	2 0.3%	69 10.2%
FPA	5	180	180	6 3.3%	Nil	Nil	10 5.6%	1 0.6%	14 7.8%
HoA	56	1 203	1 203	12 1.0%	Nil	5 0.4%	82 6.8%	6 0.5%	108 8.9%

Table 2: Fuel card controls – odometer readings data (Continued)

Agency	Cards	Transactions		Examination Criteria (% represents proportion of total transactions relating to government or privately plated vehicles plus Tasmanian Fire Service vehicles for SFC)					
		Total Transactions	Total Transactions Relating to Government & Private Plated Vehicles or 'TFS' for SFC	Odometer readings not provided (or 0)	Same value used more than once	<100km (exclude 0)	>60000km	Default code (0000, 777, etc)	Odometer readings out of sequence
IC	3	21	19	Nil	Nil	Nil	1 5.3%	Nil	6 31.6%
LAC	15	472	153	Nil	Nil	Nil	Nil	Nil	52 34.0%
LC	39	1 032	1 032	1 0.1%	Nil	3 0.3%	98 9.5%	8 0.8%	100 9.7%
MAST	11	395	395	1 0.2%	Nil	1 0.2%	33 8.4%	Nil	14 3.5%
OoG	4	70	70	Nil	Nil	Nil	Nil	Nil	2 2.9%
OoHCC	3	51	51	Nil	Nil	Nil	Nil	Nil	2 3.9%
PFT	6	119	111	1 0.9%	Nil	Nil	21 18.9%	Nil	6 5.4%
RTBG	4	58	58	2 3.4%	Nil	Nil	1 1.7%	Nil	6 10.3%
TasTAFE	181	4 713	3 283	99 3.0%	Nil	19 0.6%	214 6.5%	31 0.9%	511 15.6%
SFC	1 382	11 332	11 332	26 0.2%	483 4.3%	39 0.3%	4 052 35.8%	446 3.9%	1 524 13.4%
TOTAL	5 844	125 745	119 101	1 552 1.3%	483 0.4%	505 0.4%	21 530 18.1%	909 0.8%	13 623 11.4%

Table 3: Fuel card transaction reporting and monitoring – usage of PINs

The following table represents the total number and proportion of fuel cards that had a PIN activated during the examination period.

	Cards	Examination Criteria (% represents proportion of Total Number of Fuel Cards used in 2015)
Agency	Total Number of Fuel Cards 2015	Ascertain usage of pin numbers (not activated)
DoE	400	270 67.5%
DHHS	1 738	963 55.4%
DoJ	246	147 59.8%
DPFEM	747	26 3.5%
DPAC	162	99 61.1%
DPIPWE	581	177 30.5%
State Growth	227	141 62.1%
Treasury	34	22 64.7%
FPA	5	3 60.0%
HoA	56	28 50.0%
IC	3	1 33.3%
LAC	15	13 86.7%
LC	39	23 58.9%
MAST	11	7 63.6%
OoG	4	3 75.0%
OoHCC	3	1 33.3%
PFT	6	5 83.3%
RTBG	4	3 75.0%
TasTAFE	181	89 49.2%
SFC	1 382	466 33.7%
TOTAL	5 844	2 487 42.6%

Table 4: Fuel card transaction reporting and monitoring – infrequently used cards data

The following table represents the total number and proportion of fuel cards that have either been not used at all or used less than 5 times during the examination.

Agency	Cards Total Number of Fuel Cards used in 2015	Examination Criteria (% represents proportion of Total Number of Fuel Cards used in 2015)		Total for Agency
		Cards with no transactions	Cards with minor usage (less than 5 transactions, excluding 0)	
DoE	400	34 8.5%	71 17.8%	105 26.3%
DHHS	1 738	91 5.2%	293 16.9%	384 22.1%
DoJ	246	26 10.6%	44 17.9%	70 28.5%
DPFEM	747	42 5.6%	137 18.3%	179 23.9%
DPAC	162	9 5.6%	30 18.5%	39 24.1%
DPIPWE	581	27 4.6%	169 29.1%	196 33.7%
State Growth	227	15 6.6%	33 14.5%	48 21.1%
Treasury	34	1 2.9%	6 17.6%	7 20.5%
FPA	5	Nil	Nil	NA
HoA	56	1 1.8%	10 17.9%	11 19.7%
IC	3	1 33.3%	1 33.3%	2 66.6%
LAC	15	1 6.7%	Nil	1 6.7%
LC	39	5 12.8%	13 33.3%	18 46.2%
MAST	11	Nil	Nil	NA
OoG	4	2 50.0%	Nil	2 50.0%
OoHCC	3	1 33.3%	1 33.3%	2 66.6%
PFT	6	1 16.7%	Nil	1 16.7%
RTBG	4	Nil	1 25.0%	1 25.0%
TasTAFE	181	3 1.7%	29 16.0%	32 17.7%
SFC	1 382	Nil	718 51.9%	718 51.9%
TOTAL	5 844	260 4.4%	1 556 26.6%	1 816 31.0%

Recent reports

Tabled	No.	Title
September 2016	No. 1 of 2016-17	Ambulance services
October 2016	No. 2 of 2016-17	Workforce Planning
October 2016	No. 3 of 2016-17	Annual Report
November 2016	No. 4 of 2016-17	Event funding
November 2016	No. 5 of 2016-17	Park management
November 2016	No. 6 of 2016-17	Volume 1 – Analysis of the Treasurer’s Annual Financial Report 2015-16
November 2016	No. 7 of 2016-17	Volume 2 – Auditor-General’s Report on the Financial Statements of State entities - Government Business 2015-16
November 2016	No. 8 of 2016-17	Volume 3 – Auditor-General’s Report on the Financial Statements of State entities, Volume 3 – Local Government Authorities and Tasmanian Water and Sewerage Corporation Pty Ltd 2015-16.
March 2017	No. 9 of 2016-17	Funding the forest agreements
April 2017	No. 10 of 2016-17	Follow up of selected Auditor-General reports: September 2011 to June 2014