



COLLIN COUNTY

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Date: October 22, 2009
To: Jon Kleinheksel, Director Public Works
From: Jeff May, County Auditor 
Subject: Fuel Inventory FY09 – Final

The County Auditor's Internal Audit group participated with and observed the fuel inventory conducted by your department on September 28, 2009. The audit objectives were to ensure county property is properly accounted for, accurately recorded, and adequately safeguarded.

The purpose of the audit was to observe, understand and document the procedure of the fuel inventory measurement and reporting controls for Collin County. The following areas are the key elements addressed in this audit.

1. Fuel Usage Process Overview
2. Inventory Tank Monitoring Systems
3. Petroleum Storage Tank Requirements
4. Required Documentation

During the review, we did not identify any substantive reportable problems with the office's inventory controls. The review was not intended to be a comprehensive examination of every procedure or activity. We appreciate the effort by your personnel to maintain an accurate inventory and they were extremely helpful and courteous in assisting with our questions.

Please feel free to contact us with any questions or requests for assistance.

Fuel Usage Process Overview

Fuel inventory usage is captured by the Fuelmaster Fuel Management System. Fuel Managements Units (FMUs) are mounted at the fuel service centers to allow authorized personnel to initiate fuel transactions using access keys (Prokees).

Fuelmaster Prokees are issued to county personnel who require access to diesel and gas pumps. Once the Prokee is inserted into the FMUs it will prompt the users to enter the User ID, Vehicle ID and mileage. The FMU at the storage tank electronically records each fuel transaction. The time, date, user ID, vehicle ID, odometer, agency, product code and quantity are captured by the system.

The Fleet Analyst uses Fuelmaster software to query the FMUs to upload fuel inventory transactions to the AS400 system for reconciliation. The AS400 system compares the FMU data with fleet records to identify errors in the uploaded data and displays the information in an exception report for the Fleet Analyst to review prior to posting to the system. After the Fleet Analyst reviews the fuel transactions they are posted to the AS400.

Inventory Tank Monitoring System

To manage the fuel inventory sites Public Works uses EBW's Tank Monitoring Systems to detect and prevent contamination of drinking water sources and loss of county assets. The System consists of equipment and software to monitor and manage dispensed diesel and gas products used in county vehicles, ancillary equipment and backup generators.

A daily shift report is obtained from the EBW tank monitoring system. The tank monitoring report measures the beginning and ending fuel volume from the last day a shift report was queried. The daily shift report balances are compared to book inventory amounts and documented on a monthly inventory control sheet. Daily overages and short variances are recorded and retained by the department. Significant differences between the book inventory amounts and the tank monitoring systems are researched and resolved by the Asset Management Technician by performing a measured stick reading on the tank.

To replenish diesel and gas products a requisition is initiated by Public Works personnel. The fuel requisition is approved by the Equipment Service Manager and forwarded to Purchasing for review. A purchase order is created by the Purchasing Department and authorized by the purchasing agent after review.

When fuel is delivered to the Service Center, the bill of lading and delivery ticket is forwarded to Accounts Payable to match against the vendor invoice and purchase order for payment.

Petroleum Tank Requirements

The Public Works maintains one active Above Ground Storage Tank (AGT) and four active Under Ground Storage Tanks (UGTs). In accordance with the Texas Commission on Environmental Quality (TCEQ) petroleum storage tank owners must renew their UGT

facilities delivery certificate to continue to receive fuel deliveries. Petroleum storage tanks must be registered with the TCEQ and self-certified in the following areas:

- a. Proof of Financial Assurance.
- b. Release detection.
- c. Corrosion protection
- d. Spill and overfill prevention.

The procedures for registration with the TCEQ were reviewed by Internal Audit to ensure Public Works complies with state requirements to certify petroleum storage tanks. Below are the results of the inventory observations and TCEQ database queries.

Facility Location	Tank Capacity	Tank Type	Substance Stored	Primary Use	Delivery Certificate Exp.
Public Works McKinney	6,000	UGT	Gasoline	Fleet Refueling	08/2010
Public Work McKinney	12,000	UGT	Diesel	Fleet Refueling	08/2010
Justice Center McKinney	20,000	UGT	Diesel	Backup Generators	08/2010
Court Facility McKinney	5,000	UGT	Diesel	Backup Generators	08/2010
Public Works Farmersville	5,000	AGT	Diesel	Fleet Refueling	N/A
Public Works Farmerville	1,000	AGT	Gasoline	Fleet Refueling	N/A