



John A. Carey
Inspector General

OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY



Inspector General
Accredited

March 22, 2016

Mr. Raymond C. Liggins
Village Manager
Village of Royal Palm Beach
1050 Royal Palm Beach Blvd.
Royal Palm Beach, FL 33411

Dear Mr. Liggins:

As part of our annual audit planning process, we identify risk areas for which the Office of Inspector General (OIG) may provide a positive impact. Internal controls related to vehicle fleet and fuel management are common to many municipalities. In prior municipal audits, we have assisted in the development of stronger controls and provided opportunities to reduce costs in fueling operations.

As previously discussed, the OIG plans to conduct additional audits of fleet/fuel management as indicated in our Fiscal Year 2016 Audit Plan; and, we selected the Village of Royal Palm Beach (Village) as a possible auditee. One of our senior auditors, John Lynch, met with the Village's Finance Director, Stanley Hochman, on February 17, 2016, to discuss vehicle fueling operations at the Village. Resulting from those discussions, we learned the following:

- 1) The Village's fuel budgets are based on the actual fuel expenditure by each department from the preceding 18 months. At the start of the fiscal year, fuel expense purchase orders are opened for the departments.
- 2) Fuel for the Village is purchased at retail gas stations through the use of a Fuel Card Services Agreement between Wright Express Financial Services Corporation and the State of Florida. The Fuel Card Program includes:
 - a) One fuel card issued per vehicle;
 - b) Required entry of odometer reading and PIN (ID) number;
 - c) Immediate exclusion of local taxes from the purchase price;
 - d) Monthly fuel invoices from Wright Express; and,

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- e) Monthly reports including Financial Summary, Tax Summary, Purchase Activity, Exception Summary, and Site Summary.
- 3) Monthly invoiced fuel charges are reviewed and posted to the open purchase order for each department.

Based on discussions with your staff and a review of the documents provided, we have not identified significant risks related to our audit objectives. Thus, we have decided not to engage an audit of the Village at this time. It appears that with the use of the Wright Express system, the Village has established controls over fuel utilization. However, we noted two areas where internal controls could be strengthened; thus, we present the following suggestions for your consideration:

- 1) "Purchase Activity Reports" (detail) be distributed to the each department for review and approval of the monthly transactions.
- 2) Monthly "Exception Summary Report" be reviewed and approved by the Director of Public Works.

Thank you for meeting with us and providing information on your fleet/fuel management practices. If you have any questions or believe we may be able to assist the Village in other matters, please contact me at RBliss@pbcgov.org or (561) 233-2350.

Sincerely,



Robert Bliss
Director of Audit
Office of Inspector General