

**FOLLOW-UP**

**ON THE**

**REVIEW OF FLEET VEHICLE SERVICE CARDS**

**OF**

**MARCH 2000**

**FINAL REPORT**

**Performance, Audit and Review Group**

### **Follow-up on the Review of Fleet Vehicle Service Cards Conducted in March 2000**

In November 1999, the Office of the Auditor General advised Parks Canada that Agency employees were illegally receiving financial compensation from retailers for using government credit cards to purchase diesel fuel. An audit of the management control framework in place for ARI vehicle fleet credit cards as well as a detailed review of all diesel fuel transactions on ARI invoices was conducted by Paragon Review and Consulting Inc. While the audit was in progress, it was determined that Parks Canada employees were not involved in the cash rebates scheme. However, several opportunities for improvement in the vehicle fleet credit card management controls were identified.

Standard 2500.A1 of the Professional Practice of Internal Auditing requires the establishment of a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. The 2001-2002 Audit, Evaluation and Review Plan included “Follow-up of Audits of Diesel Fuel Purchases by Credit Card”. The objective of the follow-up is to determine the extent to which the management response to the audit findings has been implemented.

At the time of the audit, fleet credit cards were registered to the Department of Canadian Heritage. These cards have since been replaced with new cards registered to Parks Canada Agency. The new cards have a \$50-per-repair-transaction limit, no limit for fuel purchases, and the phrase “CASH REBATES PROHIBITED” printed on the front. Replacement of the Ontario credit cards is progressing and will complete the conversion to Parks Canada fleet credit cards.

The table attached to this report shows the observations and suggestions made during the audit, management’s response, and the current status of each item as of October 2002.

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**Review of Fleet Vehicle Service Cards  
by Paragon Review and Consulting Inc., March 2000**

OBSERVATION/SUGGESTION	RESPONSE	CURRENT STATUS -Oct 2002
<p><b>National Policies, Guidelines and Information Data Bases:</b> There was a lack of policy and guidelines governing the use of vehicle fleet service cards, a dated master list of vehicles (i.e., 1997/98), a lack of a national database of fleet service cards in circulation, and no national list of the location of bulk fuel storage tanks. ARI brochures, containing instructions and information for cardholders are no longer issued with new cards.</p>	<p>Short-term measures: - application of consistent guidelines on credit card use - assignment of only one card per vehicle - communication of measures to field units by May 2000</p> <p>Medium-term measures: - creation of a new management framework for the fleet of vehicles</p>	<p>Memo from CAO to all FUS, DGs and Service Centre Directors in October 2000 to: 1) communicate guidelines and responsibilities for card use to all users 2) establish a policy that a single card be used for all purchases, maintenance and repairs for a particular vehicle</p> <p><b>DONE</b></p> <p><b>PROGRESSING</b></p>
<p><b>Monitoring Activities for Fleet Card Use:</b> There was no consistent documented method for acknowledging receipt of and responsibility for use of cards, no consistent use of vehicle logs to record vehicle use and cost information, and no consistent practice of retaining and matching charge slips to ARI invoices prior to payment. Unless the site uses vehicle logs or some mechanism for recording fuel consumption, in addition to retaining the charge slips for verification purposes, any definitive assessment of the improper use of cards would be difficult.</p>	<p>Short-term measures: - audit of invoices and receipts before issuing payments - mandatory use of logbooks</p> <p>Medium-term measures: - audits of card use on a regular basis</p>	<p>Memo from CAO (cont'd): 3) require users to submit all vehicle card receipts; educate administrative personnel on the risks of fraud and require that they verify receipts against invoices 4) establish vehicle card logs</p> <p><b>DONE</b></p> <p><b>OUTSTANDING</b> There are no audits of fleet credit cards on PARG 2002-2005 plan.</p>
<p><b>Card Use Data:</b> Current practices did not allow management to review and assess the economic use of fleet vehicle cards. Some units kept stocks of unused cards; there was no review of the frequency of individual card use; there was no systematic assessment to cancel cards not being used; and some units used other credit cards (Amex or MasterCard) for vehicle-related purchases.</p> <p>A mechanism to collect consumption information in a single data base may be the optimum source of monitoring for use and misuse.</p>		<p>Linked to item 2 above - use of a single card for each vehicle</p> <p>Currently working with the IM/IT group to develop a national fleet system that will incorporate fleet credit cards.</p> <p><b>PROGRESSING</b></p>