



Tasmanian Audit Office

Use of fuel cards

Report of the Auditor-General

No. 11 of 2016-17

11 April 2017



Introduction

- Why we selected this topic
- Examination objective/criteria
- Examination approach
- Findings
- Recommendations
- Client responses

Why we selected this topic

- Significant cost of running light passenger and commercial vehicle fleets
- High probity and fraud risk
- Findings from Report of the Auditor-General No. 3 of 2015-16: *Vehicle fleet usage and management in other state entities.*

Scope

- Transactions for 2015 calendar year
- All GGS entities (including State Fire Commission)
- Data population 5 843 used fuel cards
- 125 745 fuel card transactions
- fuel cost in the period totalled \$6.1m
(average \$48.50 per transaction)

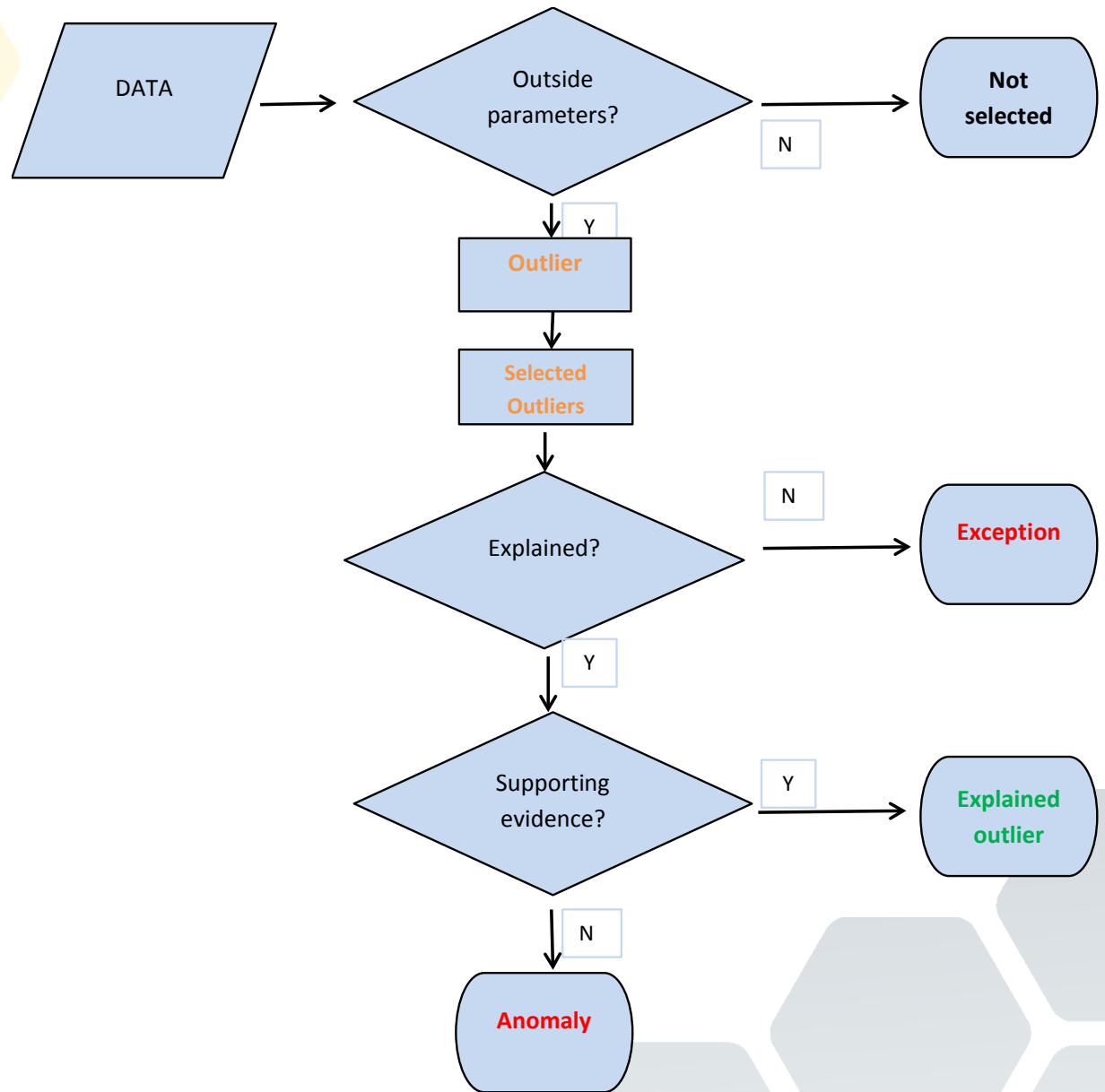
Examination objective/criteria

Assess the probity and propriety of the use of fuel cards.

Data assessed against ten criteria based on:

- purchases (analysis of transactions)
- controls (odometer readings/PINs)
- transaction reporting and monitoring

Examination approach



Overall finding

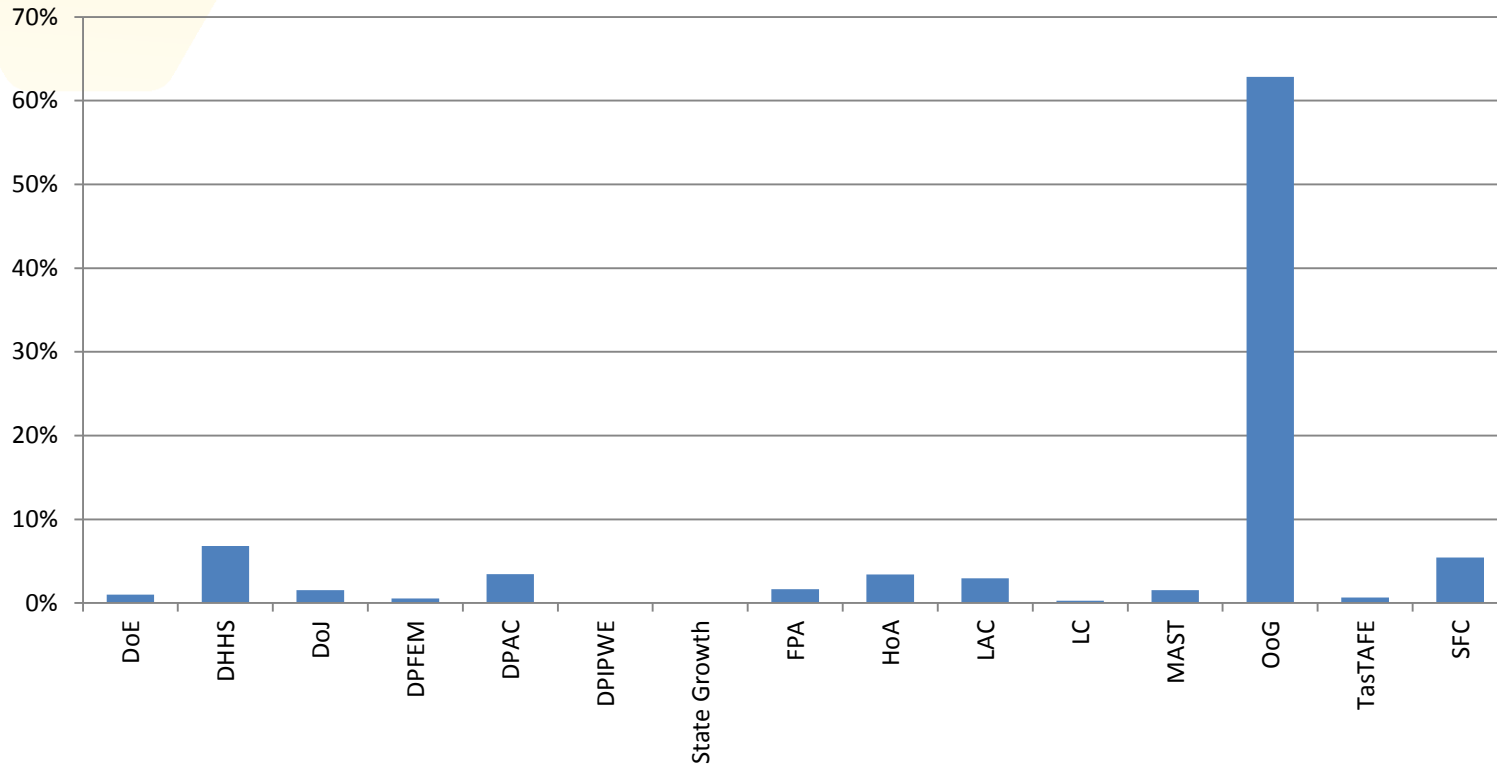
- Exceptions and anomalies identified
(unable to obtain sufficient evidence to support the nature of the purchase – cannot form conclusion)
- Not substantial in monetary terms
- Represented **weaknesses** in controls.

Findings

- Instances where entities failed to comply with established policies and guidance, such as:
 - purchases of fuel different to vehicle requirements
 - fuel purchased for more than one vehicle at a time, or for other equipment or containers
 - non-fuel purchases where no documentation was provided to support the nature of the item purchased
 - incorrect or absent odometer readings
 - non-activation of security PINs for fuel cards.

Purchases of fuel different to vehicle requirements

Percentage of total transactions



OoG recorded 44 instances of purchase transactions for premium unleaded fuel for vehicles that only required standard unleaded (based on manufacturer specifications) due to a misunderstanding of vehicle requirements.

Fuel purchased for more than one vehicle at a time, or for other equipment or containers

Examples of anomalies and exceptions:

DPFEM

- 98.7 litres of premium unleaded to fill a police vessel
- 9.5 litres to fill a ride on lawnmower
- 18.7 litres of premium to fill police motorcycles.

DPIPWE

- 71.3 litres of premium unleaded to fill an operational vessel
- purchases to fill the assigned vehicle, whipper snippers, lawnmowers and fuel pumps.

Fuel purchased for more than one vehicle at a time, or for other equipment or containers (cont'd)

DoE

- purchase to fill a school bus as well as a teacher's private vehicle as part of an excursion.

DoJ

- purchase to fill the assigned vehicle as well as whipper snippers and lawnmowers.

SFC

- unable to provide documentation to corroborate:
 - 78 transactions made on the same day
 - 32 transactions made within two hours
 - 106 transactions made within 50 kilometres.

Non-fuel purchases where no documentation was provided to support the nature of the item purchased

Examples of anomalies and exceptions:

DoE

- purchase of “Petrol Account Goods” explained as LPG purchased for a barbeque.

State Growth

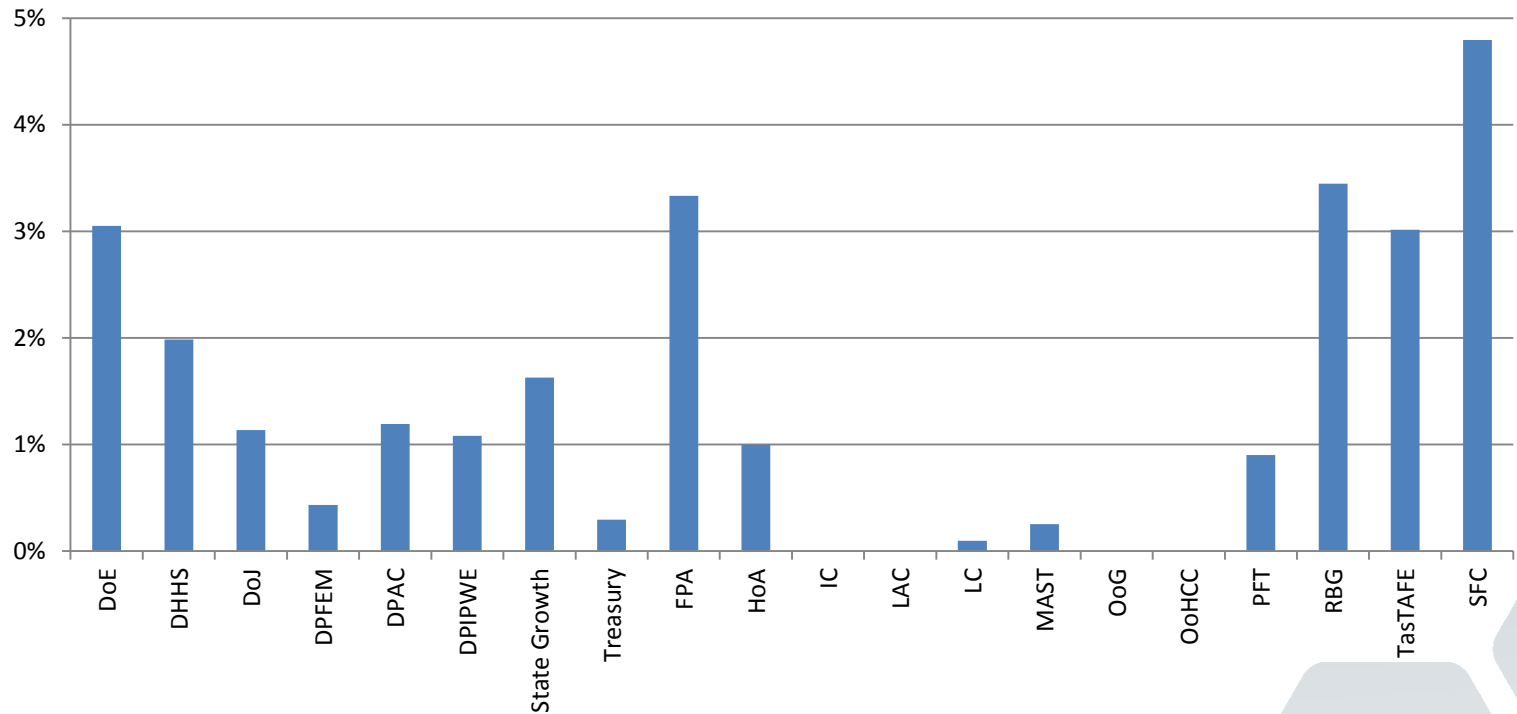
- purchase of “Petrol Account Goods” which was unable to be explained by management.

SFC

- unable to provide us with documentation to substantiate the purchase of 18 LPG tanks.

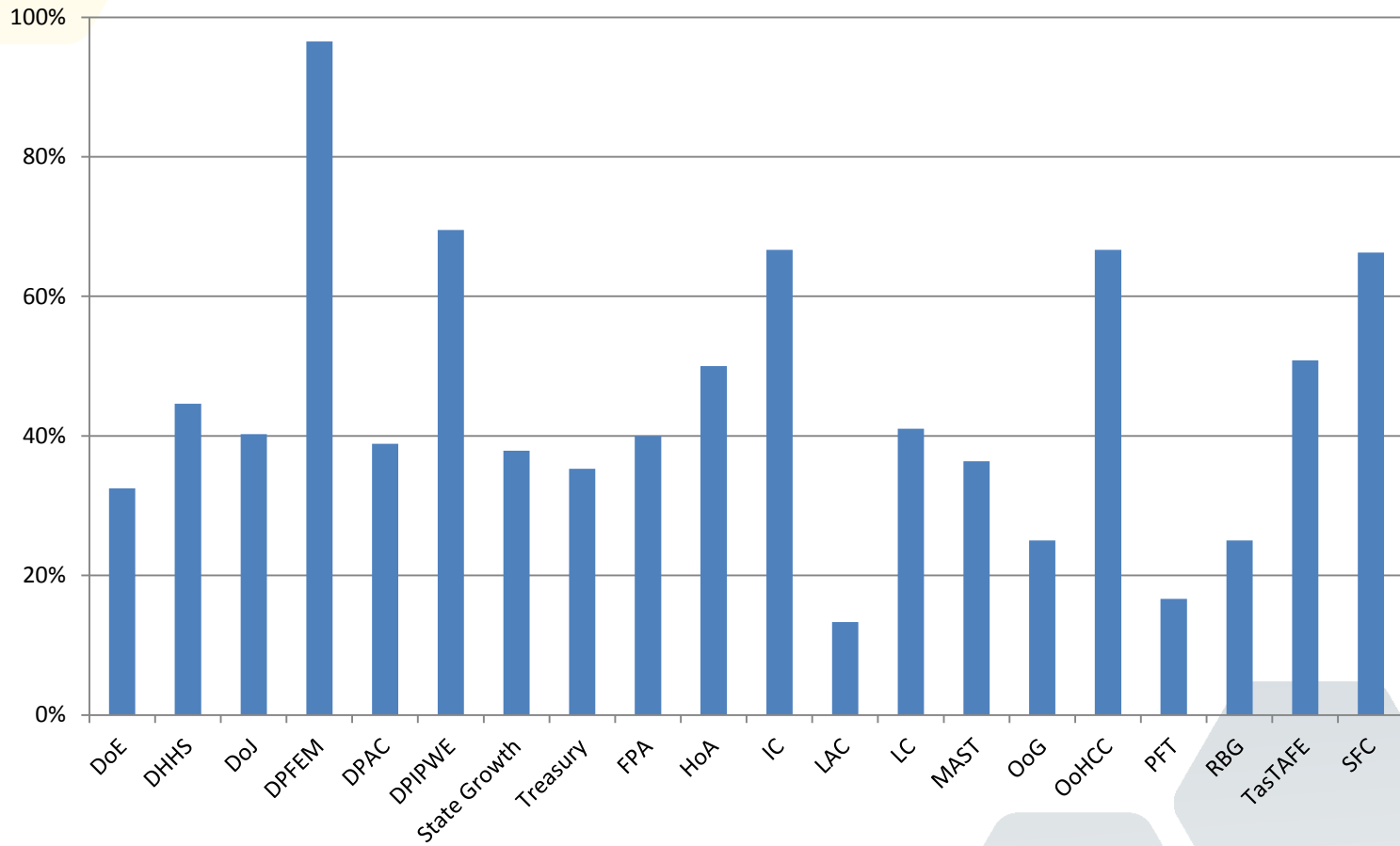
Incorrect or absent odometer readings

Percentage of total transactions



Non-activation of security PINs for fuel cards

Percentage of Fuel cards with PINs activated



Recommendations

Improving processes over fuel card purchases (six)

- restrict fuel purchases to manufacturer specifications
- stop specific vehicle fuel cards used to fill other vehicles, vessels or equipment
- investigate controls to limit non-fuel purchases
- monitor and investigate fills in excess of tank capacity
- for government plated vehicles;
 - monitor and investigate purchases on non-working days or unusual times.
 - ensure logbooks are maintained to support the use

Recommendations

Fuel card controls – (two)

- record the correct odometer readings
- all fuel cards are issued with a PIN

Transaction reporting and monitoring (two)

- access new LeasePlan Analytics reports and ensure a timely review/scrutiny of fuel transactions
- implement procedures to monitor the utilisation of individual fuel cards

Client responses

Entities accepted recommendations and indicated commitment to improve. Of note:

‘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.’

Current audits

- Gambling revenue and harm minimisation
- TasWater: benefits of formation
- Tasmania Prison Service



Thank you

