



# OHIO DEPARTMENT OF TRANSPORTATION

CENTRAL OFFICE • 1980 WEST BROAD STREET • COLUMBUS, OH 43223

JOHN R. KASICH, GOVERNOR • JERRY WRAY, DIRECTOR

August 15, 2013

Randall J. Meyer  
Inspector General  
Office of the Inspector General  
30 East Broad Street—Suite 2940  
Columbus, OH 43215-3414

**RE:** IG File 2013-CA00077

Dear Inspector General Meyer:

Thank you for your investigation of the actions of ODOT's district offices with regard to their tracking of fuel usage. It is apparent that there are some districts and staff who are following policies well and others that are not.

Below you will find ODOT's plan to address the five (5) recommendations found on page twenty-one (21) of Report 2013-CA00077. Please note also that ODOT is in the process of implementing a fuel management program that will largely address all the issues and deficiencies noted in your report. ODOT hired Syn-Tech Systems, Inc., (dba FuelMaster) to supply an internet-based remote sensing system that will interact with each pump-station on ODOT facilities, each vehicle owned by the Department, and each employee who accesses fuel. ODOT has endeavored to implement this new system starting in 2013 and intends to have full functionality by the end of this year. Thus, going forward, many of the issues noted in Report 2013-CA00077 will be addressed by the FuelMaster system.

**IG RECOMMENDATION 1:** Review the actions of the employees named in this report and determine if administrative action is appropriate.

**ODOT RESPONSE:** ODOT's Office of Investigative Services conducted its review of your report, the findings, the actions or inactions of ODOT employees, and the policies and directives that may have been violated. It was found that ODOT policies and procedures for the accounting of bulk fuel inventory were not followed by both the Business Operations Manager and the County Manager. Because these two employees were found to have failed to follow policy, a recommendation for administrative action has been submitted to ODOT's Division of Quality and Human Resources. The disciplinary process is not yet complete.

**IG RECOMMENDATION 2:** Provide training to the appropriate staff in each district regarding the proper procedures for conducting inventory.

**ODOT RESPONSE:** EIMS training was just conducted by District 8 this spring bringing renewed emphasis to the proper recording of assets. As the FuelMaster system comes on-line, statewide training will be conducted for vehicle users and pump location managers.

**IG RECOMMENDATION 3:** Ensure the appropriate documentation is provided when processing bulk fuel adjustments within EMS.

**ODOT RESPONSE:** District 8 has addressed various issues through an Inventory Action Plan which includes Fuel Inventory Procedures, Physical Inventory, and monthly 10% inventory checks. This Action Plan was presented and reviewed during the District 8 Highway Management Meeting on June 24, 2014, and is attached as Exhibit I.

**IG RECOMMENDATION 4:** Conduct spot checks more frequently than once every 24 months.

**ODOT RESPONSE:** District 8 performed a complete inventory spot check in Clinton County (Main Garage and 68 Outpost) on June 19 and 20, 2014, in addition to a follow-up fuel spot check on July 10, 2014. Documentation is on file in the District Office. Going forward, fuel spot checks shall continue to be performed by District 8 Headquarters personnel during the first week of each month until the FuelMaster fuel management system is implemented.

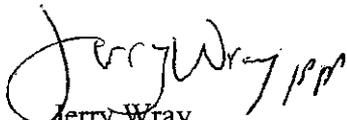
Given that the Clinton County garage was the only ODOT county garage within your report that was deficient in spot checking, no other county garages have changed their processes. Once implemented this fall, the FuelMaster system will minimize the need for spot checks and actually increase reliability by automating and electronically reconciling all deliveries and fuel usage.

**IG RECOMMENDATION 5:** Reconcile the differences between the various policies regarding spot checks.

**ODOT RESPONSE:** After the installation and implementation of the FuelMaster system, ODOT will re-evaluate the policies and procedures that were not followed. ODOT's Central Office will reconcile and updates the applicable policies/procedures as necessary and provide/coordinate training of the appropriate staff as indicated in ODOT's Response to Recommendation # 2. District 8 will also provide the required documentation for adjustments based on policy/procedure guidance as indicated in Recommendation # 3.

Thank you again for your careful review of ODOT's practices and records. We trust that the proposed plan to address your recommendations and the issues presented is satisfactory.

Sincerely,

  
Jerry Wray  
Director

## EXHIBIT I

### D08 Inventory Action Plan

Tammy Campbell

6/24/2014

1. Fuel Inventory Procedures:
  - a. Daily stick readings of fuel tanks shall be performed.
  - b. Fuel deliveries shall be observed by ODOT employee and stick readings shall be performed before and after fuel delivery. ODOT employee should verify that the receipt states the correct fuel type and quantity delivered.
  - c. Each county please verify in EIMS that the fuel tank capacities are listed correctly. County employees responsible for inventory should know fuel tank capacities as a quick check of inventory quantities.
  - d. Fuel usage should be inputted daily in EIMS after reconciling usage sheets and stick readings.
  - e. Fuel should be received in EIMS within 48 hours based on contract prices and amount delivered. Do not wait for invoice of fuel delivery.
  
2. Inventory Procedures:
  - a. Physical inventory is a process where an agency physically counts its entire inventory resulting in gains and losses identified at a point in time.
  - b. Significant adjustments (+ or -) need research and written justification. Any adjustments shall be submitted in writing/email to Judy Conard.
  - c. ODOT's practice is to take an annual physical stock count by manual observation verifying quantities and also reconciling to the computer inventory records. The counting process is a team effort and the best practice is to have two employees do the counts. One employee, the recorder, calls out the stock item with bin location from a provided inventory list with no quantities. The counter goes to the bin location to see the exact amount of stock, counts it, and calls out the quantity, in the correct unit of measure, to the recorder.
  - d. Finance is responsible for ensuring that segregation of duties is maintained throughout the inventory process to promote the safeguarding of the assets, protection of employees, and objective reporting of inventory. Specifically, no one person should be able to authorize a transaction (e.g., a purchase), make the purchase, physically receive, record the transaction, have custody of the inventory, and perform the related reconciliation.
  - e. The Inventory Dates are usually as follows:
    - i. Personal Property (recorded in FARS as a fixed asset)  
Physical count taken as of August 31
    - ii. Fleet Equipment (Rolling Stock)  
Physical count taken as of October 31
    - iii. Consumables (Garage, Maintenance, Traffic & Facilities stock)  
Physical count taken each SPRING – March thru May 15<sup>th</sup>
  
3. Monthly 10% inventory checks shall be performed. Documentation shall be retained by county.

cc: Patrick J. Piccininni, Deputy Director & Chief Legal Counsel, ODOT  
Greg Murphy, Chief of Staff  
Mike Flynn, Asst. Director of Operations  
David Coyle, Asst. Director for Business and Human Relations  
Jim Barna, Asst. Director for Policy/Chief Engineer  
Sam Porter, Asst. Legal Counsel, Office of the Governor