



Gwinnett County
Internal Audit Division

75 Langley Drive | Lawrenceville, GA 30046
(O) 770.822.7757 | (F) 770.822.7725
www.gwinnettcounty.com

Audit Report for

Fuel and Supplies Warehouse

Department of Community Services
Audit Plan Year 2021

November 12, 2021

Auditor: Keenan Nietmann, Senior Auditor

Distribution:

To: Tina Fleming, Community Services Director

CC: Tracy Arner, CPA, Gwinnett County Audit Committee
Kirkland Carden, Board of Commissioners – District 1, Gwinnett County Audit Committee
Tiana Garner, Clerk of Court, Gwinnett County Audit Committee
Ben Ku, Board of Commissioners – District 2, Gwinnett County Audit Committee Chairman
Glenn Stephens, County Administrator, Gwinnett County Audit Committee
Maria Woods, CPA, Deputy County Administrator/CFO, Gwinnett County Audit Committee

Theresa Cox, Deputy County Attorney

Background and Scope

The Department of Community Services (DoCS) provides Gwinnett County (the County) residents with recreational parks and facilities. The properties have various amenities such as trails, playgrounds, sports fields, and restrooms. The Parks and Recreation Division (the Division) of DoCS uses a central warehouse (the Warehouse) to procure and distribute supplies to 42 parks and facilities located throughout the County to support operations. Typical supplies include among others paper towels, toilet paper, insecticide, and herbicide. The Division also routinely dispenses fuel obtained from County fuel depots to parks and facilities. Warehouse management objectives are to provide enough supplies to support field operations, manage procurement costs, and safeguard supplies and fuel from theft. During the audit period January 2019 to May 2021, the Division purchased approximately \$869,000 in supplies net of discounts and distributed about \$755,000 to parks and facilities. Maintenance consumed approximately 59,000 gallons of fuel during the audit period according to management reports.

The purpose of the audit was to evaluate on a sample basis the adequacy and effectiveness of management's control activities that are designed to provide reasonable assurance of achieving the objectives. Internal Audit (IA) interviewed employees, observed performance of key control activities at the Warehouse and parks, and reviewed documentation on a sample basis. We believe the evidence provided a reasonable basis for our assessment. See **Exhibit A** for a summary of our audit procedures. We excluded program-specific supplies such as items used for summer camp activities or senior services. The scope of the audit also excluded regulatory compliance, safety, and environmental concerns associated with fuel transport and storage.

Assessment

Management's control activities were generally adequate and effective in providing reasonable assurance of achieving their control objectives. We found no evidence of abuse or improprieties. We made two recommendations to improve fuel safeguards. They are considered improvement opportunities rather than significant control weaknesses. The fuel truck's capacity is 120 gallons and park fuel containers typically hold 30 gallons which limits daily exposure to abuse. Although immaterial relative to overall County operations, management asked IA to provide any recommendations that could further reduce the possibility of abuse.

Recommendations

1. Fuel monitoring procedures may not always detect anomalies.

Park operations require fuel to run equipment for grounds maintenance. A DoCS delivery truck driver obtains diesel and gasoline from County fuel depots maintained by the Department of Support Services (DoSS). The driver then distributes the fuel to storage containers kept at various parks. DoSS uses a fuel management program called AssetWorks to record fuel truck replenishments from depots.

The driver records park deliveries in manual fuel logs and summarizes the activity each month for management review. To assess the effectiveness of management review procedures, we evaluated the accuracy of monthly reports that are used by management to monitor activity and sought evidence of analysis by park for anomalies. The following is a summary of our results:

- The manual logs for January 2021 contained a few minor mathematical inaccuracies. Park delivery log quantities did not sum to the monthly total for January 2021. Fuel truck replenishment gallons did not always agree with AssetWorks.
- Management analyzed total fuel consumption for budget purposes but did not periodically analyze fuel consumption by park location.
- Park personnel did not independently validate (sign for) fuel deliveries.
- Park delivery reporting is manual and prone to error.

Recommendations:

Management should verify the accuracy of monthly log totals for fuel deliveries and compare truck replenishments to AssetWorks. Park personnel should validate fuel deliveries and related log entries. If cost effective, management could detect anomalies by reconciling fuel delivery logs and AssetWorks reports to actual measurements of gallons per fuel truck as follows:

	Gallons
Beginning Fuel – Delivery Truck	XX
Add: Depot Replenishments per Asset Works	X
Less: Deliveries per Fuel Logs	(X)
Ending Fuel – Delivery Truck	XX
Dipstick Measurement of Truck Containers	(XX)
Difference to Explain	X

Complementary trend analysis of consumption by park may be needed to isolate potential problem areas for improvement opportunities. Management could also retrofit the delivery truck fuel pumps with AssetWorks to automatically record field fuel drops.

Management Response:

Currently each site within Parks and Recreation Operations (PRO) is comprised of 2 (Two) – 30 (Thirty) gallon fuel tanks. Each holds either diesel or regular fuel. In addition, each site is equipped with 2 (two) 2.5-gallon fuel containers used for mixed fuel for small engine equipment. Fuel is transferred from these containers into respective equipment on an as needed basis. The fuel consumed is currently tracked as part of the larger materials cost, staff enter the Lucity Asset Management system which records activities and cost per activity for PRO. Currently, all parks compile inventories of equipment and materials on a twice a year basis or as new equipment is added.

This is managed through the Lucity system. Fuel consumption is reviewed during budget prep and year end reviews for abnormalities in consumption. There is a forecasted project to make Lucity a mobile operative platform which will accommodate better record keeping of fuel transactions from the delivery vehicle to the repository. Through this mobile platform the ability to record precise delivery, time and date of materials and a picture documentation of the service will be entered in and kept for perpetual records. This tablet based mobile platform is expected to be functional in 2022.

IA Comments: We concur with the Lucity solution. The mobile platform integrated with AssetWorks should provide an efficient and effective solution to account for fuel activity by location.

2. Fuel pumps at parks and facilities should be better safeguarded.

We observed physical security controls at Collins Hill Park to evaluate their effectiveness in safeguarding fuel from theft. Fuel containers were within perimeter fencing but pumps were unlocked. We observed staff with unfettered access to pumps. There are currently no policies or guidelines for locking fuel pumps.

Recommendation:

Management should keep fuel pumps locked when not in use at parks and facilities.

Management Response:

Fuel tanks are intended to be always locked when not in operation. This was an operational expectation in place for many years now. This incident of the oversight identified has been handled internally via staff memo, and subsequent creation of an SOP has been undertaken. SOP is expected to be complete and invoked by November 2021.

Other Considerations

IA observed opportunities to improve certain business activities based on best practices and included advisory comments for management consideration only. Management is not required to provide written responses or corrective action plans. The advisory comments are as follows:

- Management should record exchanges or swaps for damaged goods if they become significant. Supervisors should pre-approve all swaps.
- DoCS uses cameras at parks, but none cover fuel containers. If anomalies become significant at a location, management should use cameras to record activity.

Exhibit A
Summary of Audit Procedures

IA performed the following procedures to evaluate the adequacy and effectiveness of control activities:

- Interviewed departmental management to identify key control activities. Walked through key activities to confirm understanding and validate procedures.
- Obtained a list of supplies kept at the Warehouse as of July 6, 2021. Selected a judgmental sample of 30 items from the list and traced to actual quantities on hand. Scanned Warehouse for potentially obsolete or damaged supplies.
- Obtained the January 2021 fuel summary log and assessed accuracy of monthly totals by comparing them to AssetWorks and daily fuel logs (**Recommendation 1**).
- Performed walkthrough of inventory controls at Warehouse, including physical security.
- Performed a walkthrough of supply deliveries to Rhodes Jordan Park to better understand related control activities. Also, confirmed proper segregation of duties.
- Reviewed security controls for fuel stored at Collins Hill Park. Made inquiries about consistency of security controls for fuel at other parks (**Recommendation 2**).
- Reviewed Warehouse year-end adjustments for accuracy and completeness for 2019 and 2020.
- Reviewed supporting documentation of a random sample of 23 purchases and 24 expenses recorded January 2019 through May 2021 to assess compliance with policies.
- Compared sample of SAP expenses to Lucity work orders for validity and accuracy.
- Verified reasonableness of random sample of 23 purchases by comparing per unit prices to similar items contained in online catalogs.
- Reviewed annual demand planning procedures for Warehouse.
- Analyzed supply costs by park and facility to detect potential anomalies for 2019 and 2020.