Department of Transportation
Voyager Card Audit

Audit Period: January through September 30, 2015

Results Summary:

Objective	Conclusion
Issuance, Modification and Cancellation	**Improvement Needed**
Monitoring of Transactions and Payments	**Improvement Needed**

Report number: 2018-DOT-31   **Issuance date: April 19, 2018^**

^ Although audit fieldwork for this engagement was completed in March 2016, this audit report was not able to be issued until the date noted due to a State Audit Committee quorum issue.

Executive Summary

Background

The Ohio Department of Transportation (ODOT or the Department) is responsible for maintaining the state's system of highways, as well as overseeing the state's rail, aviation, and public transportation systems. The department has twelve district offices, along with a central office located in Columbus.

As of December 2015, ODOT held approximately 1,350 fleet voyager cards, 103 of which were assigned to central office and the remaining assigned to the district offices. From July 2015 through May 2016, ODOT had voyager card expenditures totaling $1,720,664. Per ODOT policy, voyager cards are to be used to fuel ODOT vehicles and equipment along with minor vehicle-related expenses, such as washer blades, oil, car washes, etc. A limited number of these cards are also used to purchase bulk fuel for individual district office use. ODOT has actively worked to reduce the number of voyager cards throughout the agency to ensure only those truly required are maintained. Due to recent internal changes in the management of the program, ODOT requested OIA to conduct an audit over the agency's voyager card processes.

During the audit, OIA identified opportunities for ODOT to strengthen internal controls and improve business operations. A summary, along with detailed observations, has been provided below. This audit conforms to the *International Standards for the Professional Practice of Internal Auditing*. OIA would like to thank ODOT 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 fleet Voyager card, during the audit period of January 1 through September 30, 2015. More specifically, the scope of this audit includes key voyager card processes in place at ODOT central and district offices.

This work was completed December 2015 through March 2016. The following summarizes the detailed objectives of the review:

- Evaluate the design and effectiveness of controls over voyager card issuance, modification, and cancellation processes.

- Evaluate the design and effectiveness of controls over voyager card transactions and payments.

ODOT also engaged OIA staff to conduct a consulting review over recent and proposed changes made to the department's fleet vehicle turn-in and replacement processes. This review

identified process improvement opportunities for ODOT to consider over its administration of the department fleet.   The results of the review and OIA's recommendations have been provided to ODOT management in a separate communication.

Detailed Observations and Recommendations

The Observations and Recommendations include only those risks which were deemed high or moderate. Had there been any low risk observations, they would have been considered as part of the audit objective conclusions.

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.

Note: For the noted observations below, ODOT's estimated remediation dates were provided to OIA at the time audit fieldwork had concluded. Although the final report was not able to be issued until April 2018, OIA actively followed up with ODOT on the remediation status of these observations in the period between and have since deemed them to be remediated.

Observation 1 – Voyager Card Issuance and Cancellation

The State of Ohio's fleet credit card (voyager card) policy and control procedures require agencies to have procedures in place that track the receipt and issuance of new fleet credit cards and the destruction of old cards. Furthermore, upon receipt of the new cards, agencies are to require the assigned driver/cardholder sign a receipt/acknowledgement form, which is to be kept on file by the agency fleet manager/coordinator. Agency procedures should establish who is responsible for destroying old cards. In addition to the voyager card requirements, best practices would include procedures to verify fleet credit cards are collected from cardholders when the job duties no longer require that person to have a card, or when a cardholder separates from the agency. Given the decentralized nature of ODOT's operations, clear and consistent communication of agency procedures is essential for the overall efficiency of the program and compliance with program rules and regulations.

Currently, ODOT central office does not provide oversight of the voyager card issuance and cancellation process at district offices. During the review, OIA sent a questionnaire to the 12 ODOT district offices with questions pertaining to their voyager card procedures; six (50%) of the districts did not have documented policies and procedures for the voyager card process to ensure consistency over procedures being performed. OIA documented the following control weaknesses throughout the issuance and cancellation of voyager cards:

- ODOT does not require supervisor approval before issuing a new card; this could result in employees requesting a voyager card without an appropriate business need. OIA visited three districts and all indicated that supervisors must approve and submit new card requests. However, this is not a consistent practice across all district offices or ODOT central office.

- Not all users are required to complete and sign the "State of Ohio Vehicle Credit Card Acknowledgment" form when being issued a voyager card. Some districts indicated the acknowledgement form is completed but others, including central office, do not have this requirement.

- Central office indicated all of the cards issued for central office personnel have the same personal identification number (PIN), while districts indicated their cards have different numbers assigned by the cardholders.

- ODOT's Human Resources Office is not provided an active voyager card list to ensure the cards are collected and returned to the Fleet Commanders during the employee off-boarding process.

The absence of policies and procedures has led to variations between districts and central office when issuing and cancelling voyager cards. Not formally obtaining approval from a supervisor before issuance, not verifying employees return their voyager card upon separation, and issuing the same PIN number to a group of voyager cards increases agency's susceptibility to fraudulent

activity. Additionally, inconsistent oversight of districts by central office can cause uncertainty or misunderstanding in expectations, resulting in certain duties not being performed. Furthermore, relying on the skills and knowledge of current employees in lieu of documented procedures leaves the agency prone to reduced capabilities and inefficient processes in the case of employee turnover or absence.

Recommendation

Develop and formalize written policies over the voyager card issuance and cancellation processes to help ensure the voyager card program is administered consistently throughout the agency, including each district. Consider requiring new voyager card requests to come from employees' supervisors to ensure the integrity of the card request approval and bring consistency to the process.

Consider revising the "State of Ohio Vehicle Credit Card Acknowledgment" form to incorporate ODOT's standards and expectations for voyager card users. Once the form is standardized, new and existing users should complete a new form to ensure everyone is up-to-date on the agency's voyager card policies. Cardholders should evidence acknowledgement when changes are made to existing policies; these acknowledgements should be maintained by ODOT. At the time this review was concluding, ODOT had indicated they have since implemented the use of the acknowledgement form.

Additionally, ODOT central office should monitor the issuance of voyager cards. For example, consider periodically pulling a sample of card users and requesting the applicable district furnish the signed acknowledgement form(s) to ensure compliance with agency policy. Consider also sending an annual reminder, such as a group email, to each district's voyager cardholders and card coordinator, reminding them of their responsibilities and duties.

Consider creating a standard methodology for the assignment of PIN numbers to each individual user, including allowing the individual to set the PIN themselves.

Additionally, the voyager card coordinator at each district and central office should periodically submit an active voyager card list to the Human Resources office. Having an up-to-date list of all employees who are assigned a voyager card on file will help to ensure each card is collected during the off-boarding process.

Finally, policies and procedures should be reviewed periodically by management and updated as needed to reflect any changes and new rules.

Management Response

ODOT agrees with most of the recommendations listed above. We will institute a requirement that the request for a Voyager Credit Card must come from the employee's supervisor (some Districts already require this).

We will work with the Districts to create standard written procedures, along with a revised "State of Ohio Vehicle Credit Card Acknowledgment" form to be used by all Districts and Central Office. The Acknowledgment form will include the current Voyager card procedures, which we will ensure are in line with the final version of the DAS State of Ohio Fleet Credit Card Policy and Control Procedures. Employees currently using cards, and employees who are issued cards in the future, will sign this acknowledgment.

Central Office will take on a larger oversight role in regards to the issuance of cards across all Districts. Any changes to the standard procedures or forms will come through Central Office Finance. In addition, we will look into the possibility of uploading all of the acknowledgment forms to the employee in EIMS. This way, we will have a central repository in order to spot-check forms for all cardholders.

The PIN numbers assignment is one area we are struggling with. Currently, there is no consistency across Districts. We would like to consult with DAS Office of Fleet Management and OBM OIA in order to come up with a system for assignment.

While we agree with the observation that we need to communicate better with Human Resources in regards to Voyager card turn-in upon separation from the Agency, we do not think it is feasible to provide periodic lists of cardholders to HR. Instead, we will work with the Districts to develop an alternate plan which may include getting all District and Central Office Fleet Commanders on ODOT's Separation Report that HR sends out on a regular basis. In addition, we will work with HR to get Voyager cards included on HR's separation checklist. This way, HR can retrieve the card prior to the employee leaving ODOT.

Risk*	Remediation Owner	Estimated Completion Date
Moderate	Financial Manager	December 2016 *(see note on p.2)*

Observation 2 – Voyager Card Transaction Processing and Monitoring

Reconciliations are necessary to help ensure various records are in agreement and to aid in operating effectiveness. The State of Ohio fleet credit card policy and control procedures indicate agencies are responsible for designating a person or persons who will be responsible for reconciling each monthly invoice from the fleet credit card vendor to the corresponding weekly fuel logs for completeness. However, management at ODOT's central office and the twelve districts do not conduct reconciliations of receipts to weekly logs, cancelled cards to transaction activity, or lost/stolen cards to transaction activity.

ODOT central office uses the voyager card Fleet Commander system to generate monthly transaction reports for central office transactions, but not all district offices appear to utilize these reports consistently. Districts, including central office, are also not utilizing other available Fleet

Commander reports to help monitor individual voyager card transactions. Since nine (75%) districts do not utilize weekly fuel logs, they reconcile receipts to the agency's Equipment and Inventory Management System (EIMS) reports and confirm the total monthly expenditures agrees to the monthly invoice amount. Currently, there is no reconciliation of receipts to the credit card transaction detail to ensure accuracy and completeness of the transaction report.

EIMS is also used to track mileage for ODOT fleet vehicles to assist with the determination to salvage a vehicle or equipment. The Office of Equipment Management and District Fleet Managers manually input the mileage from the weekly logs/receipts into EIMS and compare the previously recorded mileage to the newly reported mileage for reasonableness. OIA found 11 of 25 (44%) transactions tested were not properly input into EIMS; therefore, relying on an EIMS report to validate the monthly invoice total is not always effective or reliable. This review also revealed instances where mileage variances were over a thousand miles between entries.

For central office activity, ODOT central office currently verifies individual receipts are attached for each entry on the weekly fuel logs and then confirms the subtotal, per the logs, to the monthly transaction report. The grand total on the monthly transaction report is then reconciled to the invoice total since the invoice does not list individual transactions. During the audit, OIA requested testing information from central office for both central and district offices. Central office is the direct contact for the agency's voyager card program and should have access to agency-wide reports, including information for the entire ODOT voyager card population, in order to provide oversight for the agency. However, central office was unable to pull reporting detail for District 5 activity; only District 5 was able to provide the requested details. OIA completed testing of 25 transactions across the twelve districts and central office during state fiscal year 2015 and noted the following:

- 11 (44%) transactions did not have a signed weekly log or receipt;

- 2 (8%) transactions had a receipt(s) that could not be located, therefore, OIA was unable to determine if the purchase was allowable;

- 2 (8%) transactions included receipts which indicated rewards points were earned on the transaction;

- 1 (4%) transaction was listed as a food purchase on the Fleet Commander transaction report, but per the receipt, the purchase was for propane.

The Fleet Commander system's Exception Reports identify program variances and can help identify employee abuse and/or transaction trends. OIA selected a sample of 25 transactions from Exception Reports covering transactions during state fiscal year 2015 and reviewed supporting documentation to determine if transactions appeared appropriate. Of the 25 exception transactions selected, three (12%) were untestable due to districts being unable to locate the receipts. Therefore OIA was unable to determine the appropriateness of the transaction. The remaining 22 transactions tested resulted in no anomalies.

Further, central office management does not conduct periodic reconciliations of the monthly

voyager card payments made by district offices to confirm the appropriate amount was paid. OIA compared ten monthly district billing invoices to the transaction report to ensure the payment requested was reasonable, or within five percent of the invoice total. (Five percent was selected as a reasonable variance due to timing differences between the transaction date and the invoice period.) As a result, one of 10 (10%) invoices tested did not initially appear to be reasonable. For this instance, the number of transactions included on the invoice agreed to the transaction report for the same time period, however, the invoice total was approximately $6,700 higher than the transaction report. After follow up with the district, additional details were provided on the transaction timing, resulting in there no longer being an error.

Failure to review card activity increases the risk of card usage being inappropriate. Additionally, failure to reconcile activity to reports increases the risk of reports being inaccurate or incomplete and therefore could allow for fraud, waste and abuse to occur and/or go undetected.

Recommendation

Weekly fuel logs should be reconciled to the supporting receipts by each card user's supervisor. Districts should then be required to reconcile the fuel logs to the Fleet Commander transaction report, which in turn will help to ensure the invoice total is accurate. There should be a formal process implemented to ensure all reconciliations and reviews being performed are adequately evidenced to know when, and by whom, the reconciliation/review was performed. During these reviews, consider including the following:

- Reviewing receipts for reward points being earned since a state employee is not allowed to personally benefit from a state purchase.

- Reviewing the type of transactions being charged to the voyager card to ensure they are allowable.

To gain process efficiencies and operating effectiveness, ODOT management should utilize reports available in the Fleet Commander system to monitor voyager card usage. 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. ODOT management should develop and implement policies and procedures over the routine use of such reports to assist in the detection of inappropriate voyager card transactions. Utilizing the Transaction Monthly Report and the Transaction Exception Report will help to identify unusual purchase patterns and/or unallowable purchases. These policies and procedures should identify the individual(s) responsible for performing these reviews and how follow-up should be documented and maintained.

Consider implementing a review process of the data entered into the EIMS system at the district level to ensure the mileage information is entered accurately and timely. This review process should also include central office pulling a sample of receipts from across the agency for comparison to the information entered into the EIMS system. Any variances should be followed

up on with the applicable district and updates made to the system as necessary.

Consider implementing a paperless process for the weekly log submission by card users. Work with DAS to determine the requirements for a paperless environment, including retention of documentation to assist in reducing storage space and provide easier access to documentation.

Management Response

ODOT agrees with most recommendations made in this section. In regards to the supervisor of each employee reconciling weekly fuel log to receipts, we're not sure this is feasible. In light of the new Draft DAS Fleet Credit Card Policy and Control Procedures, we're not sure if the weekly logs are something that will be required moving forward (the draft procedures do not mention a weekly log – only that the receipts must be collected and reconciled with the transaction detail report. We will put controls in place to make sure that the information on the receipt is reconciled with the Voyager transactions, and the information entered in EIMS.

Overall, we agree with the assessment that we need to develop a formal, consistent reconciliation process throughout the agency. We will develop a team in order to review each step of the reconciliation process and develop clear procedures, including key items to look for, such as reward points on the receipts, type of fuel purchased, or non-allowable purchases.

As a part of the reconciliation procedure development, we will also review and suggest the reports in Fleet Commander in order to better monitor the card usage. Through some initial conversations with some of the Districts that have a lot of Voyager cards, we've discovered that many of them already utilize some of these reports. We'll develop a list of reports to be run regularly (exception, lack of usage, etc.).

Lastly, ODOT is in the process of developing paperless environments in many of our processes. We would like to do everything possible to make the Voyager reconciliation process as paperless as possible. We would like to discuss options with OBM OIA and/or DAS. Certainly, the receipts and weekly logs can be scanned and saved electronically, but if there are other ideas, we would like to discuss.

Risk*	Remediation Owner	Estimated Completion Date
Moderate	Financial Manager	December 2016 *(see note on p.2)*

Observation 3 – Voyager Card Administration

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 (voyager cards). Further, it is the responsibility of ODOT 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. At this time, ODOT does not have documented policies, procedures, or guidelines over administration of the voyager card program within central and district offices.

Central office management has not conducted a review of the operational activity of the districts to determine if the current voyager card administration and monitoring processes are being conducted in accordance with agency expectations and the State of Ohio Fleet Credit Card Policies. Also, central office does not require district Fleet Commander staff to complete the Fleet Commander training to support their current job duties and ensure they are aware of all available system reporting capabilities.

Additionally, there is no formal standardized process for assigning and setting card limit requirements. Currently, central and district offices have a wide range of card spend limits, as noted below:

- Central office advised they have a total of 103 active cards, with 59 being individually-assigned and the remaining 44 being pool cards. By the end of the audit engagement, Central office noted they have since reduced the number of pool cards to ten. They also indicated their standard spending limit is $1,000 per card, but a review of the "Card Listing Report" shows there are two cards that have a card spend limit of $2,000.

- The twelve regional districts within ODOT have a total of 1,252 active voyager cards, both individually-assigned and pooled. Central office is not aware how districts are currently setting their spending limits, nor do they provide any guidance to the districts on recommended limits. Reviewing the "Card Listing Report", OIA noted the districts' spending limits ranged from $0 to $40,000.

As noted above, central office has a pooled voyager card population in which any ODOT employee using a pool car, or equipment potentially needing to purchase fuel, can check out a card. When a pool voyager card is signed out, the employee is not required to indicate the date the card will be returned. If central office happens to notice a card was checked out for several days without being returned, the employee will be contacted. Additionally, there is no historical data of the prior users of each pool card being maintained. Once the card is returned and a new user requests the card, the previous user information is overwritten.

OIA surveyed all districts, in which two indicated they utilize the voyager card to make bulk fuel purchases for their district while several others utilize a purchase order. ODOT has a Fuel Master system in place that requires a tagged car and employee ID to be present at ODOT bulk fuel pumps prior to activating use, to ensure transactions are for ODOT-only vehicles and are for appropriate volumes. OIA reviewed a fuel capacity report provided by ODOT Office of Equipment Management (OEM) from the EIMS system for both bulk fuel purchases through Fuel Master and regular voyager card fuel purchases. There were several instances noted where the

gallons purchased on the transaction exceeded the recorded tank capacity for that vehicle. OEM believed this to be a data entry error since Fuel Master does not interface with EIMS to record the purchase of fuel; rather this information is entered manually by each district. This revealed that no one at the district offices or central office is currently reviewing this information to ensure information being manually entered is complete and accurate, as well as to ensure fraudulent transactions are not occurring.

The lack of a clear and defined process for administrating and monitoring the voyager card program can lead to confusion and inefficiencies between the districts and central office. Not having a centralized management oversight of transactions increases the risk that fraudulent or inappropriate transactions go undetected, especially since the Fleet Commander system does not prevent purchases unrelated to vehicle fuel or maintenance.

Recommendation

In developing agency policy, procedures, or guidelines over the administration of the voyager card program, consider the following:

- Ensure central and district offices are utilizing the weekly fuel logs as required by DAS to document all voyager card transactions, including maintenance. Require employees to attach supporting receipts for all transactions listed on their log. If a receipt cannot be located, consider creating a certification/affidavit for the employee to complete and sign to verify the transaction was for a valid and allowable business purpose. Consider requiring supervisors to review and approve their employee's weekly fuel logs and receipt documentation before providing it to the district fleet coordinator. This will aid in the detection of inappropriate voyager card usage as supervisors should be aware of their employees' activities. Once reviewed, the supervisor should also sign the fuel log to evidence their review and approval. Central office should also perform spot checks of all districts on a periodic basis to ensure reconciliations are being performed and evidenced appropriately.

- Develop and implement a standardized review process for central and district offices. Areas of review should include, but are not limited to:

  - Voyager card spend limits: ODOT should consider establishing a range of acceptable spend limits for central and district offices to utilize. In the event that a district requests a higher spend limit, central office management should have the authority to grant a temporary or permanent increase based on the request. All supporting documentation for the increase should be maintained in a centralized location.

  - Periodically reviewing EIMS fuel capacity reports and following up on transactions that appear to exceed the listed tank capacity.

- Pool cards: central and district offices should create a mechanism that requires employees to sign when they take a pool voyager card and sign again when they return the card. The estimated return date should also be documented. This will aid in maintaining the history on who was authorized to use the card if there are questionable transactions discovered during the monthly reconciliation of activity. Central office management has since indicated they have implemented a more efficient process based on discussions during the audit.

- Consider requiring all Fleet Coordinators (central and district offices) to complete web-based training offered by the Department of Administrative Services (DAS) over the Fleet Commander system. These trainings can assist with report running, card monitoring options, and understanding of the Fleet Commander website/product as a whole.

- Central office should consider holding periodic meetings (monthly or quarterly) with each district to discuss issues, new ideas, and expectations related to the voyager card program. Central office management should also periodically meet individually with the districts to discuss continuous non-compliance with policy standards, if applicable.

- Create formal policies and procedures that define individuals' roles and responsibilities of the tasks performed for the voyager card administration and monitoring process. The procedures should be sufficient that individuals not familiar with the process can assist and perform the tasks effectively and efficiently. Policies and procedures should be formally documented, approved by management, and periodically reviewed for updates. Consider utilizing DAS voyager card requirements when creating internal policies and procedures. These policies and procedures should also detail record retention requirements for the various types of support required to be maintained.

Management Response

ODOT agrees with most of the observations and recommendations in this section. As mentioned in the last section, it appears to us that DAS is no longer requiring a weekly log be submitted, at least according to their draft Fleet Credit Card Policy and Control Procedures document that was distributed recently. All of ODOT's Districts are not using a weekly log (some are), but we will work to develop consistency across the Districts in this regard. We will ensure all employees turn in all of their receipts (we are confident this is already being done). Transactions currently must be entered in EIMS within 24 hours, so the person entering in EIMS must have the receipt. We do not think it is feasible for the supervisor to sign review and approve weekly usage. Finally, instead of creating an affidavit for missing receipts, we propose printing the detail of the missing receipt directly from the Fleet Commander website and having the employee sign off on the transaction detail page. We will examine this process more fully with the team prior to formalizing the procedures.

We plan to have our team review spending limits and determine consistent limits. We can then

treat one-offs accordingly and assign higher limits, if needed. These limits will be reviewed on at least an annual basis.

Regarding pool cards, we have also discovered this process is handled very inconsistently across the Districts. Central Office has recently put some additional procedures in place, such as signing for the card, and tracking estimated return dates. Our team will discuss the issues and put together a procedure, based on your recommendations here.

We agree with the recommendation to require the web-based training offered by DAS. Of the Districts we've spoken to, none of them knew this existed.

We foresee the quarterly Fiscal Officer meetings as the avenue to regularly discuss Voyager card issues. We will discuss making it a standing agenda item.

Finally, to summarize, we agree that the formal procedures need to be developed consistently across ODOT. We will form a team comprised of both Central Office and high-volume District Fleet Commanders to review OIA's recommendations and DAS Policies and Control Procedures in order to draft a written procedure manual for all processes related to the Voyager cards. This will include procedures for monitoring the use of the cards and regularly reviewing current processes in order to develop continued improvements. A part of this will also include defining key roles and responsibilities at each District, while maintaining flexibility within these roles when situations arise.

Risk*	Remediation Owner	Estimated Completion Date
Moderate	Financial Manager	December 2016 *(see note on p.2)*

* Refer to Appendix A for classification of audit observations.

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