



Department of Commerce

Voyager Card and Fleet Management Audit

Audit Period: July 2014 through June 2015

Results Summary:

Objective	Conclusion
Voyager Card Issuance and Cancellation	Well-Controlled with Improvement Needed
Voyager Card Transactions and Payments	Improvement Needed
Vehicle Assignment and Pool Vehicle Reservation	Well-Controlled with Improvement Needed
Vehicle Purchase, Disposal, and Maintenance	Improvement Needed

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Executive Summary

Background

According to the state fiscal year 2015 Fleet Plan, the Department of Commerce (COM) has 370 fleet vehicles. COM received 49 vehicles and disposed of 33 vehicles during state fiscal year 2015; 308 are assigned to drivers. The remaining vehicles are part of the agency's pool of fleet vehicles. COM is responsible for monitoring the fleet vehicles including managing vehicle reservations for use, recording documentation of monthly mileage and gas, and scheduling regular maintenance. During state fiscal year 2015, COM had 627 Voyager fleet cards active at any point for 437 fleet vehicles. Of those 627 Voyager fleet cards, 161 fleet cars had two Voyager cards covering the state fiscal year (due to card expiration or reissuance) and COM cancelled 57 of the 627 cards. During the period July 2014 through June 2015, COM had 25,144 Voyager Card transactions totaling \$1,092,834.71.

During the audit, OIA identified opportunities for COM to strengthen internal controls and improve business operations. OIA conforms with the *International Standards for the Professional Practice of Internal Auditing*. OIA would like to thank COM staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.

Scope and Objectives

OIA staff was engaged to perform an assurance audit related to the controls over the agency's administration of the Voyager Card and fleet management. This work was completed August through December 2015. The scope of this audit included key Voyager Card and fleet management processes. The audit period is July 2014 through June 2015.

The following summarizes the objectives of the review:

- Evaluate the design and effectiveness of controls over Voyager Card issuance and cancellation.
- Evaluate the design and effectiveness of controls over Voyager Card transactions and payments.
- Evaluate the design and effectiveness of controls over vehicle assignment and pool vehicle reservation.
- Evaluate the design and effectiveness of controls over vehicle purchase, disposal, and maintenance.



* Please refer to Appendix A for classification of audit objective conclusions.

Detailed Observations and Recommendations

The Observations and Recommendations include only those risks which were deemed high or moderate. Low risk observations were discussed with individual agency management and are not part of this report. However, the low risk observations were considered as part of the audit objective conclusions.

Observation 1 – Voyager Card Transaction Monitoring and Fleet Management

The State of Ohio Fleet Credit Card Policy and Control Procedures issued by the Department of Administrative Services (DAS) using the authority of Ohio Revised Code § 125.83, requires each agency to establish internal procedures to monitor the use of the fleet credit cards. Further, it is the responsibility of COM to monitor its program to ensure that any abuse of a fleet credit card or failure to comply with the fleet credit card control procedures is appropriately investigated, reported, and resolved.

COM management uses the Voyager Card Fleet Commander system for card issuance and cancellation and to generate monthly transaction reports. However, COM does not utilize available reports to monitor Voyager Card transactions and for fleet management purposes. COM relies on manual monthly reconciliations of monthly transaction reports from Fleet Commander to monthly vehicle packets detailing transactions and receipts submitted by approximately 300 COM employees with vehicle assignments to identify inappropriate Voyager Card use and lacking or delayed preventative vehicle maintenance. Additionally, COM utilizes Voyager Card restrictions to only process transactions under \$300 and directs drivers to have merchants contact the COM Fleet Manager to obtain purchase order numbers from the Fleet Commander system for merchants to process transactions in excess of \$300.

OIA tested a sample of 25 Voyager Card transactions greater than \$300 that occurred during state fiscal year 2015 to determine if transactions were supported by the appropriate documentation, including receipts and purchase orders.

- For 12 of 25 (48%) transactions, receipts were missing or transaction amounts on receipts differed from amounts on the transaction report;
- For eight of 22 (36%) transactions, drivers did not document the transaction on the monthly vehicle packet;
- For seven of 24 (29%) transactions, the purchase order for the transactions greater than



\$300 was not retained in the Fleet Commander system; and

- For five of 11 (45%) transactions, the effective date of the purchase order was after the transaction date, signifying prior approval was not obtained.

The Fleet Commander system's Exception Reports identify program variance and can help identify employee abuse and transaction trends. OIA selected a sample of 25 transactions from Exception Reports that covered transactions during state fiscal year 2015 and reviewed supporting documentation to determine if transactions were appropriate. Four (16%) transactions tested were not appropriate:

- Two transactions were identified as "product variance". In one instance a driver purchased two car batteries on the same day for \$108 each. In the second instance, the transaction was for a \$13 food purchase by a merchant employee that used the Voyager Card after the driver left it in the vehicle during routine service.
- One transaction was identified as a lost or stolen card through the Fleet Commander system. The merchant had the card number on file and Fleet Commander permitted the merchant to manually enter and process card numbers that are reported lost, stolen or expired. OIA found 11 transactions that were processed using this card after being reported as lost or stolen; and
- One transaction for a \$51 fuel purchase was identified as "excessive vehicle capacity". In this instance the fuel purchase occurred on the same day the vehicle was salvaged. Upon further review, four vehicles were listed on the Exception Reports numerous times (22, 57, 70, and 90) for "excessive vehicle capacity" or "product variance". Numerous "excessive vehicle capacity" errors indicate that the vehicles' fuel capacity may be incorrectly stated in the system or could be an indicator of potential fraud.
- Overall, for six (24%) transactions, COM did not have receipts on file or the transaction was not listed on the monthly vehicle packet.

Additionally, COM does not require drivers to complete purchase affidavits for those transactions that do not have a receipt, as required by DAS policy.

Furthermore, COM's risk exposure to unauthorized and inappropriate purchases is increased due to ineffective controls within the Fleet Commander system. Transaction testing revealed the system may process transactions in excess of \$300 without purchase orders or does not retain the purchase order; the system does not prevent transactions that are unrelated to fuel or vehicle maintenance; and the system processes transactions even though the Voyager Card is reported lost or stolen.

Recommendation



The current practice of using the matching principle to monitor monthly transaction activity to detect unauthorized transactions and lacking or delayed preventative maintenance is time consuming and ineffective. To gain process efficiencies and operating effectiveness, COM management should utilize reports available in FleetOhio (the fleet management information system) to monitor vehicle usage. Review monthly reports to identify vehicles lacking updated mileage information and perform follow-up activities, as necessary. Additionally, the Fleet Commander system offers a wide range of reports that assist in identifying inappropriate transactions including activity on lost or stolen cards and food purchases. COM management should develop and implement a policy over routine use of such reports to assist in the detection of inappropriate Voyager Card transactions.

Consider giving the responsibility of reviewing and approving drivers' monthly vehicle packets and receipt documentation to their supervisors. This will aid in the detection of inappropriate Voyager Card usage as supervisors should be aware of drivers' activities. Develop a document for drivers' supervisors to sign, certifying their review and approval. Furthermore, enforce and comply with DAS policies which require all transactions, even maintenance, to be listed on the monthly vehicle packet, and completion of purchase affidavits for transactions that do not have receipts. Develop and implement periodic reviews, conducted by Fleet staff, of the monthly vehicle packets on a sample basis to help ensure drivers comply with guidelines and policies.

Use the Transaction Monthly Report and/or the Transaction Exception Report from the Fleet Commander system to identify unusual purchase patterns and/or unallowable purchases. Document the periodic reviews and communication of findings to drivers' supervisors. Consider implementing a paperless process for the monthly vehicle packet submission process. Work with DAS to determine the requirements for a paperless environment. A paperless process may reduce storage space and provide easy access to documentation.

Finally, when significant issues are discovered, COM has the responsibility to immediately report issues to DAS and seek additional counsel from senior management. COM management should work with DAS to evaluate the impact of control failures due to reliance on the Fleet Commander system. In the short-term, develop and implement compensating controls to track authorizations for transactions in excess of \$300 outside of the system and retain evidence of such authorizations. A tracking document should include the driver's name, authorization date and number, authorization amount, the final transaction amount, and reconciliation date.

Management Response

The Dept. of Commerce takes its responsibilities to safeguard state assets very seriously. As such, we are always looking for opportunities to manage risk and therefore we welcome OIA's comments. In response to OIA comments we are taking the following actions immediately.

1. A Voyager Purchase Affidavit is now required for any missing receipt, signed by the



<p>driver and supervisor.</p> <ol style="list-style-type: none"> 2. We are now reviewing the Voyager Exception Report for any inaccuracies on a monthly basis. 3. A thorough review of OIA comments leading to the re-writing of Commerce policy and training of fleet users by June 30, 2016. 		
Risk*	Remediation Owner	Estimated Completion Date
Moderate	Fleet Manager	June 2016

Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the observations and recommendations suggested above. However, these observations reflect our continuing desire to assist your department in achieving improvements in internal controls, compliance, and operational efficiencies.



Appendix A – Classification of Conclusions and Observations

Classification of Audit Objective Conclusions

Conclusion	Description of Factors
Well-Controlled	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.
Well-Controlled with Improvement Needed	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
Improvement Needed	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
Major Improvement Needed	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.

Classification of Audit Observations

Rating	Description of Factors	Reporting Level
Low	Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity.	Agency Management; State Audit Committee (Not reported)
Moderate	Observation has moderate impact to the agency. Exposure may be significant to unit within an agency, but not to the agency as a whole. Compensating controls may exist but are not operating as designed. Requires near-term agency attention.	Agency Management and State Audit Committee
High	Observation has broad (state or agency wide) impact and possible or existing material exposure requiring immediate agency attention and remediation.	Agency Management and State Audit Committee