

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Honorable Geoff Dean, Sheriff

Date: April 10, 2013

From: Christine L. Cohen 

Subject: MONITORING CONTROLS OVER VOYAGER FUEL CARD ISSUES FOR THE SHERIFF'S OFFICE ARISING FROM THE AUDIT OF GENERAL SERVICES AGENCY FLEET SERVICES FUEL MANAGEMENT

We have completed limited audit procedures applied to the Sheriff's Office ("Sheriff") to address the monitoring controls over Voyager fuel card issues that were noted during our audit of General Services Agency ("GSA") Fleet Services fuel management. The results of our limited audit procedures are summarized below.

BACKGROUND

To meet the operational needs of various County departments and agencies, GSA has contracted with Voyager Fleet Systems, Inc./US Bank ("Voyager") to provide fuel credit cards ("Voyager cards") for purchasing fuel at commercial fuel sites. Voyager cards may only be used to purchase fuel for County owned, leased, or rented vehicles and equipment, and are not to be used for purchases of food, beverages, or novelty or personal items. The Voyager card program is administered by GSA Fleet Services ("GSA Fleet"), and departments are responsible for monitoring and enforcing policies and procedures for fuel card assignment, use, and billing approval.

During fiscal year ("FY") 2010-11, over 400 Voyager cards had been distributed Countywide and over 95,000 gallons of fuel was purchased at commercial fuel sites at a cost to departments of approximately \$317,000. Sheriff incurred approximately \$280,000 in Voyager charges during FY 2010-11 and was in possession of over 200 Voyager cards during October through December 2011. This represented the highest use and the highest number of Voyager cards issued Countywide.

SCOPE

Although our overall audit objective was to evaluate GSA Fleet's fuel management process, we selected Sheriff for additional limited audit procedures to evaluate monitoring controls over Voyager cards distributed to departments. The additional procedures included reviews of Sheriff documentation of Voyager card activity during the 3-month billing period of October through December 2011 and discussions with Sheriff staff.

The audit of GSA Fleet's fuel management was performed in conformance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by The Institute of Internal Auditors. For our GSA audit, we used documents and records for the period June 2010 through September 2012.

FINDINGS

Overall, we identified several areas where actions were needed to improve accountability of Voyager cards. Although controls over tracking and safeguarding of Voyager cards were appropriate, we noted that analysis of individual charges was not consistently conducted throughout the organization. In addition, receipt documentation was not always provided to support fuel purchases and attention was needed to evaluate whether the number of Voyager cards assigned to the department was appropriate.

Following are details of the areas where improvements were needed. Sheriff management acknowledged our concerns as noted.

1. **Transactional Analysis.** Improvements were needed in certain Sheriff divisions to analyze individual Voyager card charges rather than only analyzing aggregate monthly amounts billed. Due in part to the volume of Sheriff's fuel bills, certain Sheriff divisions appeared to conduct only a high level review of the cumulative charges for the month to determine whether any irregularities exist that may constitute questionable activity. However, because of the inherently risky nature of Voyager cards, these divisions needed to conduct a more thorough transactional analysis for each card. For example, this would allow Sheriff to conduct follow-up on transactions that occur on an employee's day off. Such analyses not only provide a useful tool to detect fraud, but also to ensure that each of the Sheriff's budget units was charged correctly as employees may transfer between divisions.

Management Response. Sheriff management stated:

"The Sheriff will take into consideration the Auditor-Controller's recommendations as we continue to evaluate the strengths of our current processes in relation to employee standards.

"The audit noted that the Sheriff incurred approximately \$280,000 in Voyager card fuel charges at commercial pumps during FY 2010-11, this equates to only 16% of the total fuel charges of \$1,732,283 (the remainder being acquired at County pumps). We've estimated that the average additional gross cost to fill-up at commercial gas stations versus the County's limited pump sites averaged 11 cents per gallon or approximately \$9,000 for FY 2010-11, however, when consideration is given to the overall logistical and program requirements of the Sheriff, the net difference was negligible. Sheriff's operations encompass the entire County's geographical boundaries, consequently, economic/logistic considerations (i.e. miles to County pump vs. commercial pump) and operational considerations (i.e. undercover investigations) must be weighed when deciding to fuel-up at County pumps. The following are distances from a particular Sheriff's station to a County pump and that station's approximate percent of the Sheriff's total Voyager card use: Ojai Valley 22 miles, usage equaled 47%; Fillmore 17 miles, usage equaled 5%; Camarillo 6 miles, usage equaled 4%. Additionally, other Division's Voyager card use was for out of County purchases as required by their operations, the following was the approximate percent of total Sheriff Voyager card use for the larger out of County purchases: Major Crimes usage equaled 15%, Aviation usage equaled 8%, Courts (transportation) usage equaled 5%, additionally, other Division's operations require frequent out of County trips where County pumps are not available.

"As the audit notes below, submission of actual receipts from the gas pump is not a requirement of the County's gasoline credit card policy. Review methods by the various Sheriff's Divisions are dependent on the assignments and uses of the cards. Monthly fuel bills are reviewed and irregularities are investigated; employees who engage in questionable activity are dealt with through established procedures. The auditor's suggestion that reviewing transactions that occur on an employee's day off may be a useful tool in detecting employee fraud in other County departments, however, the Sheriff's Office does not have a typical Monday through Friday, 8 a.m. to 5 p.m. operation associated with most County Departments; it is a 24-hour, 365 day a year operation. Employees who are assigned take home vehicles and Voyager cards are subject to call out any day 24/7. Sheriff's General Order 706.4 (b) Take Home Vehicle Security states: There is (to be) a minimum of 1/2 tank of fuel in the vehicle at all times.

"Annually, employees sign-off to having read the following Sheriff's General Order (pertinent sections cited here) as part of their performance review. Employees can be subject to termination for failure to abide by General Orders. Conduct and Ethics General Order [341]:

[341.3(c)] Misconduct is defined as a violation of department / county policies, rules or procedures.

[341.4(a)] It shall be the duty of every member of the department to be thoroughly familiar with the provisions of department and county policies. Members shall conform to and abide by these orders, observe all applicable state/federal laws and county/city ordinances, and render their services to the county with enthusiasm, courage, discretion and loyalty.

[341.4(d)] Members shall adhere to the policies or rules of the department or county.

[341.4(e)] A supervisor, manager or commanding officer shall take appropriate action when apprised of a potential violation of these policies or of any other misconduct.

[341.12(g)] Members shall not appropriate any county property for personal use."

2. **Receipt Documentation.** Voyager card transactions were not always supported with receipts to confirm validity of the charges on the monthly bill. Our review of 15 Sheriff transactions during the October through December 2011 billing period disclosed that 3 (20%) were not supported with receipts. Two of the three purchases were for unleaded supreme fuel, and one was for unleaded regular fuel. Although not a requirement of the County gasoline credit card policy, employees in certain Sheriff divisions were instructed to submit receipts for reconciling to the monthly bill. Requiring receipts department-wide would promote consistency throughout the department, especially when employees transfer between divisions. Further, requiring receipts for potentially unallowable purchases (e.g., premium or super fuel) allows the department to follow-up timely with employees to determine the appropriateness of the charges.

Management Response. Sheriff management stated:

"The Sheriff will take into consideration the Auditor-Controller's recommendations as we continue to evaluate the strengths of our current processes in relation to employee standards.

"As noted above in the audit, submission of all individual gas pump receipts from a commercial gas station is not a requirement of the County's gasoline credit card policy. Granted, some Divisions do retain individual pump receipts for certain purposes, situations include fuel charges to be reimbursed by

grants or billed to contract cities, or simply an individual manager's prerogative for a particular situation. In our opinion it's highly speculative to assume that any additional cost savings of substance and/or fraud prevention can be achieved by changing the existing Voyager card policy to a new requirement of reviewing all individual gas pump receipts. Monthly bills are reviewed and abnormalities are researched. Again, unlike most other County Departments, Sheriff employees acknowledge they have read the Conduct and Ethics General Order as part of their annual performance review which states that it shall be the duty of every member of the department to be thoroughly familiar with and obey the provisions of department and county policies. A supervisor will take appropriate action when apprised of a potential violation of these policies or any other misconduct; Internal Affairs may become involved."

3. **Continuing Need.** Sheriff needed to evaluate the continuing need for Voyager cards to ensure that business needs justify the quantity of cards assigned to the department. During the October through December 2011 billing period, Sheriff staff utilized 122 (51%) of the department's 239 total Voyager cards. Departments were allowed to request any number of Voyager cards provided that a sufficient business need supported the request as approved by GSA Fleet. However, holding more Voyager cards than needed increases County liability risk if the cards are lost, stolen, or misused. Although we understand that part of the need for additional cards was due to the potential of a County emergency, Sheriff needed to consider returning infrequently used non-emergency Voyager cards.

Management Response. Sheriff management stated:

"The Sheriff will take into consideration the Auditor-Controller's recommendation; the best opportunity to reevaluate the number of Voyager cards on-hand would be during a debriefing of a future large scale disaster since the present number of cards are likely the result of requirements experienced during a past disaster.

"The audit has found that controls over tracking and safeguarding of Voyager cards were appropriate. Per Voyager card policy, Departments are allowed to request any number of cards provided that a sufficient business need supported the request as approved by GSA Fleet. The Sheriff currently has 200 Voyager cards available, however, there are 740 sworn personnel and numerous civilians dispersed throughout the County subject to call-out during an emergency. A mission of the Ventura County Sheriff's Office is to safeguard the lives and property of residents within Ventura County. The County is vulnerable to a wide range of disasters including earthquakes, floods, fires, hazardous material incidents, dam failures, tsunamis, civil unrest, transportation accidents, and terrorism. The Sheriff serves as the County's Director of Emergency Services and is in charge of ensuring the County is prepared to respond to these hazards. Emergencies do not always occur during normal business hours and they do not occur at consistent intervals. Fortunately, years can go by between major incidents or disasters. Analysis of historical usage of purchasing mechanisms such as a procurement or Voyager cards is not the best way to gauge the quantity of cards needed by a department who is vested with the responsibility of preservation of life and property. It is critical that in a 24/7 countywide disaster environment - first responders are prepared at all times, such as the ability to refuel a vehicle anywhere in the County when necessary. Having sufficient resources available such as Voyager fuel cards assigned where needed for routine operations and emergencies is essential to the overall

mission of the Sheriff. The allocation and availability of emergency resources are periodically reviewed during station briefings, training exercises and actual disasters; adjustments are made as warranted."

AUDITOR'S EVALUATION OF MANAGEMENT ACTION

We recognize that Sheriff management stated the findings would be given further consideration, although additional action is not planned at this time. However, we believe that Sheriff management acknowledged our concerns and would respond timely if any issues arise. We continue to encourage Sheriff management to implement actions to further strengthen monitoring and accountability over fuel credit cards.

We appreciate the cooperation and assistance extended by you and your staff during our performance of these limited audit procedures.

cc: Honorable Peter C. Foy, Chair, Board of Supervisors
Honorable Steve Bennett, Vice Chair, Board of Supervisors
Honorable Linda Parks, Board of Supervisors
Honorable Kathy I. Long, Board of Supervisors
Honorable John C. Zaragoza, Board of Supervisors
Michael Powers, County Executive Officer
Paul Grossgold, Director, GSA