

Audit Committee Members:
Curtis M. Spencer, Committee Chair
Sel Hemingway, Jr., Commissioner
Britt Blackwell, Commissioner
Thomas L. Rhodes, III, Commissioner

**South Carolina Department of Transportation
Audit Committee Meeting
Wednesday, May 21, 2025 at 4:00 p.m.
SCDOT Headquarters, Room 306
955 Park Street
Columbia, South Carolina 29201**

- 1. Call to Order — Chairman Spencer**
- 2. Roll Call — Chairman Spencer**
- 3. Approval of Agenda (Action Required) — Chairman Spencer**
- 4. New Business — Chairman Spencer**
 - 4.1. Engagement Updates – Director LaBruyere
 - 4.2. Fuel Card – Manager Heath
 - 4.3. Executive Session Pursuant to S.C. Code Section 30-4-70(a)(1) to Discuss Personnel Matters
- 5. Old Business — Chairman Spencer**
- 6. Meeting Adjournment (Action Required) — Chairman Spencer**

Internal Audit Services

May 2025 Audit Committee



Presented by: Mark LaBruyere,
CPA, CIA

4.1 Engagement Updates



Engagement Updates

Planning Phase

Engagement		Hours	Estimated Completion
1	AASHTOWare Security and Access Controls	16	TBD

Engagement Updates

Fieldwork Phase

Engagement		Hours	Estimated Completion
1	Annual P-Card	122	July 2025
2	IT Asset Management	727	TBD
3	Environmental Services	465	September 2025

Engagement Updates

Reporting Phase

Engagement		Hours	Estimated Completion
1	OPT Programs – State Management Plan	306	July 2025
2	Disadvantaged Business Enterprises	1,384	July 2025
3	Fuel Card	461	Completed

End of Presentation



Presented by: Justina Heath, CFE

4.2 Fuel Card Activity



Background

The Supply and Equipment Office within the Director of Maintenance Office, is responsible for the Agency's fuel card program. As such, the office acts as the point-of-contact for coordinating all fuel card issues with State Fleet Management, the fuel card vendor, and other state agencies as necessary. The Supply and Equipment Office secures fuel cards from the fuel contract vendor through State Fleet Management.

The Agency uses the four following types of fuel cards:

- Proprietary Cards
- WEX Cards
- Supervisor Cards
- Auxiliary Cards



Management's Objective

Management's objective for the Fuel Card Activity is to ensure that fuel cards are managed in accordance with the Agency's and State's policies and procedures.



Audit Objective



Our objective is to provide assurance that internal controls are adequately designed and operating effectively surrounding the fuel card transaction and review processes.

■ Conclusion

In our opinion, controls are not adequate in design and are not operating effectively for reducing some risks within the Agency's risk appetite.

Risk exposure is determined to be **Medium-High**. Our observations and recommendations in combination with Management's actions plans are expected to improve internal controls and reduce risk exposures to within the Agency's risk appetite.

Observation 5.1

Policies and Procedures	Risk Exposure	Medium
<p>Observation:</p> <p>Fuel cards are not maintained and managed in a uniform way across the state. IAS recognizes that the policies and procedures may be reviewed on a periodic basis, but sections may not accurately reflect what is being practiced in the field.</p>		
<p><i>Details can be found on page 9 of the report.</i></p>		

Recommendation 1 - Observation 5.1

Policies and Procedures	Risk Exposure	Medium
<p>IAS recommends that the Supply and Equipment Office update the policies and procedures on a periodic basis (at least annually). IAS also recommends that the Supply and Equipment Office consult with fuel card coordinators in the field in order to gain a better understanding of what is being practiced throughout the State and guide the users on best practices.</p>		
<i>Details can be found on page 9 of the report</i>		

Management Action Plan 5.1a

MAP Owner(s):	Supply and Equipment Office
Division:	Director of Maintenance Office
Scheduled Date:	October 31, 2025
<p>The Supply and Equipment Office policies and procedure data has been updated with the following changes for this review:</p> <p>There will be an annual meeting with all district fuel card coordinators after they are to converse with their county card coordinators for any policy change suggestions. The district card coordinators will forward that information to the Supply and Equipment Division for review. Annual review of the policies and procedures should take place and take suggestions given into review for possible updates.</p>	

Recommendation 2 - Observation 5.1

Policies and Procedures	Risk Exposure	Medium
<p>IAS recommends that the Supply and Equipment Office require fuel card users and coordinators to complete an annual refresher training to keep them abreast of the policies and procedures, along with detailed instructions on exception reporting.</p>		
<i>Details can be found on page 9 of the report</i>		

Management Action Plan 5.1b

MAP Owner(s):	Supply and Equipment Office
Division:	Director of Maintenance Office
Scheduled Date:	October 31, 2025
<p>District card coordinators update the agency fuel card coordinator on changes for each county contacts already. The agency fuel card coordinator will use this information (or Fuelnet requests from District Maintenance Engineers) to reach out to individual employees for an initial training and will explore avenues to create an annual refresher course.</p>	

Observation 5.2

Field Operations	Risk Exposure	Medium-High
<p>Observation:</p> <p>IAS found the following practices in place during our review:</p> <ul style="list-style-type: none">• Not all units have a designated fuel card coordinator.• Units do not all maintain an inventory of their fuel cards.• Supervisor and Auxiliary card logs are not reviewed.		
<p><i>Details can be found on page 11 of the report.</i></p>		

Observation 5.2 (cont.)

Field Operations	Risk Exposure	Medium-High
<ul style="list-style-type: none">• Monthly exception reports are not always reviewed by the units. These reports are never submitted to the State Fuel Card Coordinator.• While there are numerous false positive exceptions on the exception reports, not all exceptions are investigated, and fuel card coordinators do not have clear guidance about how to investigate exceptions.		
<i>Details can be found on page 11 of the report.</i>		

Recommendation 1 - Observation 5.2

Field Operations	Risk Exposure	Medium-High
<p>IAS recommends that each unit (District, County, and Headquarters) has a designated fuel card coordinator. This should be confirmed by the State Fuel Card Administrator on a periodic basis to ensure that duties do not go uncompleted. Additionally, IAS recommends that each fuel card coordinator has a designated backup in the event they leave the Agency.</p>		
<p><i>Details can be found on page 11 of the report.</i></p>		

Management Action Plan 5.2a

MAP Owner(s):	Field and Headquarter Fuel Card Users
Division:	All
Scheduled Date:	May 30, 2026
<p>The Supply and Equipment Office has updated the policies and procedures (specifically procedure G-3 which details the fuel card transaction reconciliation and accountability) to include that each unit is required to have a designated fuel card coordinator along with a designated back-up. The State Fuel Card Administrator will confirm this information with the units on a periodic basis .</p>	

Recommendation 2 - Observation 5.2

Field Operations	Risk Exposure	Medium-High
<p>IAS recommends that each unit performs a periodic inventory of all fuel cards in order to ensure that fuel cards are not missing or lost. These periodic inventories could result in the discovery of cards that are missing and need to be reported to the Supply and Equipment Office.</p>		
<p><i>Details can be found on page 11 of the report.</i></p>		

Management Action Plan 5.2b

MAP Owner(s):	Field and Headquarter Fuel Card Users
Division:	All
Scheduled Date:	May 30, 2026
<p>The Supply and Equipment Office has updated the policies and procedures (specifically procedure G-4 which details the fuel card user responsibilities and accountability) to include that each unit is required to perform a periodic inventory of all their fuel cards, and report any missing fuel cards to the State Fuel Card Administrator.</p>	

Recommendation 3 - Observation 5.2

Field Operations	Risk Exposure	Medium-High
<p>IAS recommends that each unit submit their monthly exception report reviews to the State Fuel Card Coordinator. This would increase accountability at the field level and aid in the State Fuel Card Coordinator's periodic audits.</p>		
<p><i>Details can be found on page 11 of the report.</i></p>		

Management Action Plan 5.2c

MAP Owner(s):	Field and Headquarter Fuel Card Users
Division:	All
Scheduled Date:	May 30, 2026
<p>The Supply and Equipment Division supports that each county unit will run their monthly exception reports. They will include any explanations of exceptions. This report will be sent to the district fuel card coordinator who will inspect to see if further documentation or explanations are needed. This report and all documentation would then be sent to the agency fuel card coordinator for further review.</p>	

Recommendation 4 - Observation 5.2

Field Operations	Risk Exposure	Medium-High
<p>IAS recommends that supervisor and auxiliary card logs be reviewed on at least a monthly basis to ensure that these cards are being accurately maintained and not abused, and also ensure the transactions are accurately entered into Maintenance recordkeeping system (for State-owned equipment).</p>		
<p><i>Details can be found on page 11 of the report.</i></p>		

Management Action Plan 5.2d

MAP Owner(s):	Districts and Counties
Division:	Engineering
Scheduled Date:	May 30, 2026
<p>Supervisor and auxiliary card logs will be reviewed on a monthly basis. The supervisor card log data will be entered weekly into the Maintenance recordkeeping system. These will be reviewed to ensure that policies and procedures are being followed by the district fuel card coordinator.</p> <p>The periodic checks can be done already by the employee utilizing tools in HMMS and/or visual readings from the equipment. The Maintenance recordkeeping system is updated monthly with the vehicle/equipment's current mileage.</p>	

Observation 5.3

Segregation of Duties

Risk Exposure

Medium

Observation:

The State Fuel Card Coordinator controls the entire card and PIN initiation process. This lack of segregation of duties opens the Agency up to the potential that a fraudulent card or PIN could be created and issued without being detected by the Agency.

Details can be found on page 13 of the report.

Recommendation - Observation 5.3

Segregation of Duties

Risk Exposure

Medium

IAS recommends that the initiation and distribution of the fuel cards and PINs be completed by different employees, or reviewed by a separate employee. The employee that controls the distribution of fuel cards and PINs should verify that the fuel card users have completed the required fuel card training.

Details can be found on page 13 of the report

Management Action Plan 5.3

MAP Owner(s):	Supply and Equipment Office
Division:	Director of Maintenance Office
Scheduled Date:	Implemented during Audit
This will be mitigated by having the initiations and PINS reviewed by another employee before distribution.	

Observation 5.4

Off-Boarding Procedures

Risk Exposure

Medium-High

While the State Fuel Card Coordinator uses employee payroll data from Human Resources to deactivate PINs, IAS discovered that there are no formal off-boarding procedures surrounding fuel card users. By adding this to formal off-boarding procedures, PINs will be deactivated in a timelier manner and will prevent terminated employees from having active PINs.

Details can be found on page 14 of the report.

Recommendation - Observation 5.4

Field Operations	Risk Exposure	Medium-High
<p>IAS recommends that the Director of Maintenance Office collaborates with the Human Resource Division in order to have fuel card PIN deactivation added to the formal off-boarding procedures. This will enable the State Fuel Card Administrator to deactivate PINs in real-time.</p>		
<p><i>Details can be found on page 14 of the report.</i></p>		

Management Action Plan 5.4

MAP Owner(s):	Director of Maintenance and Director of Human Resources
Division:	Director of Maintenance Office and Human Resources Office
Scheduled Date:	September 30, 2025
<p>The Director of Maintenance Office is working in coordination with the Office of Human Resources to establish a process to notify the State Fuel Card Coordinator any time an individual leaves employment with the Agency. This will allow the State Fuel Card Administrator to deactivate the associated PIN's as soon as possible.</p>	



May X, 2025

Mr. Justin Powell
Secretary of Transportation
South Carolina Department of Transportation
955 Park Street
Columbia, South Carolina 29201

Dear Mr. Powell:

We are enclosing a preliminary draft copy of the report resulting from our analysis of the South Carolina Department of Transportation's Fuel Card Activity. As soon as you have reviewed the draft, but not later than **May X, 2025**, please write to us indicating your review has been completed and authorizing release of the report. If you wish, we would be glad to meet with you in a formal exit conference to discuss this report. Please contact Mark LaBruyere, CPA, CIA at 737-0466 if you have any questions about this letter or would like to schedule a conference.

To enable us to expeditiously complete and distribute your report, please provide your authorization to release the report. Upon receipt of your release authorization, we will distribute the report as directed by South Carolina Code of Laws Section 57-1-360 to the South Carolina Department of Transportation Commission, the Chairman of the Senate Transportation Committee, the Chairman of the Senate Finance Committee, the Chairman of the House of Representatives Education and Public Works Committee, and the Chairman of the House of Representatives Ways and Means Committee before being made public.

If we do not receive your release authorization by the date stated in paragraph one, we will release the report at that time.

Yours very truly,

Mark LaBruyere, CPA, CIA
Director of Internal Audit Services

MAL/sag

Enclosure

Internal Audit Report



Fuel Card Activity

Justina Heath, CFE

2025



SOUTH CAROLINA OFFICE OF THE STATE AUDITOR

1. Executive Summary

Objective

Management's objectives for the Fuel Card Activity is to ensure that fuel cards are managed in accordance with the Agency's and State's policies and procedures.

Our objective is to provide assurance that internal controls are adequately designed and operating effectively surrounding the fuel card transaction and review processes.

Background

The Supply and Equipment Office, which is a function of the Director of Maintenance Office, is responsible for the Agency's fuel card program. As such, the office acts as the point-of-contact for coordinating all fuel card issues with State Fleet Management, the fuel card vendor, and other state agencies as necessary. The Supply and Equipment Office secures fuel cards from the fuel contract vendor through State Fleet Management.

New cards are supplied with new vehicles and equipment requiring fuel. When equipment is transferred or turned-in, the fuel card will accompany the vehicle or equipment. New fuel cards are not required each time equipment is transferred. The Supply and Equipment Office also deactivates fuel cards that are lost, stolen, damaged, unreadable, or no longer needed by the Agency. Each District and County should have an assigned Fuel Card Coordinator that periodically reviews transaction and exception reports. County and District employees are the primary users of State issued fuel cards. It is the District Mechanical Engineer's responsibility to ensure cards are used appropriately and discrepancies are reviewed and corrected.

The Agency uses the four following types of fuel cards:

- Proprietary Cards may only be used for fuel at state-owned fuel facilities.
- WEX (a specialized fuel card) cards can be used at state-owned and commercial fuel facilities.
- Supervisor cards are commercial fuel cards that can be used to fuel equipment if the equipment's card is missing, lost, or damaged. These may also be used to fuel rented equipment and to fuel equipment at commercial facilities in the event of an emergency.
- Auxiliary cards may be proprietary or commercial fuel cards used to fuel equipment that have less than a five gallon tank that do not have assigned fuel cards

Each fuel card user has a unique PIN number that are assigned upon completion of fuel card training. Suspicious PIN activity is investigated and referred for formal investigation. The Supply and Equipment Office receives payroll employee data to activate and deactivate employee PINs as employees are hired or leave the Agency.

The fuel card vendor submits the transaction information to SCDOT Accounting. Accounting then will allocate the charges to the appropriate budgetary unit based on the assignment of equipment.

Conclusion

In our opinion, controls are not adequate in design and are not operating effectiveness for reducing some risks within the Agency's risk appetite. Risk exposure is determined to be Medium-High.

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2. Forward

Authorization

The South Carolina Office of the State Auditor established the Internal Audit Services division (IAS) pursuant to SC Code Section 57-1-360 as revised by Act 275 of the 2016 legislative session. IAS is an independent, objective assurance and consulting function designed to add value and improve the operations of the South Carolina Department of Transportation (SCDOT). IAS helps SCDOT to achieve its objectives by bringing a systematic, disciplined approach to evaluating the effectiveness of risk management, internal control, and governance processes and by advising on best practices.

Statement of Independence

To ensure independence, IAS reports administratively and functionally to the State Auditor while working collaboratively with SCDOT leadership in developing an audit plan that appropriately aligns with SCDOT's mission and business objectives and reflects business risks and other priorities.

Report Distribution

This report is intended for the information and use of the SCDOT Commission, SCDOT leadership, the Chairman of the Senate Transportation Committee, the Chairman of the Senate Finance Committee, the Chairman of the House of Representatives Education and Public Works Committee, and the Chairman of the House of Representatives Ways and Means Committee. However, this report is a matter of public record and its distribution is not limited.

Acknowledgement

We wish to thank members of management and staff in the Districts and Director of Maintenance Office for their cooperation in assessing risks and developing actions to improve internal controls and enhance operating performance.

Performed By

Justina Heath, CFE
Manager

Reviewer

Mark LaBruyere, CPA, CIA
Director of Internal Audit Services

3. Internal Auditor's Report

May X, 2025

Mr. Justin Powell, Secretary of Transportation
and
Members of the Commission
South Carolina Department of Transportation
Columbia, South Carolina

We have completed risk and control assessment of the South Carolina Department of Transportation's (SCDOT's) Fuel Card Activity. The objective of this assessment was to contribute to the improvement of risk management by evaluating SCDOT's exposure to risks and the controls designed by Management to manage those risks. Our engagement included two aspects:

- Facilitation of Management's assessment of risks associated with the Fuel Card Activity
- Independent assessment of the design and effectiveness of internal controls to determine whether those controls effectively manage the identified risks to an acceptable level.

We planned and performed the engagement with due professional care in order to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and recommendations. Our observations, recommendations, and management's action plans were discussed with management.

Mark LaBruyere, CPA, CIA
Director of Internal Audit Services

4. Engagement Overview

Background

The Supply and Equipment Office, which is a function of the Director of Maintenance Office, is responsible for the Agency's fuel card program. As such, the office acts as the point-of-contact for coordinating all fuel card issues with State Fleet Management, the fuel card vendor, and other state agencies as necessary. The Supply and Equipment Office secures fuel cards from the fuel contract vendor through State Fleet Management.

New cards are supplied with new vehicles and equipment requiring fuel. When equipment is transferred or turned in, the fuel card will accompany the vehicle or equipment. New fuel cards are not required each time equipment is transferred. The Supply and Equipment Office also deactivates fuel cards that are lost, stolen, damaged, unreadable, or no longer needed by the Agency. Each District and County should have an assigned Fuel Card Coordinator that periodically reviews transaction and exception reports. County and District employees are the primary users of State-issued fuel cards. It is the District Mechanical Engineer's responsibility to ensure cards are used appropriately and discrepancies are reviewed and corrected.

The Agency uses the four following types of fuel cards:

1. Proprietary Cards may only be used for fuel at state-owned fuel facilities.
2. WEX (a specialized fuel card) cards can be used at state-owned and commercial fuel facilities.
3. Supervisor cards are commercial fuel cards that can be used to fuel equipment if the equipment's card is missing, lost, or damaged. These may also be used to fuel rented equipment and to fuel equipment at commercial facilities in the event of an emergency.
4. Auxiliary cards may be proprietary or commercial fuel cards used to fuel equipment that have less than a five-gallon tank that do not have assigned fuel cards.

Each fuel card user has a unique personal identification number (PIN) that is assigned upon completion of fuel card training. Suspicious PIN activity is investigated and referred for formal investigation. The Supply and Equipment Office receives payroll employee data to activate and deactivate employee PINs as employees are hired or leave the Agency.

The fuel card vendor submits the transaction information to SCDOT Accounting. Accounting then will allocate the charges to the appropriate budgetary unit based on the assignment of equipment.

Objective

Management's objective for the Fuel Card Activity is to ensure that fuel cards are managed in accordance with the Agency's and State's policies and procedures.

Our objective is to provide assurance that internal controls are adequately designed and operating effectively surrounding the fuel card transaction and review processes.

Scope

The Fuel Card Activity is comprised of five processes involving multiple stakeholders as follows:

1. Account Initiation

Fuel Card Activity

2. Account Deletion
3. Daily fuel card transactions
4. Periodic Reviews (transaction and exception reports) – Districts/Counties and Supply and Equipment Office
5. Periodic Audits – Supply and Equipment Office

Our scope included the activities and processes of the daily fuel card transactions and periodic reviews from January 1, 2024 through the time of our engagement in 2025.

Methodology

For the processes included in the engagement scope, we performed the following procedures:

1. We facilitated Management's completion of a process outline that documents the steps in the process and the individuals responsible for those steps.
2. We discussed the risk and control objectives to include the following:
 - a. identify risks which threaten process objectives,
 - b. determine if controls are adequately designed to manage the risks to within the Agency's risk appetite, and
 - c. propose design improvements to controls when risks are not managed to within the Agency's risk appetite.
3. We evaluated Management's assessment to determine if it was reasonable and comprehensive.
4. We tested controls intended to manage risks. Our testing included inquiry, observation, and inspection of documentation to determine if controls are operating effectively.
5. We developed observations for controls determined to be inadequate in design and/or ineffective in operation.
6. We collaborated with management to develop action plans to improve control design and/or operating effectiveness for the identified control deficiencies.
7. While our engagement primarily focused on risk management, we identified a matter that represents an opportunity for process improvement.
8. We collaborated with Management to develop an action plan for the identified opportunity for process improvement.

5. Conclusion

Fuel Card Activity Controls

In our opinion, controls are not adequate in design and are not operating effectively for reducing some risks within the Agency's risk appetite. Risk exposure is determined to be Medium-High. Our recommendations to improve control design and/or operating effectiveness are described in the Observations section.

While our engagement was primarily focused on risk management, we identified a matter that represents an opportunity for process improvement. This matter is detailed in the Performance Opportunity Section.

Development of Management Action Plans

We facilitated Management's development of action plans for each observation and performance opportunity to improve control design and operating effectiveness with practical, cost-effective solutions. These improvements, if effectively implemented, are expected to reduce the overall risk exposure to an acceptable level (i.e. within the Agency's risk appetite at Appendix B).

We will follow up with Management on the implementation of the proposed actions on an ongoing basis and provide SCDOT leadership with periodic reports on the status of management action plans and whether those actions are effectively and timely implemented to reduce risk exposure to an acceptable level.

Observations

Observation 5.1 Policies and Procedures		Risk Exposure Medium
Division: Director of Maintenance Office		
Control Assessed: Control 1 – Policies and Procedures		
Control Description: Control 1 – The Fuel Card policies and procedures that dictate how the fuel card users and coordinators should maintain and manage fuel cards.		
Process Affected: Process 1 – Account Initiation Process 2 – Account Deletion Process 3 – Daily fuel card transactions Process 4 – Periodic reviews Process 5 – Periodic audits		
Observation: Through interviews with District personnel throughout the state along with discussions with the Supply and Equipment Office, IAS discovered that fuel cards are not maintained and managed in a uniform way across the state. IAS recognizes that the policies and procedures may be reviewed on a periodic basis, but sections may not accurately reflect what is being practiced in the field.		
Recommendation 1: IAS recommends that the Supply and Equipment Office update the policies and procedures on a periodic basis (at least annually). IAS also recommends that the Supply and Equipment Office consult with fuel card coordinators in the field in order to gain a better understanding of what is being practiced throughout the State and guide the users on best practices.		
Recommendation 2: IAS recommends that the Supply and Equipment Office require fuel card users and coordinators to complete an annual refresher training to keep them abreast of the policies and procedures, along with detailed instructions on exception reporting.		
Management Action Plan (MAP) 5.1a		
The Supply and Equipment Office policies and procedure data has been updated with the following changes for this review: <ul style="list-style-type: none"> There will be an annual meeting with all district fuel card coordinators after they are to converse with their county card coordinators for any policy change suggestions. The district card coordinators will forward that information to the Supply and Equipment Office for review. Annual review of the policies and procedures should take place and take suggestions given into review for possible updates. 		
MAP Owner:	Supply and Equipment Office	
Division:	Director of Maintenance Office	
Scheduled Date:	October 31, 2025	

Management Action Plan (MAP) 5.1b

District card coordinators update the agency fuel card coordinator on changes for each county contacts already. The agency fuel card coordinator will use this information (or FuelNet requests from District Maintenance Engineers) to reach out to individual employees for an initial training and will explore avenues to create an annual refresher course.

MAP Owner:	Supply and Equipment Office
Division:	Director of Maintenance Office
Scheduled Date:	October 31, 2025

Observation 5.2 Field Operations	Risk Exposure Medium-High
Division: Districts	
Controls Assessed: Control 1 – Transaction and exception report reviews	
Controls Descriptions: Control 1 – Fuel card transactions and exception reports should be reviewed by fuel card coordinators at least monthly.	
Process Affected: Process 3 – Daily fuel card transactions Process 4 – Periodic reviews	
Observation: Through interviews with District personnel throughout the State along with discussions with the Supply and Equipment Office, IAS discovered: <ul style="list-style-type: none"> • While it is prescribed in the policies and procedures, not all units have a designated fuel card coordinator. These employees can separate from the Agency and their duties may go undone until a new hire is made. Additionally, there is no backup fuel card coordinator in several cases. • Units do not all maintain an inventory log of their fuel cards. • Supervisor and Auxiliary card logs are not reviewed. • While explicitly required in the policies and procedures, monthly exception reports are not always reviewed by the units. These reports are never submitted to the State Fuel Card Coordinator. • While there are numerous false positive exceptions on the exception reports, not all exceptions are investigated, and fuel card coordinators do not have clear guidance about how to investigate exceptions. 	
Recommendation 1: IAS recommends that each unit (District, County, and Headquarters) has a designated fuel card coordinator. This should be confirmed by the State Fuel Card Administrator on a periodic basis to ensure that duties do not go uncompleted. Additionally, IAS recommends that each fuel card coordinator has a designated backup in the event they leave the Agency.	
Recommendation 2: IAS recommends that each unit performs a periodic inventory of all fuel cards in order to ensure that fuel cards are not missing or lost. These periodic inventories could result in the discovery of cards that are missing and need to be reported to the Supply and Equipment Office.	
Recommendation 3: IAS recommends that each unit submit their monthly exception report reviews to the State Fuel Card Coordinator. This would increase accountability at the field level and aid in the State Fuel Card Coordinator's periodic audits.	
Recommendation 4: IAS recommends that supervisor and auxiliary card logs be reviewed on at least a monthly basis to ensure that these cards are being accurately maintained and not abused, and also ensure the transactions are accurately entered into Maintenance recordkeeping system (for State-owned	

equipment).	
Management Action Plan (MAP) 5.2a	
The Supply and Equipment Office has updated the policies and procedures (specifically procedure G-3 which details the fuel card transaction reconciliation and accountability) to include that each unit is required to have a designated fuel card coordinator along with a designated back-up. The State Fuel Card Administrator will confirm this information with the units on a periodic basis.	
MAP Owners:	Field and Headquarter Fuel Card Users
Division:	All
Scheduled Date:	May 30, 2026
Management Action Plan (MAP) 5.2b	
The Supply and Equipment Office has updated the policies and procedures (specifically procedure G-4 which details the fuel card user responsibilities and accountability) to include that each unit is required to perform a periodic inventory of all their fuel cards, and report any missing fuel cards to the State Fuel Card Administrator.	
MAP Owner:	Field and Headquarter Fuel Card Users
Division:	All
Scheduled Date:	May 30, 2026
Management Action Plan (MAP) 5.2c	
The Supply and Equipment Office supports that each county unit will run their monthly exception reports. They will include any explanations of exceptions. This report will be sent to the district fuel card coordinator who will inspect to see if further documentation or explanations are needed. This report and all documentation would then be sent to the agency fuel card coordinator for further review.	
MAP Owner:	Field and Headquarter Fuel Card Users
Division:	All
Scheduled Date:	May 30, 2026
Management Action Plan (MAP) 5.2d	
Supervisor and auxiliary card logs will be reviewed on a monthly basis. These two types of cards and the log sheet information will be narrowed down to a few select people in the county, not given to anyone needing fuel. The supervisor card log data will be entered weekly into the Maintenance recordkeeping system. These will be reviewed to ensure that policies and procedures are being followed by the district fuel card coordinator.	
The periodic checks can be done already by the employee utilizing tools in the Maintenance recordkeeping system and/or visual readings from the equipment. The Maintenance recordkeeping system is updated monthly with the vehicle/equipment's current mileage.	
MAP Owner:	Districts and Counties
Division:	Engineering
Scheduled Date:	May 30, 2026

Observation 5.3 Segregation of Duties		Risk Exposure
		Medium
Division: Director of Maintenance Office		
Controls Assessed: N/A		
Controls Descriptions: N/A		
Process Affected: Process 1 – Account Initiation		
<p>Observation: Through discussions with the Supply and Equipment Office, IAS discovered that the State Fuel Card Coordinator controls the entire card and PIN initiation process. This lack of segregation of duties opens the Agency up to the potential that a fraudulent card or PIN could be created and issued without being detected by the Agency.</p> <p>Recommendation: IAS recommends that the initiation and distribution of the fuel cards and PINs be completed by different employees, or reviewed by a separate employee. The employee that controls the distribution of fuel cards and PINs should verify that the fuel card users have completed the required fuel card training.</p>		
Management Action Plan (MAP) 5.3a		
This will be mitigated by having the initiations and PINS reviewed by another employee before distribution.		
MAP Owner:	Supply and Equipment Office	
Division:	Director of Maintenance Office	
Scheduled Date:	Implemented During Audit	

Observation 5.4 Off-boarding Procedures		Risk Exposure Medium-High
Division: Director of Maintenance Office		
Control Assessed: N/A		
Control Description: N/A		
Process Affected: N/A		
Observation: <p>While the State Fuel Card Coordinator uses employee payroll data from Human Resources to deactivate PINs, IAS discovered that there are no formal off-boarding procedures surrounding fuel card users. By adding this to formal off-boarding procedures, PINs will be deactivated in a timelier manner and will prevent terminated employees from having active PINs.</p>		
Recommendation: <p>IAS recommends that the Director of Maintenance Office collaborates with the Human Resource Division in order to have fuel card PIN deactivation added to the formal off-boarding procedures. This will enable the State Fuel Card Administrator to deactivate PINs in real-time.</p>		
Management Action Plan (MAP) 5.4		
<p>The Director of Maintenance Office is working in coordination with the Office of Human Resources to establish a process to notify the State Fuel Card Coordinator any time an individual leaves employment with the Agency. This will allow the State Fuel Card Administrator to deactivate the associated PIN's as soon as possible.</p>		
MAP Owner:	Director of Maintenance and Director of Human Resources	
Division:	Director of Maintenance Office and Human Resources Office	
Scheduled Date:	September 30, 2025	

Appendix A - Risk Scoring Matrix

Risk significance is rated on a scale of 1 (lowest) to 25 (highest) and is the product of the risk consequence score (1 to 5) multiplied by the risk likelihood score (1 to 5). The following matrix provides a color scale corresponding to risk significance scores.

Likelihood	Frequent or Almost Certain	3-4 Low	9-13 Medium	14-17 Med-High	18-21 High	22-25 Extreme
	Likely	3-4 Low	5-8 Med-Low	9-13 Medium	14-17 Med-High	18-21 High
	Possible	3-4 Low	5-8 Med-Low	5-8 Med-Low	9-13 Medium	14-17 Med-High
	Unlikely	1-2 Minimal	3-4 Low	5-8 Med-Low	5-8 Med-Low	9-13 Medium
	Rare	1-2 Minimal	1-2 Minimal	3-4 Low	3-4 Low	3-4 Low
		Incidental	Minor	Moderate	Major	Extreme

Consequence

Appendix B - Risk Appetite

Risk appetite is defined as the amount of risk the Agency is willing to accept in the pursuit of its objectives. Management's goal is to manage risks to within the appetite where mitigation is cost- beneficial and practical. Management has set the Agency's risk appetite by risk type using scoring methodology consistent with the Risk Scoring Matrix shown in Appendix B. Risk appetites by risk type are as follows:

RISK TYPE	EXAMPLES	RISK APPETITE SCORE 1 = Minimal Risk 25 = Extreme Risk (See Scoring Matrix in Appendix B)
Safety	Employee and Public Well-Being	2
Ethical	Fraud, Abuse, Mismanagement, Conflict of Interest	2
Financial	Funding, Liquidity, Credit, Reporting	4
Strategic	Resources not Aligned, Unclear Objectives	4
Reputational	Unintentional Unwanted Headlines	4
Operational	Delays, Cost Overruns, Waste, Inefficiency	6
Regulatory	Non-Compliance	6
Legal	Lawsuits	10