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May 4, 2012

Honorable Members of Council
Los Angeles City Council
Room 395, City Hall
Los Angeles, CA 90012

Attention: Adam Lid, Legislative Assistant I

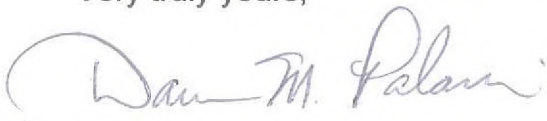
Honorable Members:

Controls over the City's Fuel Use

The Fire Department (LAFD) received and reviewed the Office of Controller's audit report entitled "Controls over the City's Fuel Use," dated March 29, 2012. The Department is generally in agreement with the findings and recommendations. Attached for your consideration is the LAFD's response to the findings and the recommendations as they apply to the Department.

It is the intent of this Department to be compliant with the policies and procedures regarding fuel use. The Department will cooperate with the implementation of the recommendations.

Very truly yours,


for BRIAN L. CUMMINGS
Fire Chief

Attachment

Report Title:
 Report Issuance Date:
 Department responsible for Implementation:
 Reported Status Date:

Audit of Controls Over The City's Fuel Use
 March 29, 2012
 Mayor, GSD, LAPD, LAFD, RAP, LA Housing, Convention Ctr.

Finding Number	Summary Description of Finding	Rec. No.	Recommendation	DEPARTMENT REPORTED INFORMATION		
				Current Status	Basis for Status	Target Date for Implementation
Section I	Section I. Fuel Use Monitoring					
1	With the exception of LAPD, departments do not utilize the data available through the Fuel Automation Report Center to monitor fuel use for potential problems or abuse. Thus, inappropriate fueling transactions could occur without being detected and fuel costs may not be minimized.	4	The Mayor should direct management of user departments to implement adequate monitoring procedures over fuel use. This should include monitoring the following high-risk transactions: (a) Bypass, (b) Keypad Entry for (LAPD), (c) Master Card (d) Negative Odometer (e) High Mileage (f) After hour & weekend (g) High Volume	PI	The Department has procedures to monitor fuel use to avoid high risk transactions. These procedures will be strengthened by developing and implementing the following procedures - (1) Install VIT in all Department 's vehicles over a two-year period, (2) Create log sheets for tracking and monitoring high risk transactions using the Fuel Automation Report, (3) Perform monthly/quarterly reviews of the logs for compliance, (4) Procure and install combination lock boxes in all Fire Stations to secure master cards and logs.	JUNE 2014
		5	The Mayor should direct management of user departments with responsibility over fuel sites to ensure that each fuel site maintain logs to record fuel dispensed using the bypass mode and master cards. These logs should be reconciled, at least on a sample basis, to data from the Fuel Automation Report Center, and departmental managers should review these logs to identify any potential problems.	PI	The Department has developed and will implement log sheets for recording fuel dispensed using the bypass mode. The logs will be monitored and reconciled to the Fuel Automation Report on a sample basis monthly to ensure compliance.	DECEMBER 2012
		6	The Mayor should direct management of user departments with responsibility over fuel sites to establish procedures prohibiting the use of master cards at sites other than their assigned sites.	D	LAFD disagrees with this recommendation. Implementing this policy will impede the Department's ability to protect the public during emergencies. In emergency situations, the Department should be able to obtain fuel at any City fuel site assigned or not assigned.	

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Section II Fuel Card Controls						
2	Departments do not conduct regular and documented physical inventories of fuel cards, which increases the risk of inappropriate fuel transactions.	11	The Mayor should direct departments to conduct regular department-wide physical inventories of fuel cards and to reconcile the inventories to GSD's records. Both the physical inventory and reconciliation should be documented.	PI	The Department is in the process of conducting an annual Department-wide physical inventory of all fuel cards. The results will be reconciled with GSD's records.	DECEMBER 2012
3	Master cards at RAP and LAFD should be better secured.	14	RAP and LAFD management should ensure that master cards are maintained in secure locations, with access restricted to only authorized individuals	NI	LAFD will procure and install combination lock boxes in all Fire Stations. The lock boxes will house master cards and logs for recording high risk transactions.	DECEMBER 2012
Section III System Reliability						
6	Not all fueling transactions are recorded in the database	17	The Mayor should direct departments with tankers and above ground tanks to maintain logs to record fuel dispensed. Information recorded should include the date, quantity dispensed, and the vehicle ID or equipment number. Management at departments should periodically review the logs to determine whether they are being completed properly and that the fuel is being used for appropriate City purposes.	PI	The Department has developed and will implement log sheets for recording fuel dispensed from Point Of Distribution (POD). The logs will be monitored on a sample basis semi-annually.	SEPTEMBER 2012
Section IV Vehicle Use Monitoring						
7	Departments have not established adequate policies and procedures for checking-out vehicles and for maintaining trip logs.	18	The Mayor should direct departments who have pool vehicles to establish formal policies and procedures related to checking-out vehicles and maintaining trip logs. These policies and procedures should address the types of vehicles covered by the policies/procedures.	PI	LAFD will develop and implement authorization policies and procedures for checking out pool vehicles. Current trip logs will be standardized and modified to ensure adequate monitoring.	DECEMBER 2012

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		19	The Mayor should direct departmental management to regularly monitor for compliance with the department's vehicle check-out and trip log maintenance procedures.	PI	The trip logs will be monitored quarterly to ensure compliance.	

I - Implemented
 PI - Partially Implemented or In Progress
 NI - Not Implemented
 D - Disagree