FMD Fuel Card Audit

FY2026

Budget and Fiscal Affairs Committee

November 4, 2025

OFFICE OF CITY CONTROLLER CHRIS HOLLINS

FMD Fuel Card Audit Objective and Scope

The objective of the audit was to ensure that City fuel cards are used only for City business, are reviewed properly, and follow Administrative Policy (AP) 5-5.

The scope of the audit included FMD's fuel card program processes, procedures, and transactions from Fiscal Year 2022 through Fiscal Year 2024.

COH Policy (in Summary)

Administrative Policy (AP) 5-5

- §5.2.1 - Authorized use only: Fuel cards strictly for City-owned/operated vehicles or equipment.
- §5.5.4 - 3-mile rule: Do not issue a card if a City fuel island exists within 3 miles.
- §5.5.5 - Pool cards (interim): Allowed only when a City fuel island is out of service.
- §6.1.2 - FCPA issuance control: FCPA reviews/approves requests to ensure policy compliance.
- §6.1.4 - Assignment accuracy (FCPA): Maintain a current vehicle-to-card assignment roster.
- §6.1.7 - Invoice/record review (FCPA): Review vendor invoices and transactions for compliance.
- §6.3.2 - Monitoring (DFCC): Monitor purchases and send records to users for reconciliation.
- §6.3.3 - Monthly certification (DFCC): By the 20th, certify all transactions or submit corrections.
- §6.3.6 - Card return (DFCC): Retrieve/return cards when vehicles are sold, transferred, or not needed.
- §6.3.7 - Annual training (DFCC): Attend annual training; non-compliance may suspend privileges.
- §6.4.1 - User accountability: Users are responsible for purchases made under their PINs.
- §7.7.1 - New card requests: Use the approved form; obtain required department/FCPA/FMD approvals.
- §7.5.1 – Records management (DFCC): Must maintain records organized by billing cycle.

Our Conclusion

The audit found systemic control weaknesses that impair accountability and compliance.

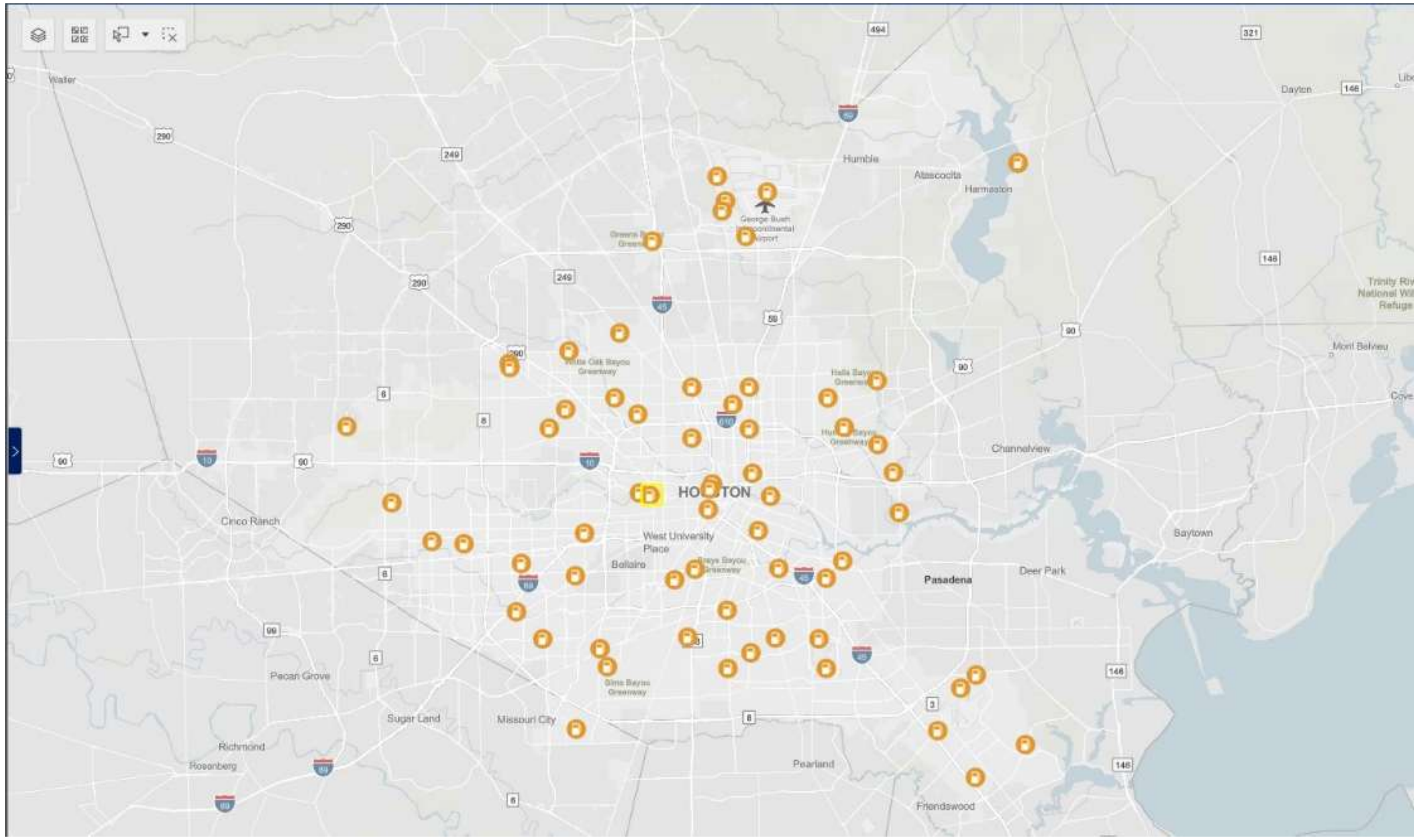
11 findings were issued—three rated as critical—requiring immediate corrective action:

1. 65% (~$3.5M) of fuel card transactions occurred within 3 miles of a City-owned fuel island.
2. 29% (>300) of City vehicles with active fuel cards were inactive/listed as sold in the City's asset registry.
3. 91% of the fuel card statements during the audit period lacked evidence of proper review.

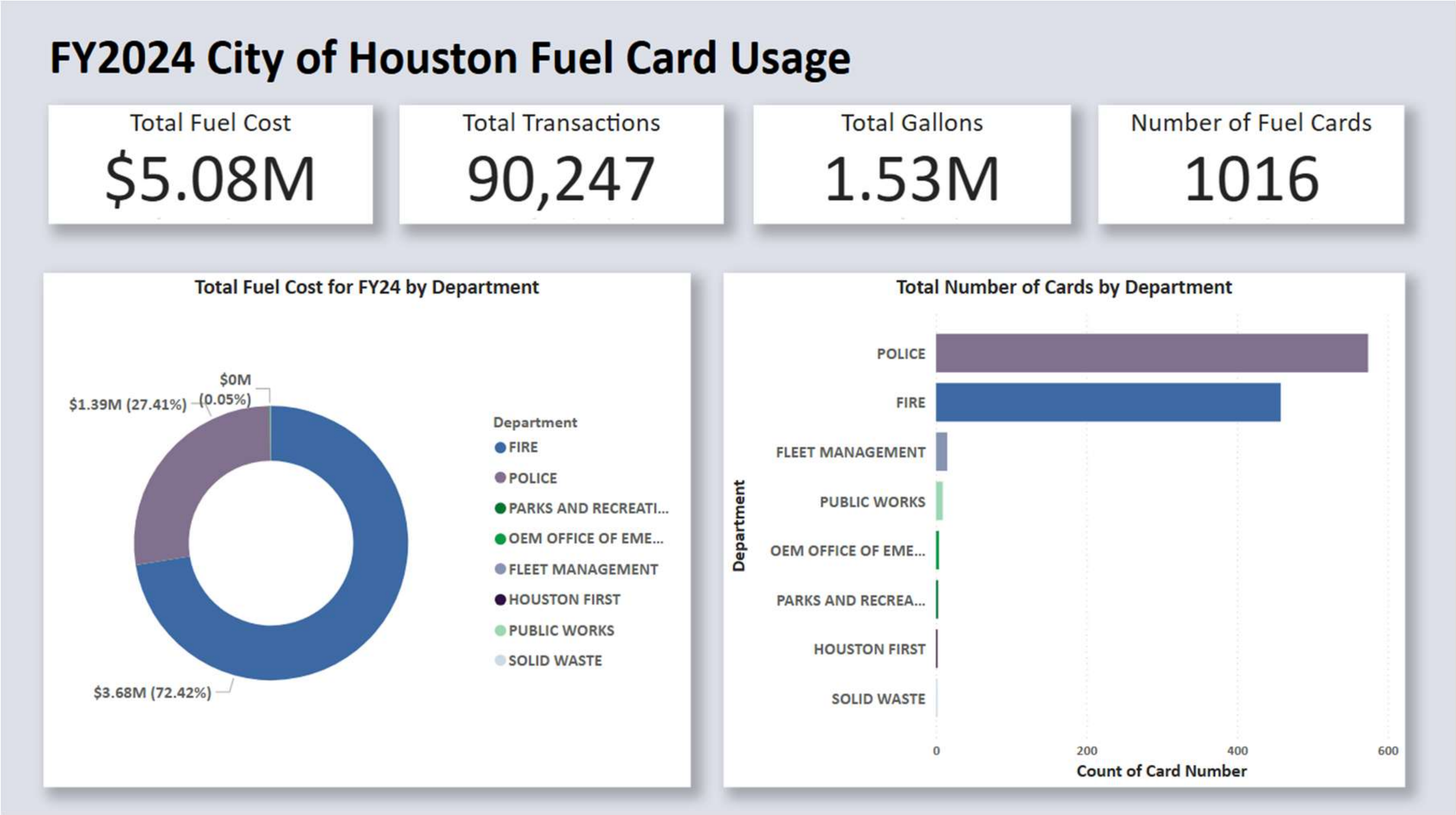
Fuel islands are distributed throughout Houston

There are 65 City-owned fuel islands.

This audit focused on the 38 fuel islands with unrestricted access.



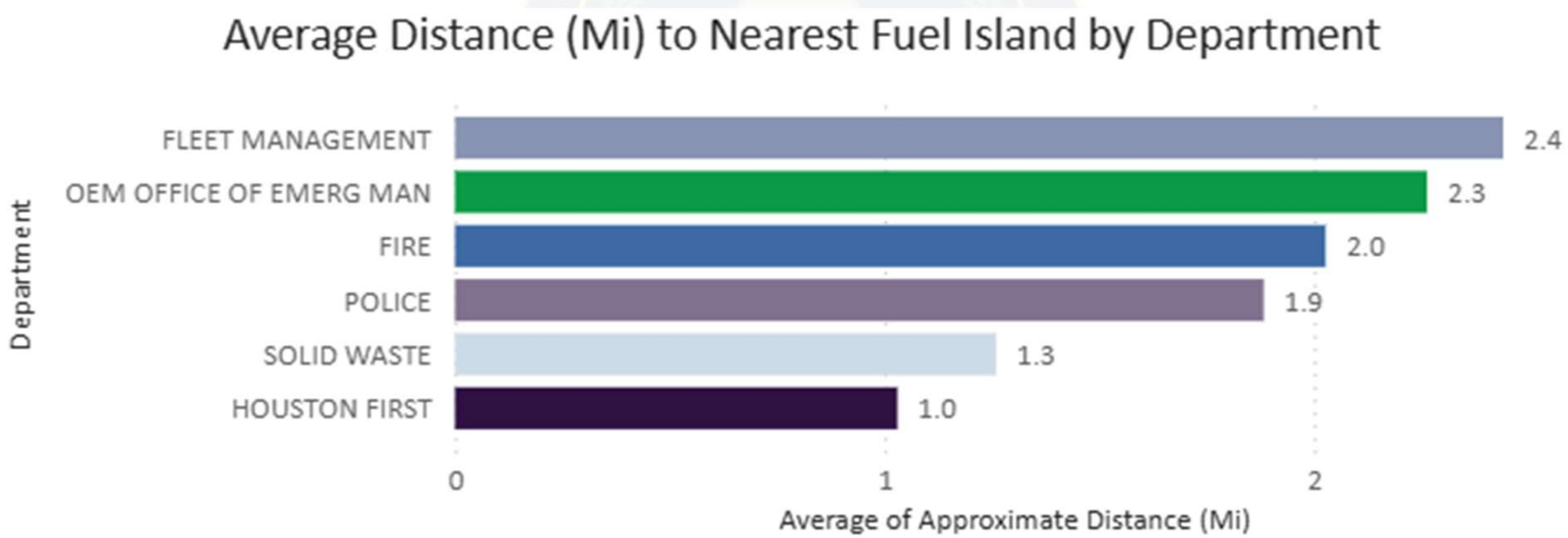
HFD and HPD represent 99% of fuel card usage



Fuel cards are commonly used within 3 miles of City-owned fuel locations

65% (~$3.5M) of fuel card transactions occurred within 3 miles of a City-Owned fuel islands.

- ~$740,000 occurred within 3 miles of City fuel islands during business hours (Finding #1)
- ~$2.8M occurred after-hours or on weekends (allowed per AP5-5)



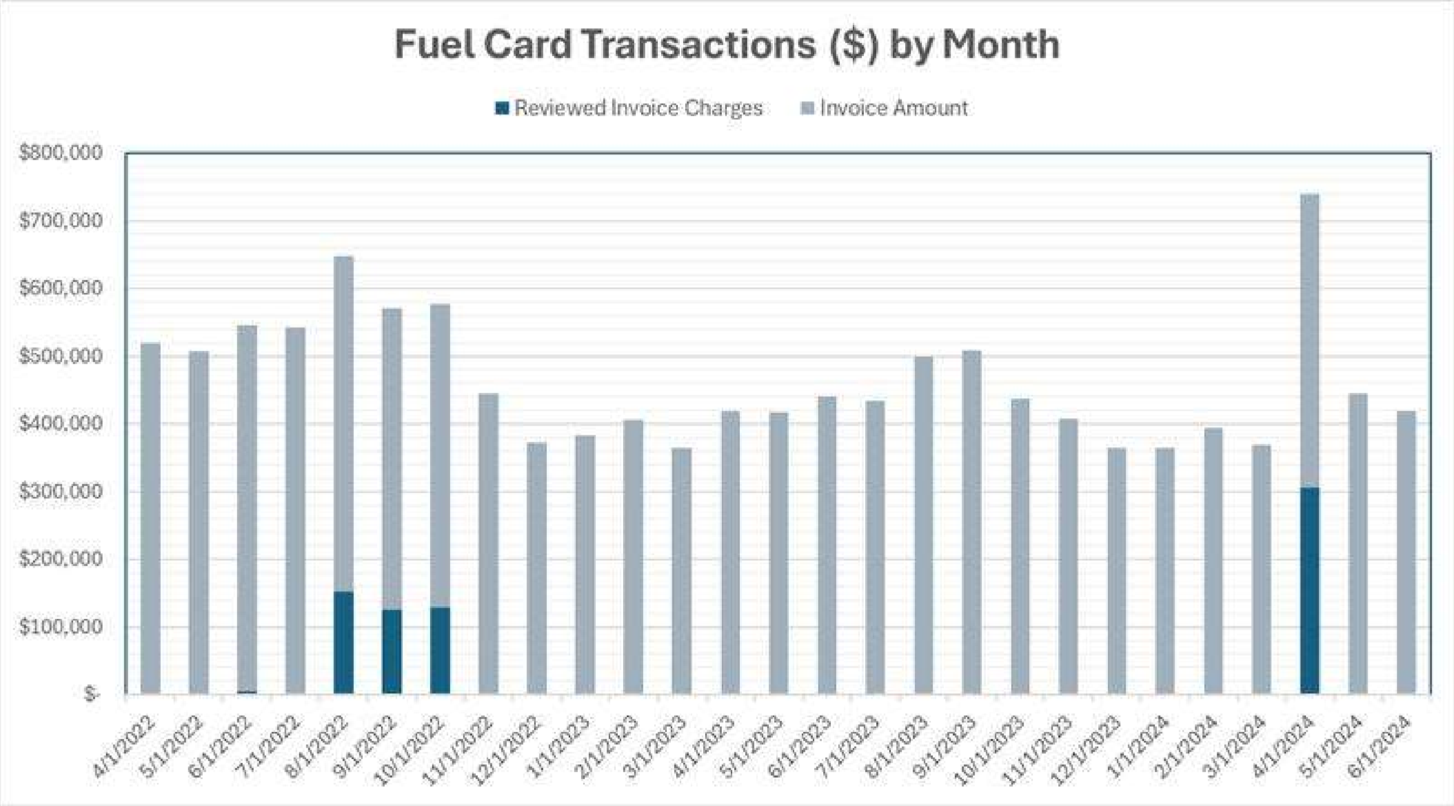
>300 inactive vehicles have active fuel cards

Inadequate Oversight of Fuel Card Assignments and Usage

More than 300 vehicles has active assigned fuel cards per Voyager (fuel system) but the vehicles were not included in M5 (active asset registry). These cards accounted for over 10,000 transactions totaling more than $550,000 (FY24).

- 37 of the 302 vehicles were listed as sold or retired.

Fuel card purchases are not properly reviewed



91% (155 out of 170) lacked evidence of supervisory review/monitoring.

FMD could not provide fuel card statements for Q1 – Q3 of FY2022.

Recommendations

Increase Monitoring of Transactions

Strengthen retention procedures for fuel transactions and ensure DFCCs actively monitor purchases

Conduct quarterly reviews to deactivate fuel cards upon vehicle disposal.

Improve Overall Process

Ensure "Request for New Card" forms are reviewed, approved per AP 5-5, and retained by FCPA.

Review fuel card assignment and management procedures to ensure consistency across all recordkeeping systems.

Restructure FCPA role to separate card administration from card usage or implement independent oversight controls.

Implement Voyager PIN and odometer entry requirements at commercial locations.

Require Additional Training

Train DFCCs on AP 5-5 requirements, emphasizing use of City fuel islands over commercial stations.

Conduct annual DFCC training and maintain documentation.

Train users on authorized purchases and work with Voyager to restrict fuel grades where possible.

Secure Fuel Cards

Store unassigned fuel cards in a designated secure location with restricted access from unauthorized personnel.

THANK YOU!

For additional information contact:

The Audit Division @ Jennifer.Pierce@houstontx.gov

CITY OF HOUSTON
CITY CONTROLLER

CHRIS HOLLINS
HOUSTON CITY CONTROLLER