



Agenda Item # 11 –Attachment 3

August 2, 2016

To: The Honorable James Hilty, President of the Council
The Honorable Brent Malever, President Pro Tem
The Honorable Matthew Wardell
The Honorable Jay Musleh
The Honorable Mary Sue Rich
The Honorable Kent Guinn, Mayor
John Zabler, City Manager

Re: WEX Fuel Cards Analysis - Audit No 2016-06

At the request of the Director of Procurement, Internal Audit (IA) performed a usage analysis and review of internal controls of the Wright Express (WEX) Fuel Card System currently in use by the Ocala Police Department.

Implemented in May 2015, the WEX Fuel Card System provides authorized users the means to purchase fuel from retail gas station outlets. City of Ocala procurement card holders are prohibited from making fuel purchases during the course of a normal work day while traveling within the city limits. The WEX Fuel Card System is managed primarily within OPD by administrators, Mindy Stewart, Steve Chojnocki, and Neal McVey.

The analysis consisted of a review of fuel purchase locations and purchase frequencies. IA calculated the distance from OPD headquarters to the City Fuel Island, approximately 5 miles, for use when calculating the distance between the location of the WEX fuel purchase and the City Fuel Island. To analyze fuel purchase frequency, IA also obtained data collected from Comfuel and City Fuel Island fuel purchase transactions during the same four month period from the Fleet Department.

Between December 2015 and March 2016, there were 600 WEX fuel card purchases completed amongst 66 drivers. The cost for purchases totaled \$14,940.91 for approximately 8,251 gallons of fuel. Frequency of fuel transactions appear to be consistent with a one transaction per shift. Instances of more frequent fuel purchases in a single day were directly related to travel outside of Ocala.

Of the 600 WEX transactions, 43 or 7.17%, totaling \$1,203.29, were completed at retail locations within 5.3 miles distance of the City Fuel Island. The average price per gallon for these retail fuel stations was \$1.934, which is \$0.33 greater than the average price per gallon for City Fuel Island fuel purchases, resulting in an additional \$205.31 paid for fuel during this 4 month period. The OPD WEX Administrators perform monthly reviews of all WEX transactions and any questionable transactions are investigated and discussed with the appropriate Supervisor for clarification and any other action necessary.

While WEX fuel card program does provide a discount off of the retail price of fuel with participating fuel stations, it is important to note advertised gas station retail fuel prices are subject to change with the season and can fluctuate many times within a single day. City Fleet bulk fuel purchases allow for more price per gallon stability and account for the greatest cost savings. This is especially important to remember as WEX fuel transaction quantities and per gallon pricing have increased each month since inception.

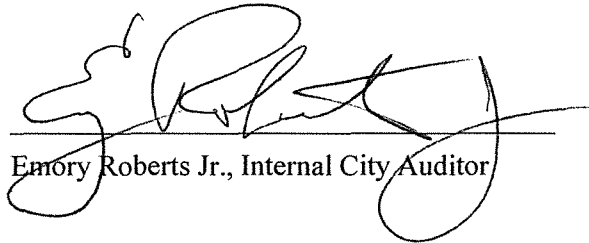
OPD Directive 8.02 Department Vehicles has been updated to provide WEX card usage guidelines and procedures. Directives encourage fuel transactions be completed at the City Fuel Island for cost savings,

and discourage WEX fuel card usage “at a gas station in close proximity to the City Fuel Island.” However, the directives do not further define “close proximity”.

IA recommends OPD Directive 8.02 be updated to include a precise definition “close proximity”. This clarification will ensure drivers are consistent in which fuel locales should be avoided to further promote fiscal responsibility.

Furthermore, the Director of Contracts & Procurement will continue to review other aspects of WEX Fuel Card management with the OPD administrators to clarify card issuance and use requirements going forward.

We appreciate the assistance of all personnel involved in the review, especially Mindy Stewart and Neal McVey.



Emory Roberts Jr., Internal City Auditor

Cc: Greg Graham, Chief of Police, Ocala Police Department
Bill Kauffman, Assistant City Manager
Tiffany Kimball, Director of Contracts & Procurement