Columbus City Schools
Office of Internal Audit

Fleet Services Department

Audit Report

Report Date: February 27, 2020

Table of Contents

Executive Summary

The Columbus City Schools (District) Office of Internal Audit (OIA) has recently completed an audit of Fleet Services. Our audit focused on evaluating predetermined objectives selected by OIA. This general audit consisted of the review and testing of these objectives relevant to the Fleet Services Department.

Based on the results of our work during this audit, we found areas where improvements could be made to strengthen the internal control environment and enhancements could be made to current processes to increase the efficiency of the Fleet Services Department.

Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* established by the Institute of Internal Auditors. Our audit included such procedures as we deemed necessary to provide reasonable assurance regarding the audit objectives. Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. Internal Auditing helps an organization accomplish its objectives through a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

OIA's audit focused on gaining an understanding of the preventative maintenance and salvaging of vehicles, and fuel processes, their governance, and internal controls.

OIA reported 12 issues and 14- recommendations. OIA rated the risk associated with the 12 issues as follows:

High	Moderate	Low
4	7	1

During the course of our audit, we made Fleet Services management aware of our issues and recommendations for improvement. Good discussion took place regarding the recommendations. OIA appreciates the cooperation extended to us and the assistance of all staff we came into contact with as we performed our audit.

The OIA issues noted during the audit are as follows:

Risk Ratings, defined:

1 – High/unacceptable risk requiring immediate corrective action;

2 – Moderate/undesirable risk requiring future corrective action; and

3 – Low/minor risk that management should assess for potential corrective action.

Issues	Risk Rating		
	1	**2**	**3**
Objective 1: To determine that preventative maintenance is performed timely and the process tracks parts used and services performed appropriately.			
Issue 1 – No funded school bus replacement plan in place.	X		
Issue 2 – Preventative maintenance is not monitored for timeliness.		X	
Issue 3 – School Transportation van inspections are not being completed as required.	X		
Objective 2: To determine the salvaged vehicle process accounts for vehicle sales appropriately and necessary controls are in place.			
Issue 4 – Lack of written operating procedures.	X		
Issue 5 – The Fixed Asset Inventory Control Form is not completed and assets are not removed from the fleet management system timely.		X	
Issue 6 – Lack of Formally Documented Approvals of the Sale of Fleet Services Assets.		X	
Issue 7 – Inadequate cancellation of asset identification numbers on file with Ohio Bureau of Motor Vehicles.			X

Issues	Risk Rating		
	1	2	3
Issue 8 – Untimely posting of Pay-in's to MUNIS and No Reconciliation Process in Place for Assets/Items Sold on GovDeals (Treasurer's Office).		X	
Objective 3: To determine fuel process is compliant with relevant purchasing and fuel dispensing facility requirements, usage by the District is accounted for appropriately, and the District is taking advantage of all refunds.			
Issue 9 – Fleet Services purchasing activities were not consistently compliant with District Purchasing requirements.		X	
Issue 10 – Fuel dispensing pump environments were not consistently compliant with various Ohio Administrative Code sections.		X	
Issue 11 – Fleet Services management did not apply for Motor Fuel Tax refunds.	X		
Issue 12 – Fleet Services management did not provide any evidence of monitoring procedures applied to fuel consumption.		X	

Audit Objectives

The objectives of the audit were to determine:

- Preventative maintenance is performed timely and the process tracks parts used and services performed appropriately;
- Salvaged vehicle process accounts for vehicle sales appropriately and necessary controls are in place; and
- Fuel process is compliant with relevant purchasing and fuel dispensing facility requirements, usage by the District is accounted for appropriately, and the District is taking advantage of all refunds.

Audit Scope

OIA established the scope of the audit to include a review of basic operational aspects of the processes and evaluation of internal control environments as they relate to the noted

objectives. The period of time for the audit included all activity relating to the Fleet Services Department processes from July 1, 2018, through August 31, 2019. Our audit scope was expanded to include fiscal year 2016 to current for the work completed regarding the Motor Fuel Tax refund.

Methodologies

To accomplish our stated objectives, OIA performed the following tasks as they related to those objectives:

- Reviewed various authoritative literature governing work reviewed;

- Obtained and reviewed relevant District Board of Education policies and administrative guidelines;

- Obtained and reviewed relevant District procedures;

- Review of prior audits;

- Interviewed CCS personnel that handle fleet service activities;

- Observation and documentation of key processes;

- Review of various files and other relevant information;

- Performed limited data analysis of the fleet management software Faster and Ohio Bureau of Motor Vehicle data;

- Performed analysis of information obtained from the Ohio Department of Taxation regarding Motor Fuel Tax refunds; and

- Researched and reviewed best practices used by other entities performing similar functions.

Background

The Fleet Services Department is under the Office of Transportation. The Fleet Services Department is overseen by a Supervisor who reports directly to the Executive Director of the Department of Business & Operations and the Office of Transportation. The Executive Director of Business and Operations and Office of Transportation reports to the Chief Operating Officer. The Chief Operating Officer is a direct report of the Superintendent/CEO who reports directly to the BOE.

The Fleet Services Supervisor oversees the department, with an Operations Manager, Parts Supervisor, and six (6) service center Assistant Supervisors, see Exhibit 1.

Exhibit 1 – Fleet Services Department Organization Chart
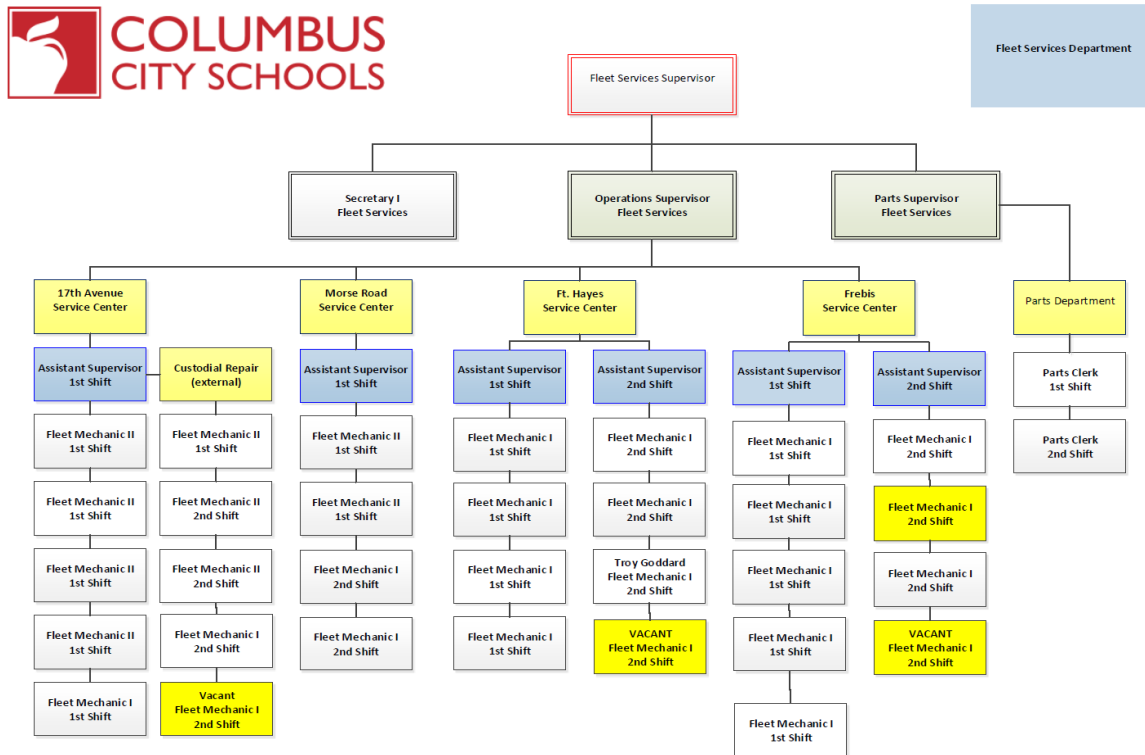
The Fleet Services Department provides regular maintenance and repair services to a large fleet of vehicles and equipment including:

- 842 school buses; and
- 265 vehicles/tractors/trailers.

The Department operates the following four (4) Service Centers. See Exhibit 2 below for the approximate number of vehicles/buses, number of fully staffed mechanics, and ratio of vehicles per mechanic at each of the four (4) Service Centers.

Exhibit 2 – Ratio of Vehicles per Mechanic

				Vehicles per Mechanic Ratio	
	Approximate Vehicle Count	Positions	Vacant	Full Staff	Current Staff
17th Ave	265	8	1	33.1	37.9
Morse	165	4	0	41.3	41.3
Ft. Hayes	344	8	1	43.0	49.1
Frebis	333	9	2	37.0	47.6
TOTALS	1,107				

Source: Faster – Fleet Management System and Organizational Chart

The 2019-2020 Fleet Services Department has an approximate budget of $12,988,494; that is approximately 1.4% percent of the District's operating budget (General Fund).

The District reported the following YTD expenditures for Fleet Services:

Exhibit 3 – Payroll & Non-Payroll Actual Expenditures

	FY 2017	FY 2018	FY 2019
Payroll Expenditures	$5,053,663	$4,436,164	$4,642,569
Non-Payroll Expenditures	$7,144,432	$7,200,731	$7,965,484
TOTALS	**$12,198,095**	**$11,636,895**	**$12,608,053**
% of General Fund Expenditures	**1.4%**	**1.3%**	**1.4%**

Source: MUNIS – YTD Budget Report

Exhibit 4 – Top 5 Line Items within Non-Payroll Expenditures

	FY 2017	FY 2018	FY 2019
Property Services	$598,995	$486,565	$535,840
Building Acquisition	$366,190	$57,425	$0
Tires & Tubes	$272,187	$361,825	$424,607
Supplies & Parts	$1,782,469	$1,692,343	$2,299,715
Fuel	$3,817,007	$4,563,010	$4,619,479
TOTALS	**$6,836,848**	**$7,161,168**	**$7,879,641**

Source: MUNIS – YTD Budget Report

Results of the Fleet Services Department Audit – Issues and Recommendations:

Issue 1 – No funded school bus replacement plan in place. (High)

We noted that Fleet Services does not have a funded School Bus Replacement Plan in place. There is a draft Transportation & Fleet Services School Bus Replacement dated

January 3, 2018. The draft plan has never been formally adopted. The District purchased 40 new buses in fiscal year 2020, through the Ohio EPA mitigation grant.

21% (176 of 842) of the District's buses are over 15 years old, with an additional 25 buses that were purchased in 2005 and they will reach 15 years of age next fiscal year. The buses in the District's fleet range in age from 1 year to 28 years, with an average age of 12 years. Given this information, at a minimum the District would need to replace 56 (842 buses/15 years) school buses a year to align with best practices. **(Best Practices: The National Association for School Pupil Transportation (NAPT) and the National Association of State Directors of Pupil Transportation Services has recommended the replacement of school buses every 12-15 years or 250,000 miles.**

Exhibit 5 illustrates the current age of the school buses within the District's fleet:

Exhibit 5 – Age of Bus Fleet

Bus Year	Count	%
1992	7	1%
1998	40	4%
2000	18	2%
2001	29	3%
2002	48	6%
2003	34	4%
2005	25	3%
2006	10	1%
2010	69	8%
2011	192	23%
2012	29	3%
2014	300	36%
2017	1	0%
2020	40	5%
Total	**842**	

Source: Faster – Fleet Management System

By not having a funded plan for bus replacement, the risk increases that more money will be spent on repairs of older buses and these buses will be out of service more often. This puts more of a load on the operating buses and decreases the number of years they will last.

Recommendation

1. We recommend Transportation & Fleet Services management formally adopt a viable school bus replacement plan that can be funded and is presented to the BOE for their consideration.

Management Response: We do have a replacement plan to meet National Association of Pupil Transportation replacement guidelines. National Association of Pupil Transportation Recommends a replacement cycle of 12 -15 years. A 12-year replacement cycle requires 70 buses a year for our 842 vehicle fleet. The replacement plan will require 7.3-million-dollar annual funding with increases to match inflation.

Current PI funding is $2,000,000 and provides for approximate 20 buses.

69 buses have been purchased in the 2019-2020 school year. The last purchase prior to this was in 2013-2014. Our current plan will be updated to reflect the bus purchased this school year.

Process Owner: Stephen Andrews, Fleet Services Supervisor

Implementation Date: Updated plan presented for Operations review March 18, 2020

Issue 2 – Preventative maintenance is not monitored for timeliness. (Moderate)

The Fleet Services Department does not track performance metrics including preventative maintenance (PM) completion rates. The PM program does not include adequate monitoring to ensure that maintenance services are performed timely.

OIA's analysis of PM's completed from July 1, 2018 through August 31, 2019 by each service center (SC) is shown in Exhibit 6:

Exhibit 6 – PM Completion by Service Center

	17th AVE SC	FREBIS SC	FT. HAYES SC	MORSE SC
Number of PM's Completed Early	85	1,245	487	209
Number of PM's Completed On-Time	0	7	0	0
Number of PM's Completed Late	179	2,064	1,271	717
Totals	**264**	**3,316**	**1,758**	**926**

Source: Faster – Fleet Management System

The report above was generated from the fleet management system Faster. The parameters of the PM Completion Report were a date variance of 15 days and a meter variance of 500 miles.

Our analysis found that 6,264 PM's were completed for all four (4) Service Centers during the period noted above. 68% (4,231 of 6,264) were completed after the established due date (late), 32% (2,026 of 6,264) were completed early, and 0.11% (7 of 6,264) were completed on time. Illustrated in Exhibit 7 below:

Exhibit 7 – PM Completion All Service Centers (Pie Chart)

PM COMPLETION - ALL SERVICE CENTERS

Number of PMs Completed Early 32%

Number of PMs Completed Late 68%
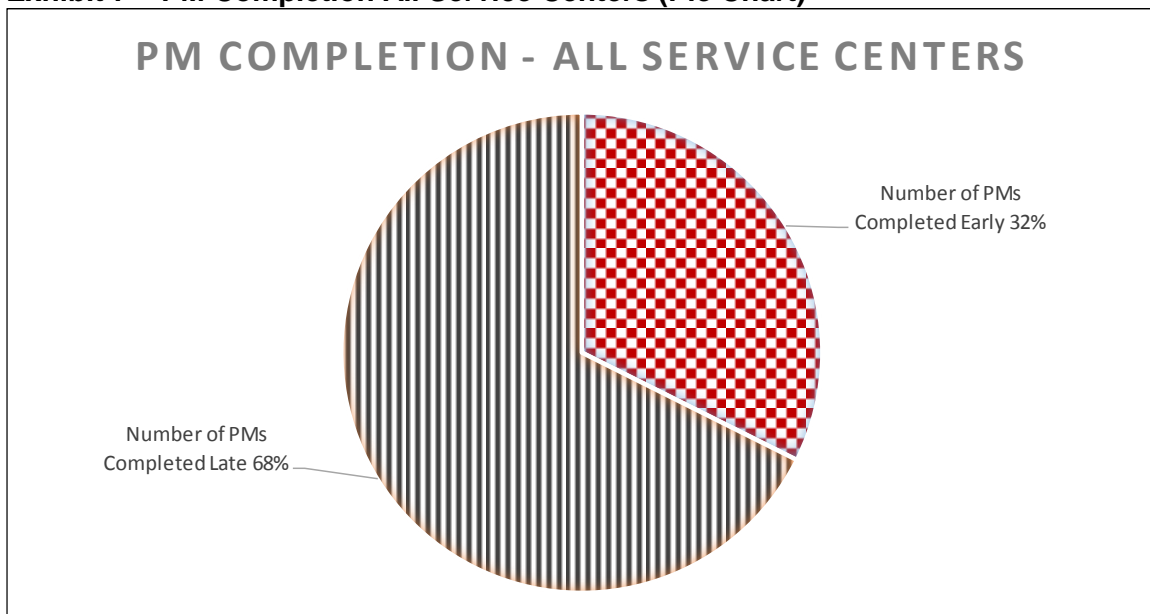
Source: Faster – Fleet Management System

The Fleet Services Department management does not track performance metrics including PM completion rate (percent of PM jobs completed vs jobs due) and incomplete PM jobs.

By not tracking PM completion rates and the timeliness of these services, the risk increases that the asset will not last as long as it might if PM's were completed as recommended. Additionally, by not monitoring the timeliness of the PM's, management does not know to allocate additional resources to resolve the issue and this could affect the safety of vehicle operation.

Recommendation

2. We recommend Fleet Services management monitor the completion of PM activities on a continuous basis and identify service centers that need additional resources to stay current on PM services.

Management Response: Assistant Fleet Supervisors at the bus compounds monitor the preventative maintenance weekly.

Operations Manager will review the PM compliance monthly. The process will be documented in our standard operating procedures.

Process Owner: Stephen Andrews, Fleet Services Supervisor

Implementation Date: August 4, 2020

Issue 3 – School Transportation van inspections are not being completed as required. (High)

We tested 100% (22) of the School Transportation Vans to ensure two inspections per year occurred. **(Requirements: Ohio Administrative Code (OAC) section 3301-83-19 - Authorized vehicles for transportation of pupils to and from school and school-related events and the Columbus City Schools Administrative Guideline 8650 - Transportation by School Van stipulates that school transportation vans shall be inspected by a qualified mechanic not less than two times per year).**

OIA found 41% (9 of 22) of the school transportation vans did not receive the required two inspections per year. All 22 school transportation vans were inspected at least once during our review period.

By not inspecting the school transportation vans at least twice per year, the risk increases that these vehicles could have issues that go undiagnosed which could affect the safety of the vehicles.

Exhibit 8 – Age of School Transportation Vehicles

School Transportation Vehicles	Count	%
2001	17	77%
2011	3	14%
2012	1	5%
2019	1	5%
Total	**22**	

Source: Faster – Fleet Management System

Recommendation

3. We recommend Fleet Services management ensure school transportation vans are inspected at least twice a year as required.

Management Response: Inspections are done once a year during the summer.   Due to extended use, it is challenging to conduct a 2nd inspection.   Pending funding, an

additional school van will be purchased to provide a loaner van during inspection and repairs.

Process Owner: Stephen Andrews, Fleet Services Supervisor

Implementation Date: December 31, 2021

Issue 4 – Lack of written operating procedures. (High)

During our review, we noted that the Fleet Services Department did not have written procedures in place for the consistent application of major business transactions and related internal controls of operations. **(Best Practice: Standard operating procedures consistent with BOE policies and Administrative Guidelines produce consistent results and help to make employees accountable. Major business transaction and related internal controls of a department's operations should be clearly documented, periodically reviewed and updated.)**

By not having written procedures to document how to handle operations, the risk increases that procedural tasks might not be handled consistently or in accordance with management or BOE wishes.

Recommendation

4. We recommend Fleet Services management develop, communicate, and implement written procedures for all major aspects of the Fleet Services Department operations.

Management Response: Fleet Services will create written procedures for our internal processes and review and improve the document annually.   We will conduct continuing staff training on the procedures.

Process Owner: Stephen Andrews, Fleet Services Supervisor

Implementation Date: February 26, 2021

Issue 5 – The Fixed Asset Inventory Control Form is not completed and assets are not removed from the fleet management system timely. (Moderate)

We found 100% (3 of 3) of the fixed asset acquisitions tested did not have a Fixed Asset Inventory Control form completed. We also noted that it took 46 days for Fleet Services to remove assets from active fleet in the fleet management system. **(Requirement: The Office of the Treasurer - Fixed Asset Guide for Building Administrators requires the Fixed Asset Inventory Control Form to be used to report fixed asset disposals and transfers to the Fixed Assets Department).**

By not completing the Fixed Asset Inventory Control form completed and timely removal of assets from the active fleet, the risk increases that the fixed asset listing for Fleet Services will be inaccurate. Additionally, time may be spent looking for assets included on the listing that have already been disposed, not an efficient use of time.

Recommendations

5A. We recommend Fleet Services management take steps to ensure timely completion of the Fixed Asset Inventory Control Form to report fixed asset disposals and transfers to the Treasurer's Office Fixed Asset Administrator.

5B. We recommend Fleet Services management properly and timely remove assets from the fleet management system.

Management Response: Fleet Services will develop timely and accurate procedures to document fixed asset disposal. The procedure will be included in the standard operating procedures.

Process Owner: Stephen Andrews, Fleet Services Supervisor

Implementation Date: August 4, 2020

Issue 6 – Lack of Formally Documented Approvals of the Sale of Fleet Services Assets. (Moderate)

We tested 100% from the GovDeals report listing Fleet Services assets sold between July 1, 2018 through June 30, 2019, to evaluate controls over the sale of Fleet Services assets.

100% (15 of 15) of the transactions tested contained no evidence of a formal approval to sale/trade Fleet Services assets. **(Best Practice: Sufficient evidence should be maintained when assets are sold or traded. This evidence should list, among other things, why the asset was being disposed, who approved the disposal of the asset, and evidence of the sale and deposit of the funds received).**

By not having sufficient evidence of approvals for the sale or trade of Fleet Services, the risk increases that assets could be sold or traded that still had value to the District. This could cause the District to purchase replacement assets that might not be needed.

Recommendation

6. We recommend Fleet Services management document the process of determining the asset disposal methodology and ensure documentation is maintained in the fleet management system detailing the decision making process and actions taken.

Management Response: Fleet Services evaluates all items presented for disposal. Items are disposed or transferred to another department. Recommendations for approval will be submitted for Executive Director approval. Work orders will be created in the fleet maintenance system to document the decision.

We will review, improve and document our disposals process.

Process Owner: Stephen Andrews, Fleet Services Supervisor

Implementation Date: August 4, 2020

Issue 7 – Inadequate cancellation of asset identification numbers on file with Ohio Bureau of Motor Vehicles. (Low)

During the course of the audit, we selected a sample of disposed assets to ensure timely cancellation of identification numbers with Ohio BMV. **(Requirement: Ohio Revised Code (ORC) section 4511.762 ORC and the State Highway Patrol – Ohio School Bus Standards and Inspection Manual – Requires when a school bus is sold or removed from service, a request for cancellation of school bus identification form be completed and sent to the Ohio Bureau of Motor Vehicles).**

The results of our testing is as follows:

- 100% (13 of 13) of the assets tested had no support documentation confirming the cancellation of identification numbers with the Ohio BMV;
- 92% (12 of 13) of the assets tested had identification numbers that had not been cancelled, per Ohio BMV records;
- The Ohio BMV has 1,288 active assets recorded in their system, while the District has 1,081 active assets in their system, resulting in the Ohio BMV having 207 more assets in their system; and
- 40 assets disposed of between 1953 and 1980 are still registered with Ohio BMV.

Recommendation

7. We recommend Fleet Services management develop procedures to timely cancel identification numbers for all district vehicles with Ohio BMV.

**Management Response*:* We submit our disposed vehicles for removal from the BMV records system. We will improve our timeliness of submissions.

Fleet is working to correct records of items disposed in the past. We aim to be complete and cancel the disposed vehicles by March 6, 2020.   We will conduct an annual review *of BMV records.*

Process Owner: Stephen Andrews, Fleet Services Supervisor

Implementation Date: March 6, 2020

Issue 8 – Untimely Posting of Pay-in's to MUNIS and No Reconciliation Process in Place of Items sold on GovDeals (Treasurer's Office). (Moderate)

Revenue from assets sold on GovDeals was not posted timely to the District's accounting system (MUNIS). **(Best Practice: Revenue from assets sold on GovDeals should be posted timely and accurately to the District's accounting system (MUNIS), to ensure revenue is properly reflected. Good internal controls include reconciling revenue received to available detail data to ensure the revenue amounts are accurate and complete).**

During the course of the audit, we tested 100% of Pay-In's (revenue) associated with assets sold on GovDeals for fiscal year 2019. We noted the following:

- Pay-In's from GovDeals and other miscellaneous revenue are taking an average 86 days to be posted in MUNIS;
- OIA identified 12 Pay-In's with date ranges from June 25, 2019 through October 28, 2019, that had not been picked-up at the Hudson Distribution Center by an Area Treasurer and posted to MUNIS as of November 1, 2019; and
- Based on inquiry there is no reconciliation performed over revenue received from GovDeals or other miscellaneous revenue.

By not processing the revenue in a timely manner, the risk increases that the revenue could be misappropriated or taken. Additionally, without entry into MUNIS, it could be difficult to determine if revenue is missing and when it was misappropriated or taken.

Recommendation

8. We recommend both the Treasurer's Office and those responsible for conducting or overseeing revenue generating activities implement monitoring procedures of the activities' financial results to provide assurance monies due are actually received and amounts received are correct.

Management Response: The Treasurer's Office will obtain access to the GovDeals website to periodically review district activity. The treasurer's office is currently implementing changes to the receipt entry process which will address the delay in posting. Going forward, a daily review of pay-ins and bank deposits will reduce delays in posting of pay-ins.

Process Owner: Jenny Vanover**,** Director of Financial Process Improvement

Implementation Date: June 30, 2020

Issue 9 – Fleet Services purchasing activities were not consistently compliant with District Purchasing requirements. (Moderate)

Fleet Services staff made purchases of goods and services without adhering to District Purchasing procedures and/or best practices:

- Fleet Services management could not provide evidence that contracts had been entered into for 50% (1-2) of the vendors tested during the Fleet purchasing test; **(Best Practice: A written contract should be entered into documenting the responsibilities of each party, contractual intention, consideration and signed by both parties).**
- Vendors sent invoices directly to Fleet Services rather than to the Treasurer's Office for 100% (15-15) of the sampled invoices tested during the Fleet purchasing test; (**Requirement: All invoices are to be sent directly to Accounts Payable, Treasurer's Office)**.
- Fleet Services management could not determine the accuracy of 67% (10-15) of the invoices sampled during the Fleet purchasing test. These invoices were for fuel and included a price per gallon calculated by the cost of a gallon of fuel per the Oil Price Information Service (OPIS) benchmark for that day plus the bid price differential agreed to by the vendor and the District as part of the Public Purchase process. The District does not subscribe to the OPIS, therefore cannot verify that the price charged on the invoice is accurate. **(Requirement: Completeness and accuracy of invoice must be confirmed by reviewer prior to approving invoice for payment)**
- Delivery bills of lading are not consistently obtained for fuel delivered to the following sites: Food Production, Smith Road, generator locations; **(Requirement: Completeness and accuracy of invoice must be confirmed by reviewer prior to approving invoice for payment).**
- There was not an advertisement placed in a newspaper of general circulation listing this opportunity for vendors to submit fuel bids. **(Requirement: Projects that exceed $100,000 require an advertisement be placed in a newspaper).**

By not adhering to the purchasing requirements and/or best practices, the risk increases that the District is not maximizing its purchasing power. Competitive requirements will help increase the number of vendors submitting quotes/bids and in most cases provide the District with the best price. Validation requirements (completeness & accuracy) will help to ensure the District is only paying for goods and/or services received and at the prices agreed to in agreements/quotes/contracts.

Recommendations

9. Management should ensure all staff have access to purchasing requirements and best practices, routinely discuss at staff meetings, and establish monitoring procedures to ensure purchasing requirements and best practices are being complied with by Fleet Services staff.

Management Response: Issue 9a. Fleet Services develops detailed specifications. These specifications and the PO serve as the contract.

Issue 9b. We will direct Vendors to submit invoices to the Treasurer's Office.

Issue 9c. We will add the OPIS price be included on the invoice in future bids.

Issue 9d. All fuel tanks are monitored by electronic gauges that record the tank levels. Fuel is delivered automatically based on preset tank levels. Invoices are received and verified by the bill of lading or the tank gauge online portal.

Issue 9e. Fleet Services use Public Purchase, a national bidding service to conduct all of ours bids. The District publishes a weekly add to announce that bids are available through the public web site. All registered vendors are notified by email of bids matching their vendor category.

We will review our purchasing processes internally, and with the Purchasing Department. We will document our purchasing process and train all personnel on the purchasing rules.

Process Owner: Stephen Andrews, Fleet Services Supervisor

Implementation Date: August 4, 2020

Issue 10 – Fuel dispensing pump environments were not consistently compliant with various Ohio Administrative Code sections. (Moderate)

Fleet Services staff are not ensuring that fuel dispensing pumps located throughout the District are complaint with rules and regulations. OIA visits to various fuel dispensing locations noted the following:

- One set of fuel dispensing pumps did not have concrete guard posts in place to protect the pumps from motor vehicle impact; **(OAC 1301:7-7-2306.4)**
- Telephones were not provided on site at any of the locations visited; **(OAC 1301:7-7-2304.3.6)**
- Signs providing dispenser operating instructions were not conspicuously posted on every dispenser; **(OAC 1301:7-7-2304.2.3)**
- Additional signage requirements for "STOP ENGINE", "WARNING-IT IS UNLAWFUL AND DANGEROUS TO DISPENSE GASOLINE INTO UNAPPROVED CONTAINERS", ETC… were not met at the locations visited; **(OAC 1301:7-7-2305.6)**
- One fire extinguisher at a location needed re-charged and appears to be broken; **(OAC 1301:7-7-2305.5)**
- Emergency phone number posted on signage rings to staff phone and goes to voicemail after hours or when this staff person is away from their desk; and **(Best Practice: The phone number on the emergency signage should go to a person or service that can take appropriate action)**
- The signage for one of the Emergency Shut-off locations has faded badly. **(Best Practice: Signage for the Emergency Shut-off should be clearly marked and readable)**

By not routinely monitoring the physical facilities where fuel dispensing pumps are located, the risk increases that the District will be non-compliant with Statutory requirements and safety protocols.

Recommendation

10. Management should make regular visits to each location where a fuel dispensing pump is located to ensure those statutory requirements and necessary safety procedures are in place and functioning as management intends. As items are found that need addressed, lists should be made, prioritized and assigned as appropriate to resolve the issue found. These visits, items found, and the resulting work completed should be documented and maintained to evidence management's monitoring.

Management Response: We will adopt and document periodic inspections of all fuel sites. The forms and process created and implement in March 2020. Request for repairs and corrective action of the faults will also begin in March.

Process Owner: Stephen Andrews, Fleet Services Supervisor

Implementation Date: March 30, 2020

Issue 11 – Fleet Services management did not apply for Motor Fuel Tax refunds. (High)

At the time of our Fleet Services audit of the fuel process, we requested Motor Fuel Tax Refund information for FY18 and FY19. **(Best Practice: Each school district is eligible to receive a Motor Fuel Tax refund for fuel purchased by the District)**.

This refund was six cents per gallon purchased prior to July 1, 2019 and then increased to 25 cents per gallon of diesel fuel and 16.5 cents per gallon of unleaded purchased by the District after July 1, 2019. Refunds can be requested by school districts up to 365 days from the date of the fuel purchase.

The Fleet Services management told OIA they had not filed for a refund of the Motor Fuel tax. The previous supervisor may have filed for the refund.

OIA contacted the Ohio Department of Taxation (ODT) to obtain actual refunds applied for by the District and found the District had not filed for a refund on Motor Fuel purchased for the period beginning in July 2016. Since refunds could only include purchases that occurred during the past 365 days, all refunds for the motor fuel purchased from July 1, 2016 through December 9. 2018 were lost to the District. This resulted in $295,223.75 in lost revenue to the District. Additionally, during the OIA discussion with the ODT, it was determined two refund checks were issued to the District in May 2016 ($50,620.08) and November 2016 ($60,762.00) that were never cashed by the District and ended up becoming voided. Further discussion with ODT, led to the District being able to have these voided checks re-issued to the District, resulting in $111,382.08 in re-claimed revenue. Finally, by bringing the Motor Fuel Tax refund issue to the attention of Fleet Services management, they will be able to apply for a refund of the Motor Fuel Tax from December 10, 2018, through December 9, 2019, resulting in enabled revenue of $276,419.32. The amount of $73,452.90 for the time period ending

June 30, 2019 has been filed, received and deposited. Other information is categorized in the table and pie chart below:

Exhibit 9 – Motor Vehicle Fuel Tax Analysis

Time period	Gallons	Rate	Lost revenue	Re-claimed revenue	Enabled revenue	
07/1/15 – 12/31/15	843,668	0.060		$50,620.08		A
07/1/16 – 06/30/16	1,012,700	0.060		$60,762.00		A
FY16 gallons not included	50,031	0.060	$3,001.91			A
07/01/16 – 06/30/17	1,938,111	0.060	$116,286.66			A
07/01/17 – 06/30/18	1,885,593	0.060	$113,135.58			A
07/01/18 – 12/09/18	1,046,660	0.060	$62,799.60			E
'12/10/18 – 06/30/19	1,224,215	0.060			$73,452.90	A
07/01/18 – 12/09/19 **D**	792,331	0.250			$198,082.75	E
07/01/18 – 12/09/19 **U**	29,598	0.165			$4,883.67	E
Totals			**$295,223.75**	**$111,382.08**	**$276,419.32**	
D=Diesel & U=Unleaded						
A=Actual & E=Estimated						

Source: Ohio Department of Taxation information, MUNIS, Fleet Services staff

Exhibit 10 – Motor Fuel Tax Refund Analysis
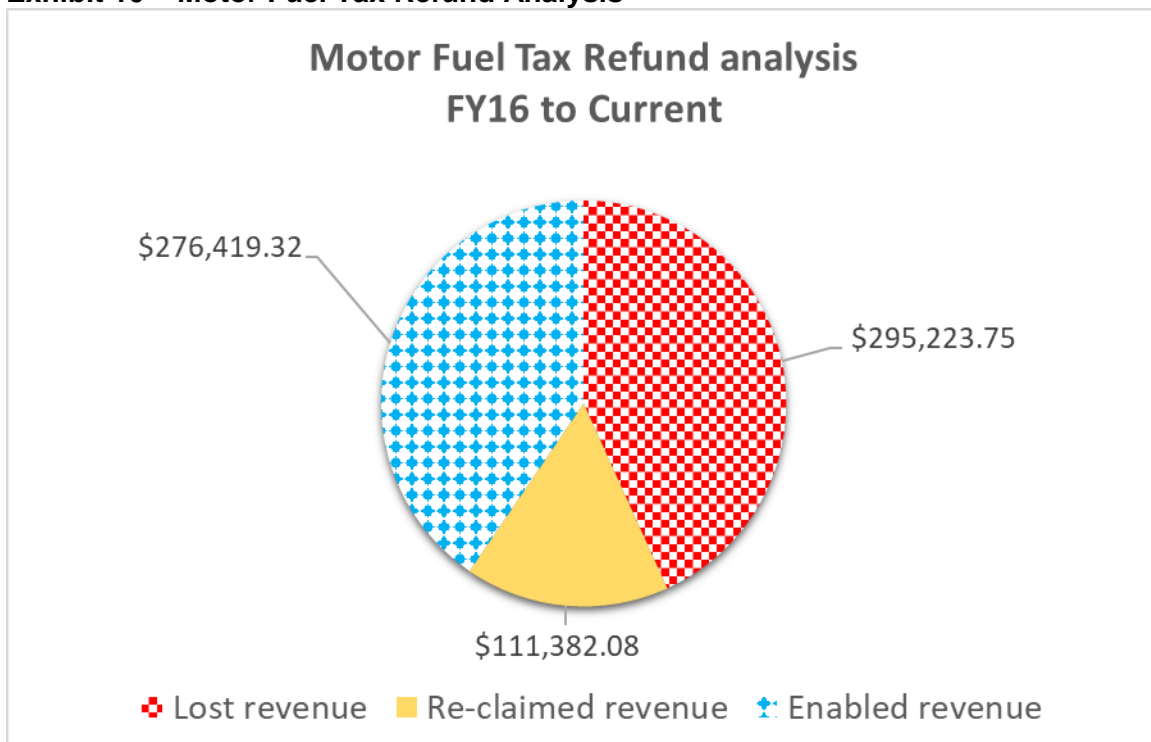
Source: Ohio Department of Taxation information, MUNIS, Fleet Services staff

By not applying for the Motor Fuel Tax refund, the District is forgoing funds that could be used to reduce previously made expenditures. This would enable funding reductions to be made in the fuel expense line by the refund amount and allow these funds to be utilized for other District priorities.

Recommendations

11A. Fleet Services management should compile purchasing information and routinely apply for the Motor Fuel Tax refund each quarter or semi-annually.

11B. We recommend both the Treasurer's Office and those responsible for conducting or overseeing revenue generating activities implement analysis and monitoring procedures of the activities' financial results to provide assurance monies due are actually received and amounts received are correct.

Management Responses: We immediately filed a refund request once notified by OIA of the Motor Fuel Tax Refund. We lost no further possible refunds. All of our fuel purchases have been filed and there is no backlog.   We now file quarterly and will document the process in our standard operating procedures.

I have requested reissuance of the uncashed checks on December 20, 2019.

The Treasurer's Office will periodically review district activity. The treasurer's office is currently implementing changes to the receipt entry process which will address the delay in posting. Going forward, a daily review of pay-ins and bank deposits will reduce delays in posting of pay-ins.

Process Owner: Stephen Andrews, Fleet Services Supervisor & Jenny Vanover**,** Director of Financial Process Improvement

Implementation Date: Process December 20. 2019. Documentation: June 30, 2020.

Issue 12 – Fleet Services management did not provide any evidence of monitoring procedures applied to fuel consumption. (Moderate)

Management did not provide any procedures, processes or evidence that fuel usage was being monitored in totality or by employee, location or vehicle. **(Best Practice: Routine review of fuel purchased and usage by employee, location and vehicle should be completed).**

By not monitoring the fuel purchased by the District and comparing like and/or similar periods, or usage by employee, vehicle or location, increases the risk that fuel could be misused or misappropriated. Comparing current usage with like or prior periods for location or employee could help to timely identify variances that need to be explained. Risk could also increase if management does not seek to identify transactions at odd times (weekends, holidays, after hours).

Recommendation

12. Management should develop procedures that will help to monitor fuel usage throughout the District for like and prior periods for location, employee, and vehicle. Systematic reports should be developed and routinely reviewed by management in an effort to sufficiently monitor fuel usage.

Management Response: All fuel transactions are recorded in the Fleet Maintenance system. Fleet Services will distribute monthly reports to Department Directors listing the fuel usage of each

Process Owner: Stephen Andrews, Fleet Services Supervisor

Implementation Date: March 2, 2020