

**Los Angeles Unified School District
Office of the Inspector General**

**Special Review of the District
Fuel Credit Card Program**

**24-0360-SR
August 21, 2025**

**Sue Stengel
Inspector General**





Los Angeles Unified School District
Office of the Inspector General

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Members of the Board

Alberto M. Carvalho
Superintendent

Sue Stengel
Inspector General

August 21, 2025

VIA EMAIL

Mr. Matthew Friedman, Chief Procurement Officer
Procurement Services Division
Los Angeles Unified School District
333 S. Beaudry Avenue, 28th Floor
Los Angeles, CA 90017

Subject: Special Review of the District's Fuel Credit Card Program

Dear Mr. Friedman:

Enclosed is the final report on our Special Review of the District's Fuel Credit Card Program.

Please contact our office if you have any questions.

Sincerely,

Amy Long

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cc: Dana Greer, Tiffanie Ledford-Yang, and Martha Viramontes



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August 21, 2025

VIA EMAIL

Mr. Dennis Bradburn, Director of Facilities Maintenance & Operations
Facilities Services Division
Los Angeles Unified School District
333 S. Beaudry Avenue, 22nd Floor
Los Angeles, CA 90017

Subject: Special Review of the District's Fuel Credit Card Program

Dear Mr. Bradburn:

Enclosed is the final report on our Special Review of the District's Fuel Credit Card Program.

Please contact our office if you have any questions.

Sincerely,

Amy Long

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cc: Alfredo Barreras, Adrian Pacheco, and Adrian Saldivar

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BACKGROUND INFORMATION

The Los Angeles Unified School District (District) maintains a 2,288-vehicle Fleet (referred to as the “White Fleet”) that consists of sedans, vans, lawnmowers, construction equipment, and other types of cars for supporting school operations (e.g., construction, maintenance, and repairs). White Fleet vehicles are available to District employees and authorized individuals conducting District business. The District spent \$712,235, totaling 9,619 transactions, on fuel for the fiscal year 2022-2023. In addition, during this period, there were 277 fuel cards issued to 270 employees. The Special Review Team reviewed and analyzed the 9,619 transactions and tested 280 transactions, totaling \$24,267.

All District vehicles are equipped with a chip at the fuel tank opening. When fueling at a District fuel garage, this chip enables the District Garage’s EKOS¹ system to automatically capture key transaction data, including the vehicle, garage location, vehicle number, fueling date and time, and the number of gallons dispensed. Any vehicle that is not part of the District fleet is automatically denied access to fuel at the District fuel well.

According to BUL-6406.0, Fuel Credit Card Policy and Procedures, individuals requesting a fuel card must submit a completed and signed Fuel Card Application, a Fuel Card Agreement, and proof of completion of the required online training. In addition, employees assigned a District vehicle are required to refuel at District-operated garages whenever possible.

A District fuel card may be issued for use only when access to a District garage is unavailable, and solely for fueling the assigned District vehicle. Fuel cards are intended for use only by authorized personnel to fuel District-owned vehicles. All receipts must include the employee’s name, and the vehicle number must be written on the receipt. The fuel card holder needs to scan and save a copy of the receipts. The receipts must be uploaded to SAP during the reconciliation process.

While the Transportation Services Division (TSD) manages the White Fleet vehicles, the Procurement Services Division (PSD) and the TSD jointly manage the District’s Fuel Card Program. The two Divisions work in conjunction with operating administrators to ensure the appropriate issuance of fuel cards, expense auditing, monthly fuel card billing processing, and enforcement of the appropriate use of fuel cards and vehicles.

The OIG previously conducted an audit and issued Report No. OA 19-1235² on December 17, 2019, titled “Performance Audit of – District Fuel Credit Card Program.” The objectives of the audit were to determine whether (i) fuel credit card transactions were in compliance with the District Fuel Credit Card Policy and Procedures, (ii) timely reconciliations were performed, and (iii) all transactions were supported by adequate supporting documentation. The OIG statistically selected a sample of 80 transactions for testing for Fiscal Year 2017-2018 and found that 41 (51.25%) fuel card purchases were not in compliance with District policies and procedures. For more information on the findings and recommendations related to that performance audit, please refer to Appendix I of this report.

¹ EKOS is a fleet and fuel management software that helps businesses manage fuel purchases, maintain fuel sites, control driver spending, and automate fleet maintenance.

² [OA 19-1235 District Fuel Card Program](#)

The current review aimed to accomplish the following: (1) Follow-up on agreed-upon actions from the previous performance audit (i.e., Report No. OA 19-1235), (2) Determine whether recent fuel card transactions were consistent with District policies and procedures, and (3) Identify any discrepancies or irregularities that could indicate potential misuse of District resources.

SPECIAL REVIEW – FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Inaccurate Reporting and Use of One District Vehicle on Fuel Credit Card Transactions

When analyzing transactions by vehicle number, one specific vehicle (i.e., Vehicle #0999) appeared with multiple fueling instances. It had 203 fuel card transactions for a total purchase of \$23,897.87 involving 19 M&O N1 cardholders during the Fiscal Year 2022-2023. According to the TSD-provided white fleet vehicle database, the vehicle in question was a 1969 Construction Equipment mixer. According to the District, the vehicle has been inactive since 2019.

According to BUL-6406.0, Section III - A.3, the fuel card program administrator should maintain current records of personnel who are assigned fuel credit cards and the corresponding vehicles. Furthermore, Section II - B.6 states, “During SAP reconciliation, the user will enter the internal order (I/O) number³ for the equipment that the fuel is intended OR the vehicle that is assigned to the cardholder.” See Table 1 below for details.

Table 1

	Cardholder	Amount	Transaction Count
1	N1-Employee 1	\$ 173.51	2
2	N1-Employee 2	2,442.93	18
3	N1-Employee 3	1,267.90	5
4	N1-Employee 4	343.56	3
5	N1-Employee 5	298.35	3
6	N1-Employee 6	2.90	1
7	N1-Employee 7	1,556.49	22
8	N1-Employee 8	229.24	2
9	N1-Employee 9	2,430.82	18
10	N1-Employee 10	1,059.53	11
11	N1-Employee 11	816.36	6
12	N1-Employee 12	2,941.84	30
13	N1-Employee 13	215.73	2
14	N1-Employee 14	1,748.64	15
15	N1-Employee 15	4,465.91	31
16	N1-Employee 16	2,329.63	12
17	N1-Employee 17	781.53	6
18	N1-Employee 18	324.19	4
19	N1-Employee 19	468.81	12
	Total	\$ 23,897.87	203

The OIG also spoke with Area Facilities Director, Employee 3, to obtain an explanation for this violation. Employee 3 explained that the transactions were for the purposes of fueling District equipment that could not be attributed to a specific District vehicle. Therefore, these charges were erroneously assigned to the one vehicle in question (i.e., vehicle #0999) instead of the I/O number for the equipment. In addition, Employee 3 added that fuel could be used for District equipment

³ An Internal Order (I/O) number is a unique identifier used for tracking costs and activities related to a specific asset or project. For a vehicle related I/O, the number is created by prefixing the vehicle number with '11000000.'

such as generators and pressure washers, as well as for rental vehicles used by the District. Since each District fuel credit card is assigned to a District vehicle, when using a District fuel credit card that is not for the purposes of fueling a District vehicle, the cardholder should have indicated the District equipment number in SAP.

Recommendation No. 1a - The P-Card Unit should work with the TSD to identify and remove any discontinued, inactive, or obsolete vehicle numbers, such as vehicle #0999, from the list of District vehicles that are active and in operation. This list should be regularly reviewed and compared against active fuel usage to ensure that all fuel purchases are properly attributed to valid, operational vehicles or equipment. This updated list of active and operational District vehicles should be completed by August 31, 2025, and include information such as, but not limited to, the year, make, and model of the vehicle, vehicle identification number, license plate number, and the full name of the individual assigned to that District vehicle.

PSD and TSD Response – PSD and TSD agree with the recommendation to provide TSD's active vehicle list to the P-Card Unit for quarterly review to prevent the use of inactive vehicle numbers in reconciling fuel purchases for other District vehicles or equipment. M&O explained that the issue originated from fueling gas-powered gardening tools when reconcilers, unaware of the correct I/O number, used an incorrect one. To address this, by August 31, 2025, TSD will submit a current list of active vehicles to the P-Card Unit, which will cross-reference it with issued fuel cards, suspend those linked to unverified or inactive numbers, and require cardholders to provide valid numbers confirmed by TSD before reactivation. TSD will proactively submit updated vehicle lists quarterly, without prompting from the P-Card Unit. The issue with small equipment should diminish as AQMD recommendations have prompted the replacement of gas-powered gardening tools with electric alternatives. If the active vehicle list is received by August 31, 2025, PSD will cross-reference, issue notifications to cardholders, and deactivate unverified vehicle numbers by September 30, 2025.

Recommendation No. 1b - The P-Card Unit, with collaboration from M&O Management, should retrain all the District Fuel Credit Card holders and confirm completion of training by December 31, 2025.

PSD and M&O Response – PSD and M&O agree with the recommendation and will collaborate to develop and schedule training for all M&O fuel cardholders and approvers, with the training targeted for completion by December 31, 2025.

Finding No. 2 – Diesel Fuel Purchases Posted to Gas-Operated Vehicles

Nine transactions showed purchases of diesel fuel were posted to a vehicle that consumes regular gasoline only. See Table 2 below for details.

Table 2

	Transaction Description	Amount
1	C2-Employee 20; 11.21.2022	\$ 30.80
2	C2-Employee 20; 12.2.2022	15.58
3	C2-Employee 20; 5.18.2023	60.55
4	C2-Employee 20; 6.6.2023	84.31
5	C2-Employee 21; 9.7.2022	99.01
6	C2-Employee 21; 9.7.2022	99.07
7	C2-Employee 21; 9.7.2022	99.02
8	C2-Employee 21; 9.7.2022	99.01
9	C2-Employee 21; 9.7.2022	99.14
	Total	\$ 686.49

The OIG spoke with Assistant Plant Manager, Employee 20, and Senior Window and Wall Washer, Employee 21, to obtain an explanation for this policy violation. Both employees explained that the transactions involved purchasing diesel fuel used to operate power washers as part of their job duties. They indicated that their supervisor instructed them to record the fuel purchases under their assigned vehicles, as the power washer trailers do not have assigned fuel cards.

Recommendation No. 2 - The P-Card Unit, in collaboration with M&O, should remind all fuel cardholders to post fuel transactions to the correct equipment rather than to their assigned vehicles to avoid misrepresentation of fuel usage.

PSD and M&O Response – PSD and M&O agree with the recommendation and will include the related information in the training outlined in Recommendation 1b, with completion for all M&O fuel cardholders targeted by December 31, 2025.

Finding No. 3 – Used District Fuel Well and Purchased Fuel at Commercial Gas Station on the Same Day

The OIG identified five instances of using both fueling methods (i.e., fueling at both the District fuel well and at a commercial gas station) on the same day for the same vehicle. See Table 3 below for details.

The OIG spoke with Employee 22, a gardener, to obtain an explanation for the exceptions listed below. Employee 22 explained that the transactions might have been for another District vehicle driven by a co-worker who did not possess a fuel card. The OIG also interviewed Employee 23, also a gardener, who stated that the transactions were for fueling the power washers using gas cans but somehow were mistakenly posted to the vehicle assigned to him, which is a violation of District policy (BUL-6406.0 Section II, Subsection B.6 & B.9).

Table 3

	Transaction Description	Amount
1	N1-Employee 5; 7.13.2022 Fuel Card	\$ 100.06
	N1-Employee 5; 7.13.2022 Fuel Well	111.55
2	S1-Employee 22; 7.7.2022 Fuel Card	110.63
	S1-Employee 22; 7.7.2022 Fuel Well	92.64
3	S1-Employee 22; 9.7.2022 Fuel Card	31.79
	S1-Employee 22; 9.6.2022 Fuel Well	86.33
4	S1-Employee 23; 9.12.2022 Fuel Card	100.13
	S1-Employee 23; 9.12.2022 Fuel Well	98.46
5	BTB-Employee 24; 3.30.2023 Fuel Card	23.27
	BTB-Employee 24; 3.30.2023 Fuel Well	103.31
	Total	\$ 858.17

Recommendation No. 3 – The P-Card Unit, in collaboration with M&O, should ensure that fuel cardholders accurately record the transaction to the correct vehicle or equipment and not duplicate across fueling methods. Employees should be instructed to use only their assigned fuel cards for their designated vehicles and to avoid sharing cards among co-workers. For equipment such as power washers or cases involving gas cans, a proper Internal Order (I/O) number or designated tracking method should be used instead of posting to an employee’s assigned vehicle.

PSD and M&O Response – PSD and M&O agree with the recommendation and will address the issue in upcoming training sessions, targeted for completion by December 31, 2025. M&O will implement a fuel usage log in the reconciliation process to enhance tracking and accountability, evaluate when department fuel cards may be more appropriate to reduce card sharing, and notify PSD to close redundant individual cards in favor of department-issued cards where suitable. PSD and M&O will also assess the effectiveness of department cards for certain locations, incorporate the fuel bench contract for storing and dispensing fuel for small equipment and jerry cans (for sites not near a District fuel station), and ensure any fueling of jerry cans at District or commercial stations is properly recorded against the correct asset.

Finding No. 4 – One District Employee was in Possession of Seven District Fuel Credit Cards

During the OIG’s analysis, one cardholder, School Administrative Assistant, Employee 25, had possession of seven District fuel credit cards assigned to seven different vehicles. While no specific District policy could be identified that limits the number of fuel cards an employee may hold, the District’s Procurement Services Division – P-Card Unit, which oversees fuel cards, stated that the best practice is for one fuel card to be assigned per employee who is assigned a District vehicle. See Table 4 below for details.

The OIG met with Employee 25 to obtain an explanation regarding the exception noted above. Employee 25 stated that they were assigned seven fuel cards, one for each of the seven District vehicles assigned to the location, to accommodate the revolving nature of the employees who work at the location. Because these employees are typically employed for brief periods, fuel cards are not issued directly to them. Therefore, to ensure continuity, all seven fuel cards were assigned to Employee 25. The P-Card Unit confirmed the information provided by Employee 25.

Table 4

	Cardholder	Vehicle #	Total Amount
1	Employee 25	5500	\$ 433.35
2	Employee 25	6653	923.19
3	Employee 25	6668	844.63
4	Employee 25	6684	905.36
5	Employee 25	7002	281.90
6	Employee 25	7003	433.81
7	Employee 25	7004	140.84
		Total	\$ 3,963.08

Recommendation No. 4 – The P-Card Unit should develop written guidelines for assigning multiple fuel cards to a single employee, particularly in cases where operational needs require centralized card management.

PSD Response – PSD agrees with the recommendation and will discontinue issuing multiple fuel cards under a single employee’s name, opting instead for departmental cards, with multiple cards issued only when operational needs justify it, such as fueling multiple vehicles or large equipment. PSD is developing written guidelines for department card use to be included in the Fuel Card bulletin, targeted for completion by October 31, 2025, and incorporated into training for M&O fuel cardholders, which is set to be completed by December 31, 2025.

Finding No. 5 – More than One Fuel Card Charge in the Same Day with Lack of Information on Receipts

There were eight instances where repeated fuel transactions were made within a period of a few minutes to a few hours without an explanation or a vehicle number written on the receipts. According to District BUL-6406.0, Section II - B.4, all receipts must include the employee's name and vehicle number written on them. See Table 5 below for details.

Table 5

	Transaction Description	Amount
1	S1-Employee 26; 11.4.2022	\$ 98.98
	S1-Employee 26; 11.4.2022	99.56
2	S1-Employee 26; 11.17.2022	95.18
	S1-Employee 26; 11.17.2022	99.90
3	N1-Employee 19; V#pool 1.12.2023	114.24
	N1-Employee 19; V#pool 1.12.2023	21.08
4	N1-Employee 17; V#7090 2.21.2023	99.44
	N1-Employee 17; V#7090 2.21.2023	33.55
5	N1-Employee 17; V#7090 3.7.23	36.71
	N1-Employee 17; V#7090 3.7.23	137.32
6	N1-Employee 27; V#6487 5.11.2023	106.40
	N1-Employee 27; V#6487 5.11.2023	33.03
7	N1-Employee 27; V#6487 6.1.2023	35.88
	N1-Employee 27; V#6487 6.1.2023	165.17
8	N1-Employee 27; V#6487 4.11.2023	33.54
	N1-Employee 27; V#6487 4.11.2023	.74
	N1-Employee 27; V#6487 4.11.2023	175.00
	Total	\$ 1,385.72

This issue was also noted in the previous audit, suggesting that prior recommendations to ensure that vehicles with multiple transactions within the same day, have not been fully addressed.

Recommendation No. 5 - The P-Card Unit should ensure that fuel cardholders comply with District Policy BUL-6406.0 by requiring that all fuel receipts include the employee's name and vehicle number at the time of purchase. Fuel cardholders should be reminded that a valid explanation and proper documentation must support repeated fuel transactions within short timeframes. If a valid explanation is not provided or does not justify the fuel charges, the P-Card Unit should hold the fuel cardholders accountable by requiring reimbursement to the District or suspending their fuel cards.

PSD Response – PSD partially agrees with the recommendation, stating that cardholders should be reminded to include their name and vehicle number on fuel receipts to ensure proper reconciliation, and that multiple same-day fuel transactions may be audited with clarification requested from the cardholder. While the P-Card Unit cannot require restitution, it will review questionable transactions to establish a valid business purpose and, if none is found, refer the matter to the department for potential disciplinary action or

repayment, or to the OIG for investigation. PSD will continue auditing such transactions and provide targeted training to reinforce documentation and compliance, with training for M&O fuel cardholders to be completed by December 31, 2025.

Finding No. 6 – Mismatched Vehicle Numbers on Receipts and in SAP

There were five fuel card transactions that had incorrect vehicle numbers in SAP because the number written on the receipt did not match the number entered into SAP. According to BUL-6406.0, Section II, Subsection B.4-7, fueling transactions need to be correctly posted in SAP to the vehicle or equipment for which fuel was purchased. See Table 6 below for details.

Table 6

	Transaction Description	Amount
1	C2-Employee 28; V5064 9.29.2022	\$ 76.08
2	C2-Employee 28; V5064 9.30.2022	99.94
3	C2-Employee 28; V5064 3.6.2023	99.90
4	C2-Employee 29; 8.8.2022	99.01
5	C2-Employee 28; V5064 9.8.2022	58.06
	Total	\$ 432.99

This finding was also identified in the prior audit, indicating that previous recommendations to ensure fuel receipts include the required vehicle numbers and explanations have not been fully implemented.

Recommendation No. 6 - M&O should ensure that fuel transactions are accurately recorded in SAP by matching the vehicle or equipment number on the receipt with the correct Internal Order (I/O) number during data entry. In addition, the P-Card Unit, in collaboration with M&O, should ensure that fuel cardholders and approvers are retrained and reminded to clearly indicate the correct vehicle or equipment number when fueling vehicles or non-vehicle assets such as welding trucks or generators.

PSD and M&O Response – PSD and M&O agree with the recommendations for their respective areas and will include approvers and support staff in the M&O fuel cardholder training, incorporating the related information from Recommendation 1b, with all training targeted for completion by December 31, 2025.

Finding No. 7 – Incorrect, Illegible, or Missing Receipts

Six transactions had either incorrect receipts, or receipts with critical date and time information that was not legible. In addition, receipts for two transactions were not uploaded to SAP. According to policy requirements, BUL-6406.0, Section II, Subsection B.4-6, fueling transactions need to be correctly posted in SAP with all required information. See Table 7 below for details.

Table 7

	Transaction Description	Amount
1	S1-Employee 30; 3.3.2023	\$ 24.81
2	S1-Employee 31; 8.1.2022	36.53
3	N1-Employee 10; 11.4.22; v7397	89.83
4	N1-Employee 10; 11.4.22; v7397	71.07
5	N1-Employee 27; V#6487 4.11.2023	175.00
6	C2-Employee 29; 7.16.2022	99.01
	Total	\$ 496.25

This finding was also noted in the prior audit, indicating that previous recommendations to ensure accurate, legible, and complete fuel receipt documentation in SAP have not been fully addressed.

Recommendation No. 7 - The P-Card Unit, in collaboration with M&O, should ensure that all fuel receipts are complete, legible, and properly uploaded to SAP in accordance with District Policy BUL-6406.0. Fuel cardholders should be instructed to verify that receipts contain all required information, including accurate date and time stamps, before submission. If a valid explanation is not provided or does not justify the fuel charges, the P-Card Unit should hold the fuel cardholders accountable by requiring reimbursement to the District or suspending their fuel cards.

PSD and M&O Response – PSD and M&O agree with the recommendation and will use training sessions to stress the importance of submitting legible fuel receipts for reconciliation, advising cardholders to photograph receipts immediately after fueling or, if unavailable, to photograph the pump display, print the image, and include a written explanation. The updated Fuel Card bulletin reflecting these procedures will be issued by October 31, 2025, and training for M&O fuel cardholders will be completed by December 31, 2025.

Finding No. 8 – Missing Vehicle Numbers in SAP

Three fuel card purchases totaling \$109.81 were posted in SAP without a valid vehicle number. According to District Policy requirements (BUL-6406.0, Section II, Subsection B.5), each vehicle will have an I/O number (i.e., Vehicle Number expressed in SAP by adding “11000000” in front of the regular vehicle number) associated with the vehicle. This I/O number must be entered during reconciliation in SAP. See Table 8 below for details.

Table 8

	Transaction Description	Amount
1	M&O C1-Employee 32; V6807, 7.28.2022	\$ 50.72
2	M&O C1-Employee 32; V6807, 8.8.2022	32.59
3	M&O C1-Employee 32; V6807, 8.10.2022	26.50
	Total	\$ 109.81

This issue was also noted in the previous audit, suggesting that prior recommendations to ensure proper vehicle number entry in SAP have not been fully addressed.

Recommendation No. 8 - The P-Card Unit, in collaboration with M&O, should ensure that fuel cardholders accurately record their transactions in SAP with a valid I/O number corresponding to the assigned vehicle. Additionally, implementing a review or validation step prior to posting transactions can help prevent incomplete entries.

PSD and M&O Response – PSD and M&O partially agree with the recommendation, stating that fuel cardholders must record transactions in SAP with a valid I/O number matching the vehicle or equipment fueled, while approving officials are responsible for verifying accuracy before approval. The cited case involved three transactions without an I/O number, explained as a rare exception caused by system limitations when fueling a jerry can for legitimate purposes, which led the P-Card Unit to use a non-I/O number for reconciliation. The cardholder was advised of the policy violation. To prevent recurrence, PSD will implement an annual process to capture each fuel card’s intended use and associated I/O number, aiding audits when discrepancies arise. This information will be collected via a Google Forms survey, scheduled for release by August 29, 2025, with potential adjustments to the method if needed.

Finding No. 9 – Agreed-Upon Recommendations from 2019 OIG Audit Were Not Implemented

When comparing the findings and recommendations from the OIG’s previous performance audit on the District Fuel Credit Card Program (i.e., Report No. OA 19-1235) and the current findings and recommendations noted in this review, the PSD, specifically the P-Card Unit, stated that they would revise the Fuel Credit Card Policy (BUL-6406.0) to include a list of prohibited items and establish spending limits for single transactions and monthly totals. However, the policy has not been updated since its last revision in October 2014.

Recommendation No. 9 - PSD should update the Fuel Credit Card Policy (BUL-6406.0) to incorporate a list of prohibited items and establish clear spending limits for single transactions and monthly totals, as previously recommended. Regular reviews and updates of the policy should also be implemented to ensure it remains current and aligns with best practices.

PSD Response – PSD agrees with the recommendation and noted that a fully revised Fuel Card Bulletin had already been completed but was temporarily withheld from publication to incorporate policy changes and clarify the use of department cards identified during this review. PSD will revise the bulletin accordingly, with completion and publication targeted for October 31, 2025.

CONCLUSION:

The OIG identified instances of District fuel credit card usage that were not in compliance with established policy. Based on the results of this review and the prior District Fuel Credit Card Program performance audit, the following have been identified as recurring issues:

- Fueling more than once in the same day (**Finding No. 5**);
- No employee name and/or vehicle number written on receipts (**Findings No. 5, 6, and 8**);
- Submitted receipts were either incorrect or illegible, or no receipt was submitted to support the fuel card transaction (**Finding No. 7**); and
- The District’s fuel credit card policy and procedures are outdated and should be revised to improve its effectiveness and mitigate the risk of employees misusing the District’s fuel credit card (**Finding No. 9**)

In addition to the aforementioned findings and recommendations (i.e., Finding No. 1 through Finding No. 9 and the related recommendations), the P-Card Unit and M&O should address the issue of accountability regarding the questionable transactions identified in this review. For this reason, we also recommend the following:

Recommendation No. 10 - The PSD, specifically the P-Card Unit, and M&O should determine if the employees responsible for these questionable transactions should be held accountable for any violations of District policies and/or law.

PSD and M&O Response – PSD and M&O agree with the recommendation, noting that M&O had already met with the departments involved to review the fuel purchases in question. While the transactions violated policy, they were determined to be business-related, and no restitution was required from the cardholders or approving officials. PSD concurs with this determination, and both departments will complete retraining to reinforce policy compliance by December 31, 2025.

SUMMARY OF REVIEW PROCEDURES

The Office of the Inspector General (OIG) Special Review Team performed the following steps to review fuel credit card usage and assess District employees' compliance with District policies:

- 1) Reviewed Audit Report No. OA 19-1235 and followed up with the District's P-Card Unit to determine if the agreed-upon recommendations were implemented.
- 2) Reviewed the current policies related to District vehicles and fuel credit cards:
 - BUL-6401.1 – District-Owned Vehicles; Policies, Procedures, and Responsibilities (September 1, 2016); and
 - BUL-6406.0 – Fuel Credit Card – Policy and Procedures (October 27, 2014)
- 3) Obtained and analyzed fuel credit card charges in Fiscal Year 2022-2023 (i.e., July 1, 2022, through June 30, 2023) and determined whether fuel credit card users complied with District policy requirements.
- 4) Met with District staff, including District fuel credit card users.

To understand the District's White Fleet and fuel credit card management controls, the OIG held in-person discussions with the Fleet Maintenance Manager, Assistant Fleet Maintenance Manager, and Garage Supervisor on January 5, 2024, and the Procurement Policy Officer and Administrative Analyst on January 16, 2024.

After reviewing and analyzing fuel credit card charges, exceptions were identified, and the OIG had discussions with the following District employees:

- May 1, 2024: Employee 3, Area Facilities Services Director, Maintenance & Operations;
 - October 30, 2024: Employee 25, School Administrative Assistant, Leichman Career Preparatory and Transition Center;
 - November 14, 2024: Administrative Analyst;
 - November 18, 2024: Employee 20, Assistant Plant Manager M&O, Area C2;
 - November 20, 2024: Employee 23, Gardener, M&O, Area S1;
 - November 20, 2024: Employee 22, Gardener, M&O, Area S1; and
 - November 26, 2024: Employee 21, Senior Window/Wall Washer, M&O, Area C2
- 5) Compared the current findings to the previous audit findings (i.e., Audit Report No. OA 19-1235) to determine whether there were recurring issues and evaluated whether prior recommendations had been implemented.

SPECIAL REVIEW TEAM

Amy Long, Assistant Inspector General
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APPENDIX I – STATUS OF PRIOR AUDIT REPORT

The OIG previously conducted a performance audit and issued Report No. OA 19-1235 on December 17, 2019, titled “Performance Audit of – District Fuel Credit Card Program.” The OIG statistically selected a sample of 80 transactions for testing for Fiscal Year 2017-2018 and found that 41 (51.25%) fuel card purchases were not in compliance with District policies and procedures. The findings by department and recommendations are summarized below:

Police Department – 30 Sample Transactions

- 1) One transaction involved using the fuel card for washing a District vehicle.
- 2) One transaction did not have the user’s name or the vehicle number.
- 3) One employee loaned his fuel card to another employee.
- 4) One instance of the cardholder fueling more than one car.

Maintenance & Operation – 25 Sample Transactions

- 1) One receipt for a fuel card transaction was missing.
- 2) 14 transactions did not include the employees’ names and vehicle numbers.
- 3) Four transactions were spent over the limit.

Transportation Services Division—15 Sample Transactions

The cardholders and the approving officials failed to scan and upload purchase receipts to SAP for 11 transactions.

All Other Departments – 10 Sample Transactions

Seven fuel card transactions did not have the fuel card holder’s name and vehicle number.

The OIG made eight recommendations, of which the PSD agreed with seven and partially agreed with one, as follows:

Prior Audit Report No. OA 19-1235			
	OIG Recommendations	PSD’s Response	Current Status
1	The OIG recommended that the Procurement Services Division (PSD) update its Fuel Credit Card Policy BUL-6406.0 to include the prohibited items list as outlined on page 8 of PSD’s Fuel Card Training Module.	Agreed - PSD agreed with our recommendation and stated that the Fuel Credit Card Policy Bulletin will be updated to include the prohibited items list by July 2020.	Not Implemented – The Bulletin is currently being updated and is expected to be completed by the end of May 2025 . The current draft includes the prohibited items listed from the training module.
2	The OIG recommended that the Procurement Services Division (PSD) should update its Fuel Credit Card Policy BUL-6406.0 to include the spending limit of \$100.00 per single transaction and monthly dollar limits as outlined on page 9 of PSD’s Fuel Card Training Module.	Partially Agreed - PSD partially agreed with our recommendation and stated that the intent of the \$100 per transaction limit was to protect the District by minimizing the exposure of fraudulent purchases in case the card is lost or stolen, and not to prevent the employees from fueling District vehicles with the adequate amount of fuel needed. PSD, however, agreed to update the Fuel Credit Card Policy	Not Implemented – The Bulletin is currently being updated and is expected to be completed by the end of May 2025 . The current draft includes the spending limit outlined in the training module.

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		Bulletin to include established single transaction and monthly dollar limits by July, 2020. PSD will also include in the Bulletin that an exception to the single transaction and monthly dollar limits may be granted by the P-Card Unit following the Credit Card Exception Request process for vehicles with large fuel tanks that require a higher single purchase transaction. These Exceptions may be granted on an as-needed basis or an annual basis, depending on the needs of the requesting department.	
3	The OIG recommended that the PSD maintain a database to track fuel credit card usage violators and report them to the respective site administrators for disciplinary action.	Agreed - PSD agreed with our recommendation and stated that the P-Card Unit will incorporate Fuel Card Audits into the existing P-Card Audit database to track fuel card usage violators and report them to the approving official for disciplinary actions.	Implemented – Monthly reconciliation non-compliance reports/audits are conducted, notices are sent to cardholders and approving officials. The P-Card Unit maintains an audit file where all transactions were audited each month. For every transaction reviewed, the P-Card Unit records their findings—whether there were no issues, a missing receipt, or if the transaction was not properly reconciled. The audit results are tracked and stored in an Excel file.
4	The OIG recommended that the PSD should enforce appropriate disciplinary actions for repeated fuel credit card usage violators, as required by District Fuel Credit Card Policies and Procedures BUL 6406.0.II.B.	Agreed - PSD agreed with our recommendation and stated that PSD currently suspends cards that are passed due on reconciliation until the account is brought up to date. This disciplinary action will continue. Additionally, any non-compliance issues that are found during PSD’s semi-annual random checks will result in non-compliance notices being emailed to both the cardholder and the approver. PSD will recommend to the department that repeated violations of Fuel Card Policies result in the reassignment of the fuel card to another employee.	Implemented – Monthly reconciliation of non-compliance reports/audits are conducted. Non-compliant cards are suspended from use until compliance is met. The “disciplinary action” taken is to suspend the use of the card until corrective action is completed.
5	The OIG recommended that the PSD should coordinate with Information Technology Division (ITD), to implement input controls in SAP system to automatically decline purchases for, (i) prohibited items, (ii) fueling for more than one vehicle at a time, (iii) exceeding the spending limit, and (vi) card	Agreed - PSD agreed with our recommendation and stated that, although it is not possible for the SAP system to decline or control card purchases before they happen, PSD will work with ITD to see if input controls can be placed in the SAP system during reconciliation to automatically create a rejection or exception notification/report that will	Partially Implemented – Using the SAP system to automatically decline purchases for prohibited items, fueling for more than one vehicle at a time, and card usage by unauthorized users is not possible. The P-Card Unit has requested the credit card company to restrict the Merchant Category Code to

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	usage by unauthorized card users.	notify the P-Card Unit of potential policy violations, such as, (i) transactions for prohibited items, (ii) fueling for more than one vehicle at a time, (iii) exceeding the spending limit, and (vi) card usage by unauthorized card users.	only allow purchases of fuel at the commercial gas station. In addition, as of mid-March 2025 , the P-Card Unit is using a new “Program Monitor” tool in US Bank, where we receive automated reports for multiple fuel card purchases on the same day. The P-Card Unit then conducts follow-up audits on any of those purchases reported. Currently, our review for fiscal year 2022-2023 identifies transactions involving fueling for more than one vehicle at a time.
6	The OIG recommended that the PSD should provide site administrators with a monthly SAP exception report. Follow-up on fuel transactions identified as exceptions, to remind the approving officials to be diligent in reviewing, verifying, and timely reconciling the receipts in SAP.	Agreed - PSD agreed with our recommendation and stated that the P-Card Unit will generate monthly reports to identify unreconciled transactions and transactions that exceed the single dollar limit (for cardholders without approved Credit Card Exceptions on file). Email notices of fuel card transactions identified as past-due reconciliation or exceeding the single dollar limit will be sent to both the approver and the cardholder to remind them of the need to be diligent in reviewing, verifying, and timely reconciling the receipts in SAP.	Implemented – Currently, if the P-Card Unit identifies fuel transactions as exceptions, a “request for response is sent. In addition, as of mid-March 2025 , the P-Card Unit is using a new “Program Monitor” tool in US Bank, where we receive automated reports for multiple fuel card purchases on the same day.
7	The OIG recommended that the PSD should perform periodic reviews of various departments to ensure enforcement of the District’s policies and procedures regarding fuel card usage by reviewing the purchase receipts in SAP and verifying that the employee’s name and vehicle number are written on the receipts.	Agreed - PSD agreed with our recommendation and stated that the P-card Unit will conduct random Fuel Card Audits of transactions on a semi-annual basis.	Partially Implemented – Currently, the P-Card Unit performs random audits of Fuel Card Transactions along with its P-Card transactions. However, our current review identifies fuel transactions for which the employee’s name and vehicle number were not written on the receipts.
8	The OIG recommended that the PSD work with the designated administrators to ensure the accuracy of monthly fuel card reconciliations, no later than the 21st of each month.	Agreed - PSD agreed with our recommendation and stated that the P-Card Unit will conduct monthly reconciliation reports to identify unreconciled transactions and e-mail notices of past-due reconciliation to the cardholders and the approving officials.	Implemented – A list of non-reconciliations related to fuel cards is generated for reconciliations that are not performed. Currently, those fuel cards are suspended if not reconciled.

APPENDIX II - RESPONSES TO SPECIAL REVIEW RECOMMENDATIONS

INTER-OFFICE CORRESPONDENCE LOS ANGELES UNIFIED SCHOOL DISTRICT

TO: Amy Long, Assistant Inspector General
Office of the Inspector General **Date:** August 6, 2025

FROM: Matthew A. Friedman, Chief Procurement Officer *MAF*
Procurement Services Division

Dennis Bradburn, Director of Facilities Maintenance & Operations *DB*
Facilities Services Division

SUBJECT: **RESPONSE TO DRAFT REPORT ON THE SPECIAL REVIEW OF THE
DISTRICT'S FUEL CREDIT CARD PROGRAM**

The following is in response to the draft report on the special review of the District's Fuel Credit Card Program. The results of the review indicated the following:

Recommendation No. 1a, Page 8:

Report states: "The Credit Card Unit should work with the TSD to identify and remove any discontinued, inactive, or obsolete vehicle numbers, such as vehicle #0999, from the list of District vehicles that are active and in operation. This list should be regularly reviewed and compared against active fuel usage to ensure that all fuel purchases are properly attributed to valid, operational vehicles or equipment. This updated list of active and operational District vehicles should be completed by Aug. 31st, 2025, and include information such as, but not limited to, the year, make, and model of the vehicle, vehicle identification number, license plate number, and the full name of the individual assigned to that District vehicle."

Response:

PSD and TSD agree with this recommendation. The vehicle list should be provided to the Credit Card Unit and reviewed on a quarterly basis to ensure inactive vehicle numbers aren't being used to reconcile fuel purchases for other District vehicles or equipment.

M&O clarified that the issue arose from the operational need to fuel gas-powered gardening tools. However, reconcilers were unaware of a valid I/O number associated with these tools and instead used an incorrect I/O number.

Actions PSD and TSD Plan to Take:

- By Aug. 31st, 2025, TSD will submit a current list of active vehicles to the P-Card Unit.
- Upon receipt, the P-Card Unit will cross-reference this list with fuel cards currently issued and linked to vehicle numbers.
- Fuel cards associated with unverified or inactive vehicle numbers will be suspended. Cardholders will be notified and required to provide valid vehicle or equipment numbers, which must be confirmed by TSD before reactivation.
- TSD will provide updated vehicle lists to the P-Card Unit on a quarterly basis. It is TSD's responsibility to proactively submit these updates; the P-Card Unit will not be responsible for requesting them.

- Regarding fueling of small equipment, M&O noted that this issue was centered around gardening equipment. This issue should be mitigated going forward, as AQMD recommendations have led to the replacement of gas-powered gardening tools with electric alternatives.

Target Date Implement Actions:

If the vehicle list is received by Aug. 31st, 2025, the P-Card Unit will complete the cross-referencing process and issue initial notifications to cardholders with deactivated or unverified vehicle numbers by Sept. 30th, 2025.

Recommendation No. 1b, Page 8:

Report states: “The Credit Card Unit, with collaboration from M&O Management, should retrain all the District Fuel Credit Card holders and confirm completion of training by Dec. 31st, 2025.”

Response:

PSD and M&O agree with this recommendation.

Actions PSD and M & O Plan to Take:

PSD will work with M & O to create and schedule training for all M & O cardholders and approvers.

Target Date Implement Actions:

The target date to complete the training for M & O fuel card holders will be Dec. 31st, 2025.

Recommendation No. 2, Page 8:

Report states: “The Credit Card Unit, in collaboration with M&O, should remind all fuel cardholders to post fuel transactions to the correct equipment rather than to their assigned vehicles to avoid misrepresentation of fuel usage.”

Response:

PSD and M&O agree with the recommendation.

Actions PSD and M & O Plan to Take:

PSD and M & O will incorporate this information in the training discussed in Recommendation 1b above.

Target Date Implement Actions:

The target date to complete the training for M & O fuel card holders will be Dec. 31st, 2025.

Recommendation No. 3, Page 9:

Report states: “The Credit Card Unit, in collaboration with M&O, should ensure that fuel cardholders accurately record the transaction to the correct vehicle or equipment and not duplicate across fueling methods. Employees should be instructed to use only their assigned fuel cards for their designated vehicles and to avoid sharing cards among co-workers. For

equipment such as power washers or cases involving gas cans, a proper Internal Order (I/O) number or designated tracking method should be used instead of posting to an employee's assigned vehicle."

Response:

PSD and M&O agree with the recommendation.

Actions PSD and M & O Plan to Take:

- The issue will be addressed during upcoming training sessions.
- M&O will incorporate a fuel usage log into the reconciliation process to improve tracking and accountability.
- M&O will evaluate instances where department fuel cards may be more appropriate to reduce card sharing and avoid issuing an excessive number of individual cards.
- In cases where department cards are deemed more suitable, M&O will notify the P-Card Unit to close the redundant individual cards and issue a Department Fuel Card instead.
- The practice of card sharing will be assessed to determine whether transitioning to department-issued cards is a more effective solution for specific locations.
- M&O will incorporate the use of the fuel bench contract to store and dispense gasoline/diesel for small equipment and Jerry cans (only for M&O sites not near a District fuel station). When it is necessary to fuel a Jerry can at a District pump or at a commercial gas station, M&O will ensure the transaction is recorded against the appropriate asset.

Target Date Implement Actions:

The target date to complete the training for M & O fuel card holders will be Dec. 31st, 2025. M&O will incorporate the uploading of the fuel usage log by Jan. 2nd, 2026, this practice will also be addressed in the training.

Recommendation No. 4, Page 10:

Report states: "The Credit Card Unit should develop written guidelines for assigning multiple fuel cards to a single employee, particularly in cases where operational needs require centralized card management, such as at Leichman Career Preparatory & Transit Center."

Response:

PSD agrees with this recommendation. Moving forward, the practice of issuing multiple cards under a single employee's name will be discontinued. Instead, a departmental card will be issued. In cases where there is a demonstrated operational need, such as fueling multiple vehicles or large equipment, multiple departmental cards may be issued.

Actions PSD Plans to Take:

PSD is in the process of creating written guidelines for the use of department cards which will be incorporated into the Fuel Card bulletin and the training.

Target Date Implement Actions:

Targeted completion date for the Fuel Card bulletin is Oct. 31st, 2025.

The target date to complete the training for M & O fuel card holders will be Dec. 31st, 2025.

Recommendation No. 5, Page 11:

Report states: "The Credit Card Unit should ensure that fuel cardholders comply with District Policy BUL-6406.0 by requiring that all fuel receipts include the employee's name and vehicle number at the time of purchase. Fuel cardholders should be reminded that a valid explanation and proper documentation must support repeated fuel transactions within short timeframes. If a valid explanation is not provided or does not justify the fuel charges, the Credit Card Unit should hold the fuel cardholders accountable by requiring reimbursement to the District or suspending their fuel cards."

Response:

PSD partially agrees with the recommendation. Cardholders should be reminded to include their name and vehicle number on fuel receipts to support proper reconciliation. The P-Card Unit also agrees that in cases involving multiple fuel transactions on the same day, it may conduct audits and request clarification from the cardholder.

However, it is important to note that the P-Card Unit does not have the authority to require restitution from cardholders. The Unit will review questionable transactions to determine if a valid business purpose can be established. If a determination cannot be made, the transaction will be referred to the respective department. If the transaction appears to lack a legitimate business purpose, the P-Card Unit will either:

- Notify the department administrator to evaluate the situation and determine whether disciplinary action or repayment to the District is warranted, or
- Refer the case to the Office of the Inspector General (OIG) for further investigation.

Actions PSD Plans to Take:

- Continue auditing multiple same-day fuel transactions to identify potential misuse.
- Provide targeted training to cardholders to reinforce proper documentation and compliance with fuel card policies.

Target Date Implement Actions:

The target date to complete the training for M & O fuel card holders will be Dec.31st, 2025.

Recommendation No. 6, Page 11:

Report states: "M&O should ensure that fuel transactions are accurately recorded in SAP by matching the vehicle or equipment number on the receipt with the correct Internal Order (I/O) number during data entry. In addition, the Credit Card Unit, in collaboration with M&O, should ensure that fuel cardholders and approvers are retrained and reminded to clearly indicate the correct vehicle or equipment number when fueling vehicles or non-vehicle assets such as welding trucks or generators."

Response:

M&O and PSD agree with the recommendations for their respective areas.

Actions M&O and PSD Plan to Take:

M&O will include those with approval roles and support team to the agreed training by the target date of Dec.31st, 2025.

Additionally, PSD and M&O will incorporate this information in the training discussed in Recommendation 1b above.

Target Date Implement Actions:

The target date to complete the training for M & O fuel card holders will be Dec.31st, 2025.

Recommendation No. 7, Page 12:

Report states: "The Credit Card Unit, in collaboration with M&O, should ensure that all fuel receipts are complete, legible, and properly uploaded to SAP in accordance with District Policy BUL-6406.0. Fuel cardholders should be instructed to verify that receipts contain all required information, including accurate date and time stamps, before submission. If a valid explanation is not provided or does not justify the fuel charges, the Credit Card Unit should hold the fuel cardholders accountable by requiring reimbursement to the District or suspending their fuel cards."

Response:

PSD and M&O agree with the recommendation.

Actions PSD Plans to Take:

- During training, PSD and M&O will emphasize the importance of submitting legible fuel receipts for reconciliation.
- Cardholders will be advised to take a photo of the receipt immediately after fueling to prevent loss, smudging, or damage.
- In situations where a printed receipt is unavailable, cardholders will be instructed to take a clear photo of the pump display showing the transaction details. They should then print the photo and include a written explanation on the printout to support the transaction.

Target Date Implement Actions:

The target date to complete the training for M & O fuel card holders will be Dec. 31st, 2025

The target date to release the new Fuel Card bulletin is no later than Oct. 31st, 2025.

Recommendation No. 8, Page 13:

Report states: "The Credit Card Unit, in collaboration with M&O, should ensure that fuel cardholders accurately record their transactions in SAP with a valid I/O number corresponding to the assigned vehicle. Additionally, implementing a review or validation step prior to posting transactions can help prevent incomplete entries."

Response:

PSD and M&O partially agree with the recommendation. Fuel cardholders should accurately record their transactions in SAP using a valid I/O number that corresponds to the

vehicle or equipment fueled. However, it is ultimately the responsibility of the approving official to verify the accuracy of this information before approving the transaction. The specific case in question involved a single cardholder with three transactions that lacked an I/O number. This was explained to the OIG as a rare exception, where the transaction had to be force-reconciled without an I/O due to system limitations. The location had fueled a jerry can for equipment—a legitimate business purpose—but the purchase was processed incorrectly. Because SAP requires a valid funding line to reconcile transactions, the P-Card Unit used a non-I/O number to complete the reconciliation. The cardholder was informed of the policy violation and advised not to repeat this type of purchase.

Actions PSD Plans to Take:

- PSD will implement a process to annually capture the “intended use” of each fuel card, along with the associated I/O number. This will help identify whether the card is used for pool vehicles or large equipment, where the I/O number may vary.
- This information will support the P-Card Unit during audits by providing context when an I/O number appears inconsistent or requires further verification.
- PSD plans to use a Google Forms survey to collect this data. However, the method may be adjusted if the survey tool does not meet operational needs.

Target Date to Implement Actions:

The Google Forms survey is scheduled to be issued by Aug. 29th, 2025.

Recommendation No. 9, Page 13:

Report states: “PSD should update the Fuel Credit Card Policy (BUL-6406.0) to incorporate a list of prohibited items and establish clear spending limits for single transactions and monthly totals, as previously recommended. Regular reviews and updates of the policy should also be implemented to ensure it remains current and aligns with best practices.”

Response:

PSD agrees with the recommendation. It should be noted, however, that a fully revised bulletin had already been completed and was undergoing the required approval process for publication. In light of the policy changes identified during this review, particularly those requiring further clarification on the use of department cards, the publication was temporarily suspended to allow for necessary revisions.

Actions PSD Plans to Take:

PSD will revise the bulletin accordingly to incorporate the additional information and clarification provided in this report.

Target Date Implement Actions:

Target date for completion and publication of the revised Fuel Card Bulletin is Oct.31st, 2025.

Recommendation No. 10, Page 13:

Report states: "The PSD, specifically the Credit Card Unit, and M&O should determine if the employees responsible for these questionable transactions should be held accountable for any violations of District policies and/or law."

Response:


PSD and M&O agree with this recommendation.

Actions Taken by M&O:

Prior to this review, M&O met internally with the departments identified in the findings to evaluate the fuel purchases in question. While the transactions were determined to be in violation of policy, M&O concluded that the purchases were business-related. As such, no restitution was deemed necessary from the cardholders or approving officials involved. PSD concurs with M&O's determination regarding these transactions.

Target Date Implement Actions:

The recommended determinations have already been completed. Additionally, retraining to further reinforce policy compliance will be completed by Dec. 31st, 2025.

Signature: 

Email: 

Signature: *D.M. Bradburn*

Email: 

APPENDIX III – SUMMARY OF TARGET DATES AND ACTIONS TO BE TAKEN

SUMMARY OF TARGET DATES AND ACTIONS TO BE TAKEN IN RESPONSE TO SPECIAL REVIEW RECOMMENDATIONS	
TARGET DATES	ACTIONS TO BE TAKEN
Friday, August 29, 2025	Response to Recommendation #8: Issue Google Forms survey (P-Card Unit)
Sunday, August 31, 2025	Response to Recommendation #1a: Provide current list of active vehicles to P-Card Unit (TSD)
Tuesday, September 30, 2025	Response to Recommendation #1a: Complete the cross-referencing process and issue initial notifications to cardholders with deactivated or unverified vehicle number (P-Card Unit)
Friday, October 31, 2025	<p>Response to Recommendation #4: Develop written guidelines for the use of departmental cards and will incorporate them into the Fuel Card Bulletin and included in the training for M&O fuel card holders (P-Card Unit)</p> <p>Response to Recommendations #7 and 9: Complete and issue the new Fuel Card Bulletin (P-Card Unit)</p>
Wednesday, December 31, 2025	<p>Response to Recommendations #1b, 2, 3, 4, 5, 6, 7, and 10: Complete training for M&O fuel card holders (P-Card Unit)</p> <p>Response to Recommendation #6: Include those with approval roles and support team to the agreed-upon training (M&O)</p>
Friday, January 2, 2026	Response to Recommendation #3: Incorporate the uploading of the fuel usage log which will be included in the training for M&O fuel card holders (M&O)