




JOHN NAIMO  
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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June 26, 2015

TO: Supervisor Michael D. Antonovich, Mayor  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Don Knabe

FROM: John Naimo   
Auditor-Controller

SUBJECT: **DEPARTMENT OF PARKS AND RECREATION – VOYAGER CARD  
REVIEW**

As part of our ongoing responsibility to ensure that County resources are safeguarded and that departments comply with County fiscal policies and procedures, we have reviewed the Department of Parks and Recreation's (DPR or Department) controls over its fuel credit cards (Voyager cards) issued under the State "Voyager" Fuel Credit Card Program. DPR employees use Voyager cards to purchase fuel at retail gasoline (gas) stations when a County fueling site is not readily accessible.

Our review included interviewing DPR personnel, evaluating DPR's internal controls over Voyager cards, and reviewing Voyager card transactions and monthly reconciliations. The Department incurs approximately \$800,000 annually in Voyager card expenditures, and, at the time of our review, had 335 active Voyager cards.

**Summary of Findings**

DPR management needs to improve its oversight of the Voyager card program. We noted significant deficiencies in DPR's controls over Voyager cards, including shared credit cards, lack of appropriate documentation to support Voyager card expenditures, and insufficient monitoring of Voyager card purchases. These deficiencies may have resulted in a number of questionable Voyager card purchases that we noted during our review. We also noted serious operational issues related to the availability of fuel. DPR management needs to immediately address these operational issues, and determine

the most efficient/effective methods for employees to fuel their County vehicles while maintaining appropriate controls. The following are examples of areas for improvement:

- **Questionable Purchases/Monitoring** – DPR management needs to ensure Voyager card purchases are adequately monitored and approved. We noted a pattern of questionable fuel purchases made by a supervisor at one of the locations we reviewed that should have been detected if management had properly monitored Voyager card use. For example, 67 (18%) of the supervisor's 373 fuel purchases during the 22-month audit period occurred on days the supervisor had not worked (e.g., weekends, holidays) or after the supervisor's work shift had ended. At least 21 (31%) of the 67 off-hour purchases were for vehicles that, according to Vehicle Mileage Logs, had not been driven that day or at all that month. We referred these and other questionable purchases to the Auditor-Controller's Office of County Investigations (OCI). OCI confirmed during interviews that the supervisor does not drive a County vehicle home, and has referred this matter to the District Attorney.

*DPR's attached response indicates that they have initiated actions to increase oversight over its Voyager card program by implementing the recommendations in our report. In addition, the employee who made the questionable purchases has been separated from County service.*

- **Shared Cards** – DPR needs to ensure cardholders do not share their Voyager cards or make purchases for other employees. Some DPR supervisors share their Voyager cards with their staff or use their cards to purchase fuel for staff who do not have an assigned Voyager card. Sharing cards or purchasing fuel for other employees decreases accountability over Voyager card purchases.

*DPR's attached response indicates that they will send a memo to all staff reminding them that a Voyager card can only be used by the employee to whom it was issued, and will discipline employees who violate this policy. DPR management will also evaluate the need to issue Voyager cards to additional employees who do not have immediate access to County fueling sites.*

- **Fuel Sites** – To save costs and improve controls, DPR management should immediately evaluate the feasibility of requiring staff to obtain fuel at DPR's or other County departments' fuel sites if the fuel sites are geographically accessible. This would require the Department to repair and maintain its existing fuel sites and ensure that fuel is ordered timely. We noted that some DPR employees rely heavily on Voyager cards to purchase fuel at retail gas stations, in part because DPR fuel sites are not operational or are out of fuel.

*DPR's attached response indicates that they are working with other County departments to identify County fuel sites that are available for DPR employees to*

*use. DPR will also ensure that DPR fuel sites are operational and adequately stocked with fuel.*

- **Purchase Documentation** – DPR management needs to ensure that Voyager card purchases are supported by appropriate documentation, and that supervisors who are familiar with cardholders' daily work activities review and approve the purchases. We reviewed 60 Voyager card purchases and noted that DPR did not have receipts to support three (5%) purchases, and the receipts for 24 (40%) purchases did not include some of the required information (i.e., employee name, employee number, vehicle/equipment number, and/or vehicle mileage). In addition, 20 (33%) of the 60 purchases were not approved by the cardholder's supervisor.

*DPR's attached response indicates that they will implement procedures to ensure Voyager card purchases are supported by appropriate documentation, including original receipts that include all required information, and documentation that cardholders' supervisors approved the purchases. DPR will also provide training to supervisors on monitoring Voyager card purchases.*

- **Inventory Records** – DPR management needs to ensure the Department's Voyager card inventory records are accurate. We noted that DPR's inventory listing showed that 44 cards had been cancelled, but Voyager's records indicated the cards were still active. DPR was unable to provide documentation of cancellation requests for 41 (93%) of the 44 cards. DPR should maintain documentation of cancellation requests sent to Voyager, follow up with Voyager to verify cancellation requests have been processed, and periodically reconcile their Voyager card inventory list to Voyager's records.

*DPR's attached response indicates that they have implemented this recommendation and now maintain records of cancellation requests and processed cancellations. DPR also reconciled the Department's Voyager card inventory records to Voyager's records in March 2015, and will reconcile the inventory records annually going forward.*

Details of these and other findings and recommendations are included in Attachment I.

### **Review of Report**

We discussed the results of our review with DPR management. The Department agreed with our findings and recommendations. DPR's attached response (Attachment II) describes actions they have taken or plan to take to implement the recommendations in our report.

We thank DPR management and staff for their cooperation and assistance during our review. If you have any questions, please contact me, or your staff may contact Robert Smythe at (213) 253-0100.

JN:AB:RS:TK

Attachments

c: Sachi A. Hamai, Interim Chief Executive Officer  
Russ Guiney, Director, Department of Parks and Recreation  
Jim Jones, Director, Internal Services Department  
Department Heads  
Dave Chittenden, Chief Deputy Director, Internal Services Department  
Public Information Office  
Audit Committee

**DEPARTMENT OF PARKS AND RECREATION  
VOYAGER CARD REVIEW**

**Background**

The State “Voyager” Fuel Credit Card Program (Voyager) provides County Departments with alternatives for fueling County vehicles and equipment at retail gasoline (gas) stations, if a County fueling site is not geographically or readily accessible. The County issues fuel credit cards (Voyager cards) to individuals who are authorized by their department head to purchase fuel. The Department of Parks and Recreation (DPR or Department) has 564 vehicles and other equipment (e.g., lawnmowers, etc.) that require fuel. The Department incurs approximately \$800,000 annually in Voyager card expenditures, and, at the time of our review, had 335 active Voyager cards.

**Scope of Review**

We reviewed DPR’s compliance with the County Fiscal Manual (CFM), County Purchasing Policy P-2850 for State “Voyager” Fuel Credit Cards (County Policy), and the Department’s Voyager fuel credit card policies and procedures. Our review included interviews with DPR management and staff, an evaluation of DPR’s policies and procedures, and a review of controls over cardholder activity. We also reviewed a sample of Voyager card purchases from two of the Department’s four field Agencies that are responsible for overseeing park and recreational operations throughout the County. At the Department’s request, we also reviewed the potential cost savings if staff use DPR’s fuel sites versus retail gas stations.

**COMMENTS AND RECOMMENDATIONS**

**Increased Management Oversight**

DPR management needs to increase its oversight of the Department’s Voyager Fuel Credit Card Program, and determine the most efficient/effective methods available for employees to fuel their County vehicles while maintaining appropriate controls. During our review, we noted significant deficiencies in the Department’s controls over Voyager card purchases, including shared credit cards, lack of appropriate documentation to support Voyager card expenditures, and insufficient monitoring of Voyager card purchases. We also noted instances where it appears a DPR supervisor inappropriately fueled non-County vehicles on weekends, holidays, and other days the employee claimed no time worked. As a result of these and other discrepancies, a review by our Office of County Investigations (OCI) was conducted and their findings were reported to the District Attorney (DA). We also noted that the Department lacks appropriate procedures for its Voyager card program, which has contributed to the serious deficiencies noted throughout our review.

DPR management also needs to immediately address serious operational issues related to the availability of fuel. DPR staff indicated that fuel demands exceed

quantities at certain DPR fuel sites, and that not all sites are operational due to needed repairs. As a result, some DPR staff rely heavily on Voyager cards to purchase fuel at retail gas stations. However, because Voyager cards are not issued to all employees driving County vehicles, staff share their cards or purchase gas on behalf of other employees, which has resulted in a loss of accountability over fuel purchases, and could have resulted in misappropriation of County funds going undetected.

### **Recommendation**

- 1. Department of Parks and Recreation management increase its oversight of the Department’s fuel sites and the Voyager Fuel Credit Card Program by implementing the recommendations throughout this report.**

### **Questionable Purchases**

We noted a pattern of questionable fuel purchases made by a supervisor at one of the locations we reviewed. For example, we noted that the supervisor used his Voyager card to purchase fuel for multiple vehicles that were assigned to staff who had their own Voyager cards, and that the supervisor purchased fuel after his shift had ended or on his days off. We analyzed the supervisor’s Voyager card activity for the 22-month period covered by our review and noted the following:

- 67 (18%) of the 373 fuel purchases during the 22-month audit period occurred on days not worked (e.g., weekends, holidays) or after the supervisor’s work shift had ended.
- At least 21 (31%) of the 67 off-hour purchases were for vehicles that, according to Vehicle Mileage Logs, had not been driven that day or at all that month.
- On seven instances, purchase documentation indicated that the supervisor and his staff purchased fuel for the same vehicle on the same day, but at different locations. For example, in one instance, the supervisor’s documentation indicated that he purchased fuel for a vehicle approximately 1½ hours after staff had purchased fuel for the same vehicle 50 miles away. The total number of gallons purchased exceeded the vehicle’s fuel tank capacity by approximately ten gallons.
- 285 (76%) of the 373 Voyager card purchases were for premium fuel, even though the supervisor was not authorized to purchase premium fuel for his County-assigned vehicle.

We also reviewed the supervisor’s Voyager card activity for the six-month period immediately following our initial interviews with the supervisor, and noted a significant change in his purchasing activity. For example, the supervisor did not use his Voyager card on his days off and did not purchase premium fuel. We referred the questionable

purchasing activity to OCI. OCI confirmed during interviews that the supervisor does not drive a County vehicle home, and has referred this matter to the DA.

We have made various recommendations throughout this report for DPR to strengthen controls over Voyager cards. Implementing these controls will help detect/prevent these types of questionable purchases.

### **Card Sharing**

County and DPR policies state that Voyager cards are to be used only by the County employee to whom the card is issued. In addition, CFM Section 4.4.5 states that credit cardholders must not make purchases for other employees.

During our review, we noted that some supervisors share their Voyager cards with their staff, or use their cards to purchase fuel for staff who do not have a Voyager card and are unable to access fuel at County fuel sites (see DPR Fuel Sites section below). In addition, some cardholders indicated that they use their Voyager cards to purchase fuel for other cardholders who have reached their monthly limit. Sharing Voyager cards or purchasing fuel for other employees decreases accountability over Voyager card purchases and results in operational inefficiencies. For example, some DPR supervisors indicated that they spend a significant amount of time purchasing fuel for their staff.

In 2008, DPR started a pilot program that allowed some supervisors to share their Voyager cards with their staff. While the pilot was intended to improve controls by reducing the total number of Voyager cards in the Department, DPR revoked the pilot program for one of the supervisors in 2012 because staff were not complying with procedures/controls for card purchases (i.e., supervisors were not reviewing/approving documentation supporting Voyager card purchases, and the documentation was incomplete or inaccurate). However, it appears that the practice of sharing Voyager cards has continued at various locations throughout the Department.

DPR needs to ensure cardholders do not share their Voyager cards or use the cards to purchase fuel for other employees. In addition, the Department should ensure individual Voyager card limits are commensurate with the employee's fueling needs so that staff are able to use the Voyager card assigned to them to purchase fuel for their assigned vehicles.

### **Recommendations**

#### **Department of Parks and Recreation management:**

- 2. Ensure cardholders do not share their Voyager cards or use the cards to purchase fuel for other employees.**

**3. Ensure individual Voyager card purchase limits are commensurate with the employee’s fueling needs.**

**DPR Fuel Sites**

There are more than 150 County fuel sites located throughout the County. DPR owns and operates six of these sites for DPR staff to use to fuel County vehicles and equipment. Department staff can also use fuel sites operated by other County departments with whom DPR has established agreements.

During our review, DPR staff indicated that DPR fuel sites are not always operational due to needed repairs, and that fuel sites do not always have the types and/or quantities of fuel available when needed. We confirmed with fuel site managers that two of DPR’s six fuel sites are currently non-operational, and that another site only carries premium fuel, which is restricted to rescue boats/vehicles. Fuel site staff also indicated that some fuel sites run out of fuel because fuel is not ordered timely. As a result, some staff rely heavily on Voyager cards to fuel County vehicles and equipment at retail gas stations, even when they are near DPR fuel sites.

At the Department’s request, we estimated the potential cost savings if DPR staff obtain fuel at DPR fuel sites instead of purchasing fuel at retail gas stations. We reviewed purchases made at retail gas stations within a three-mile radius of the Department’s fuel sites during a 9-month period, and noted that the Department could have saved approximately \$10,500 (or approximately \$0.23 per gallon) if staff had obtained fuel at DPR sites. The actual savings may vary depending on potential volume discounts for fuel purchased, as well as variable costs for overhead, maintenance, and repairs at the fuel sites.

To save costs, strengthen controls, and improve operational efficiency, DPR management needs to immediately evaluate the feasibility of requiring staff to obtain fuel at DPR’s or other County departments’ fuel sites if the sites are geographically accessible. This evaluation would require the Department to assess the feasibility and cost effectiveness of ensuring departmental fuel sites are operational and adequately stocked with fuel. The Department should also evaluate the feasibility of expanding agreements with other County departments to increase the number of fuel sites available for DPR employees to use. Finally, the Department should consider upgrading its fuel sites to the Fuel Focus System available through the Internal Services Department. The Fuel Focus System provides tools allowing County Departments to more efficiently and effectively manage fuel resources and monitor usage. For example, the Fuel Focus System provides automatic fuel reorder capabilities; fuel usage reports by location; and controls that restrict the quantity and type of fuel that is dispensed based on the vehicle specifications.



### Recommendations

#### Department of Parks and Recreation management:

4. Evaluate the feasibility of requiring staff to obtain fuel at Department or other County departments' fuel sites if the sites are geographically accessible. The evaluation should include the feasibility and cost effectiveness of ensuring departmental fuel sites are operational and adequately stocked with fuel.
5. Evaluate the feasibility of expanding agreements with other County departments to increase the number of fuel sites available for Department of Parks and Recreation employees to use.
6. Consider upgrading departmental fuel sites to the Fuel Focus System available through the Internal Services Department.

### Monitoring Voyager Card Purchases

Departments need to monitor Voyager card purchases to ensure compliance with County policies, and to ensure purchases are appropriate and commensurate with employees' duties. Monitoring can detect non-compliance timely, allow for timely corrective action, and serve as a deterrent of potential Voyager card misuse or inappropriate purchasing activity. We reviewed the Department's Voyager card monitoring processes and noted the following areas for improvement.

### Voyager Card Purchase Documentation

CFM Section 4.4.5 states that department credit card purchases must be properly supported by original receipts and that the vehicle number of the County vehicle being fueled must be documented on the receipt. DPR policy also requires cardholders to include their name, employee number, and vehicle mileage on the receipt, and to record all fuel purchases on a monthly Voyager Card Transaction Log (Transaction Log). Supervisors are responsible for reviewing/approving the Transaction Log to ensure transactions are appropriate and supported with a receipt, prior to forwarding the purchase documentation (i.e., Transaction Logs and supporting receipts) to administrative staff, who reconcile the purchase documentation to the monthly billing statement from Voyager and approve payment.

We reviewed 60 Voyager card purchases at two DPR Agencies and noted the following:

- **Missing/Incomplete Receipts** – DPR did not have receipts to support three (5%) of the 60 Voyager card purchases totaling \$315. In addition, for 24 (40%) purchases, totaling \$3,465, the receipts did not include some of the required information (i.e., employee name, employee number, vehicle/equipment number, and/or vehicle mileage).

- **Incomplete/Inaccurate Transaction Logs** – For 33 (55%) of the 60 purchases, totaling \$4,275, the information in Transaction Logs was incomplete (e.g., did not include the vehicle number, odometer reading, etc.) or inaccurate (e.g., incorrect transaction amount, etc.). Incomplete or inaccurate Transaction Logs undermine the effectiveness of the logs as a monitoring and internal control tool.
- **Transaction Logs Did Not Have Signature Line** – One Agency's Transaction Logs did not include a signature line for the supervisor to sign indicating their review. DPR should ensure all Agencies use the Department's standard Transaction Log that includes a line for the supervisor's signature.
- **Transaction Logs Not Approved** – For 20 (33%) of the 60 purchases, totaling \$3,035, we noted that the Transaction Logs were not approved by the cardholder's supervisor. In some instances, the cardholders indicated that they never submitted the Transaction Logs to their supervisor for review/approval.

We also noted that DPR's policy does not require cardholders' immediate supervisors to reconcile monthly Voyager bills with the related purchase documentation, or review/approve Voyager bills as required by CFM Section 4.4.5. DPR administrative staff perform these functions. DPR supervisors are supposed to reconcile Transaction Logs with original receipts and approve the Transaction Logs before forwarding them to administrative staff. However, as noted above, cardholders' supervisors did not always review or approve Transaction Logs. Administrative staff have little knowledge of cardholders' daily work activities, and are not in a position to assess the appropriateness of the Voyager card purchases. DPR should either require cardholders' supervisors to review and approve Voyager bills, or require administrative staff to only approve bills if cardholders' supervisors have signed the associated Transaction Logs and the bills agree with the Transaction Logs and receipts.

### **Recommendations**

#### **Department of Parks and Recreation management:**

7. **Ensure all Voyager card purchases are supported by original receipts, and that the receipts include all required information (i.e., employee name, employee number, vehicle/equipment number, and vehicle mileage, if applicable).**
8. **Ensure that all Agencies use the Department's standard Voyager Card Transaction Log that includes a line for the cardholder's supervisor's signature.**
9. **Require cardholders' supervisors to review and approve (i.e., sign and date) Voyager Card Transaction Logs to ensure the logs are accurate and complete, and that all purchases are appropriate and supported with receipts.**

10. **Either require cardholders’ supervisors to reconcile monthly Voyager billing statements to Voyager Card Transaction Logs and receipts and approve the Voyager bills, or require administrative staff to only approve the bills if cardholders’ supervisors have signed the associated Voyager Card Transaction Logs and the bills agree with the Voyager Card Transaction Logs and receipts.**

### **Inappropriate Fuel Purchases**

DPR’s policy states that cardholders may use Voyager cards to purchase regular unleaded or diesel fuel for County-issued vehicles or equipment. If other fuel types (e.g., unleaded plus and super unleaded) are required for the vehicle/equipment, employees must provide justification and obtain advance approval from DPR’s Management Services Section. We reviewed purchases made by 15 cardholders and noted that ten (67%) cardholders made 379 unauthorized premium fuel purchases, totaling \$25,476, during the 22-month period covered by our review. As a result, the Department paid on average \$0.10 more per gallon for these purchases, or approximately \$622.

DPR management needs to immediately instruct staff to stop purchasing premium fuel unless prior approval is obtained, and monitor staff for compliance.

### **Recommendation**

11. **Department of Parks and Recreation management immediately instruct staff to stop purchasing premium fuel unless prior approval is obtained, and monitor for compliance.**

### **Additional Monitoring Tools**

We noted that the Department is not using all available tools to monitor the appropriateness of Voyager card purchases. For example, DPR policy does not require supervisors to evaluate Vehicle Mileage Logs in conjunction with fuel purchase documentation when performing their monthly reviews. Vehicle Mileage Logs provide additional information about the County vehicle being fueled, such as addresses/locations of trips and total miles driven. This information is critical in determining if fuel purchases are appropriate given the number of miles the vehicle was driven and if trips taken are commensurate with the employee’s duties. We also noted that DPR staff do not always record trips and fuel stops on Vehicle Mileage Logs, as required by County and DPR vehicle policies. Based on our review, it appears that DPR could benefit from providing training to its supervisors on how to use various documents (e.g., Vehicle Mileage Logs, Transaction Logs, receipts, etc.) to monitor the appropriateness of Voyager card purchases.

Voyager offers additional tools that could assist DPR with monitoring fuel purchases. For example, at the Department’s request, Voyager can generate exception reports

when a fuel purchase meets specific criteria (e.g., premium fuel purchases, weekend purchases, etc.). DPR should consider using these tools, in addition to those available through the fuel site upgrades discussed above, to help the Department monitor and manage Voyager card purchases and to detect potentially inappropriate activity.

### Recommendations

#### Department of Parks and Recreation management:

12. **Ensure staff record all trips and fuel stops on Vehicle Mileage Logs, and require supervisors to review Vehicle Mileage Logs in conjunction with the Voyager Card Transaction Logs and receipts to ensure all purchases are appropriate.**
13. **Train supervisors on how to use available tools such as Voyager Card Transaction Logs and Vehicle Mileage Logs to monitor Voyager card purchases and ensure purchases are appropriate.**
14. **Consider using the additional tools available through Voyager to monitor Voyager card activity.**

### Voyager Card Inventory

#### Inventory Controls

CFM Section 4.4.5 requires departments to maintain a list of staff with credit cards, re-evaluate the need for each credit card at least annually, and cancel unused or unnecessary credit cards. At the time of our review, DPR had 335 active Voyager cards. Of these, 269 were assigned to employees, 46 should have been cancelled, and 20 were unassigned. We reviewed the Department's Voyager card inventory and noted the following:

- **Voyager Cards Not Cancelled** – We noted that 46 (14%) of the Department's 335 Voyager cards should have been cancelled but were not, including eight cards for terminated employees that remained active an average of 338 days from the employees' termination dates. DPR's records indicate that they had not requested cancellation for two cards that had been assigned to terminated employees. For the remaining 44 cards, DPR's inventory listing indicated that the cards had been cancelled. However, Voyager's records indicated the cards were still active. DPR had documentation that they had requested Voyager to cancel three of the 44 cards, but were unable to provide documentation of cancellation requests for the remaining 41 (93%) cards. Although none of the 46 cards were used after they should have been cancelled, there was a risk that the cards could have been used.

- **Cards Not Used** – Sixteen (6%) of the 269 Voyager cards that had been assigned to users had zero usage for the 22-month period covered by our review. The Department did not conduct annual re-evaluations, as required, to determine if the cards were still needed.
- **Voyager Card Inventory Does Not Include a Unique Employee Identifier** – Lack of unique identifiers could cause inaccuracies and lack of accountability over Voyager cards. For example, DPR's Voyager card inventory contained 13 pairs of employees with the same or similar names, and in one of these instances, DPR erroneously cancelled a Voyager card for the wrong employee.

To ensure the accuracy of the Department's inventory and reduce the risk of unauthorized use, DPR management needs to maintain documentation of cancellation requests sent to Voyager, follow up with Voyager to verify cancellation requests have been processed, and periodically reconcile their Voyager card inventory list to Voyager's records. In addition, DPR management should conduct annual reviews to determine if Voyager cards are still needed and cancel unnecessary cards. Finally, DPR management should modify their Voyager card inventory to include a unique identifier (e.g., employee number) for each cardholder.

### Recommendations

#### **Department of Parks and Recreation management:**

- 15. Maintain documentation of cancellation requests sent to Voyager, follow up with Voyager to verify cancellation requests have been processed, and periodically reconcile the Department's Voyager card inventory to Voyager's records.**
- 16. Conduct annual reviews to determine if Voyager cards are still needed and cancel unused or unnecessary cards.**
- 17. Modify their Voyager card inventory to include a unique identifier, such as an employee number, for each cardholder.**

### Authorization Forms

County Policy requires departments to maintain a record of authorized requests for each individual issued a Voyager card. To comply with this policy, DPR management requires staff to complete an Authorization Form to support the need for a fuel credit card. Authorization Forms are reviewed and approved by management and maintained centrally by DPR's Management Services Section. We reviewed documentation for 15 Voyager card cardholders and noted that 11 (73%) cardholders did not have approved Authorization Forms on file. Subsequent to our review, the Department indicated that some of these cards were issued before DPR started using the Authorization Form, and that they located e-mails approving cards for four of the 11 cardholders.

### Recommendation

18. Department of Parks and Recreation management ensure approved Authorization Forms are on file for each Voyager card cardholder, which includes justification to support why the employee needs the fuel credit card.

### Voyager Card Procedures

DPR's procedures for employees who are assigned a Voyager card are outlined in the Voyager Card Agreement that employees sign when they receive a Voyager card. DPR's Vehicle Use Guidelines also contain very limited procedures for Voyager cards. We reviewed the procedures and noted that they do not include key controls required by the CFM and County Policy. For example, the procedures do not specify that cardholders should not use Voyager cards to purchase fuel for other employees, or what steps staff should take when Voyager bills do not match approved Transaction Logs. In addition, the procedures are not formally distributed to all DPR staff that may have Voyager card responsibilities.

DPR management needs to develop and implement formal written procedures consistent with the CFM and County Policy, detailing all aspects of and responsibilities for the Voyager card program, including the areas noted above. The procedures should be formally distributed to all DPR staff with Voyager card responsibilities.

### Recommendations

#### Department of Parks and Recreation management:

19. Develop and implement formal written Voyager card procedures consistent with the County Fiscal Manual and County Purchasing Policy P-2850, detailing all aspects of and responsibilities for the Voyager card program.
20. Ensure Voyager card procedures are formally distributed to all Department staff with Voyager card responsibilities.

### Federal Taxes

#### Fuel Excise Taxes

Federal law provides a fuel excise tax exemption when the sale of taxable fuels (e.g., gasoline and diesel) is for the exclusive use of any State or local government. To receive the fuel excise tax exemption, each County Department must file an annual certificate (certificate) with the County's distributor, Voyager. Voyager applies a credit for the exemption on the Department's monthly invoices. If the certificate is not filed,

the Department must pay the federal fuel excise taxes and file a claim with the Internal Revenue Service (IRS) to obtain a refund.

During our review, we noted that although the Department received four reminders from Voyager that a new certificate was needed to continue the exemption, the Department filed the certificate more than two months late. As a result, DPR paid \$7,795 in fuel excise taxes from January 4 to March 14, 2013. DPR should file a claim with the IRS to obtain a refund and ensure that future exemption certificates are filed timely.

We also noted that, contrary to IRS instructions, DPR was not paying the fuel excise tax on the personal portion of fuel purchases made by DPR employees who are allowed to drive County vehicles to and from work. DPR should work with County Counsel to determine the amount of past due fuel excise taxes owed for personal trips and remit these amounts to the IRS.

### **Payroll Taxes**

The IRS requires employers to include the personal use of employer provided vehicles in employees' taxable earnings as a fringe benefit. Personal use includes commuting between home and work, even if the employee is on call. Accordingly, the Auditor-Controller (A-C) requires departments to annually report the value of personal use of County vehicles to the A-C's Countywide Payroll Division for inclusion in employees' taxable income. We noted that DPR reported the personal use of County vehicles for managers assigned a take home vehicle, but did not report the personal use for employees allowed to drive County vehicles home when they are working "stand-by." DPR needs to ensure that all personal use of County vehicles is reported to the A-C, as required.

### **Recommendations**

#### **Department of Parks and Recreation management:**

- 21. File a claim with the Internal Revenue Service to obtain a refund for the amount of fuel excise taxes overpaid between January 4 and March 14, 2013, and ensure that future fuel excise tax exemption certificates are filed timely.**
- 22. Work with County Counsel to determine the amount of past due fuel excise taxes owed for employees' personal use of County vehicles, and remit these amounts to the Internal Revenue Service.**
- 23. Ensure that future fuel excise taxes are paid for the fuel used by employees for personal use.**
- 24. Ensure that all personal use of County vehicles is reported to the Auditor-Controller's Countywide Payroll Division, as required.**



COUNTY OF LOS ANGELES  
DEPARTMENT OF PARKS AND RECREATION

"Parks Make Life Better!"

Russ Guiney, Director

John Wicker, Chief Deputy Director

June 10, 2015

TO: John Naimo  
Auditor-Controller

FROM: Russ Guiney  
Director

A handwritten signature in blue ink, appearing to read 'Russ Guiney', is written over the printed name and title.

SUBJECT: **DEPARTMENT OF PARKS AND RECREATION – VOYAGER CARD  
REVIEW**

Attached is the Department of Parks and Recreation's (DPR) response to the recommendations contained in the Auditor-Controller's (A-C) report on the review of DPR's controls over its fuel credit cards (Voyager cards) issued under the State "Voyager" Fuel Credit Card Program. We concur with the findings and have initiated corrective actions (see attached report) to address each of the A-C's recommendations.

We appreciate the A-C's assistance and professionalism during this review. Please let me know if you have any questions or require additional information. You may also have your staff contact Bob Maycumber, Administrative Deputy at (213) 368-5823 or Malou Rubio, Departmental Finance Manager II at (213) 738-3015.

RC:JW RM:NR cm

Attachment

c: Parks and Recreation (R. Maycumber, M. Rubio)



DEPARTMENT OF PARKS AND RECREATION  
RESPONSE TO AUDITOR-CONTROLLER'S  
VOYAGER CARD REVIEW

**Increased Management Oversight**

**Recommendation 1: Department of Parks and Recreation management increase its oversight of the Department's fuel sites and the Voyager Fuel Credit Card Program by implementing the recommendations throughout this report.**

**DPR Response to Recommendation 1:** Agree and partially implemented.

The Department of Parks and Recreation (DPR or Department) has initiated corrective actions to increase the oversight of DPR's fuel sites and Voyager Fuel Credit Card Program by implementing the Auditor-Controller's (A-C) Recommendations 2 through 24 below. The employee who made questionable Voyager card purchases, which was noted during the A-C's review, has been separated from County service. The Department takes allegations of theft of public funds very seriously and will continue to be proactive in refining its oversight of the Voyager Card Program.

**Card Sharing**

**Recommendation 2: Ensure cardholders do not share their Voyager cards or use the cards to purchase fuel for other employees.**

**DPR Response to Recommendation 2:** Agree and partially implemented.

DPR does not allow Voyager card sharing. The existing Voyager Card Agreement between the Department and the cardholder only allows the use of a Voyager card by the employee to whom it was issued. The Director of Parks and Recreation (Director) will send out a Department-wide memo to reinforce this requirement by July 2015. In addition, DPR will immediately evaluate the need to issue Voyager cards to additional employees with fueling needs where County fueling sites are not available. If employees share Voyager cards, they will be disciplined.

**Recommendation 3: Ensure individual Voyager card purchase limits are commensurate with the employee's fueling needs.**

**DPR Response to Recommendation 3:** Agree and partially implemented.

Since the A-C's review, Deputy Directors were requested to review all of their employees' Voyager card fueling needs, identify cardholders who need higher purchase limits than the Department-wide established limits and submit recommendations, with justification, for approval.

Attachment

DPR will utilize tools available through Voyager to prevent cardholders from going over their authorized purchase limits.

#### **DPR Fuel Sites**

**Recommendation 4:** Evaluate the feasibility of requiring staff to obtain fuel at Department or other County departments' fuel sites if the sites are geographically accessible. The evaluation should include the feasibility and cost effectiveness of ensuring departmental fuel sites are operational and adequately stocked with fuel.

**DPR Response to Recommendation 4:** Agree and partially implemented.

There are approximately 150 County fuel sites. DPR is working with representatives from other County departments to identify County fuel sites that are available for DPR employees to use. As County fuel sites become available, DPR will provide a list to employees and will require staff to obtain fuel at these sites, if geographically and readily accessible, instead of using the Voyager card. DPR will evaluate and identify funding needs and sources to ensure that DPR fuel sites are operational and have sufficient capacity to meet DPR's needs and are adequately stocked with fuel.

**Recommendation 5:** Evaluate the feasibility of expanding agreements with other County departments to increase the number of fuel sites available for DPR employees to use.

**DPR Response to Recommendation 5:** Agree and partially implemented.

DPR is working with representatives from other County departments to determine the appropriate level of funding for fuel sites that are available for DPR employees to use and establish Departmental Service Orders with other County departments beginning in Fiscal Year 2015-16.

**Recommendation 6:** Consider upgrading departmental fuel sites to the Fuel Focus System available through the Internal Services Department.

**DPR Response to Recommendation 6:** Agree and partially implemented.

Since the A-C's review, DPR worked with the Internal Services Department (ISD) on upgrading DPR's fuel sites to the Fuel Focus System (FFS). On May 5, 2015, DPR issued a service request to ISD to procure the FFS equipment to be installed at four (4) out of the six (6) DPR fuel sites.

By December 2015, ISD will complete the installation of the FFS at the following four DPR fuel sites: South Agency Headquarters, East/Regional Agency Headquarters, Whittier Narrows Recreation Area and Castaic Lake. The two (2) remaining low use fuel sites will be considered at a later time.

**Monitoring Voyager Card Purchases**

**Recommendation 7: Ensure all Voyager card purchases are supported by original receipts and that the receipts include all required information (i.e., employee name, employee number, vehicle/equipment number and vehicle mileage, if applicable).**

**DPR Response to Recommendation 7:** Agree and partially implemented.

The existing Voyager Card Agreement between the Department and each cardholder requires that all Voyager card purchases are supported by original receipts and that the receipts include all required information (i.e., employee name, employee number, vehicle/equipment number and vehicle mileage, if applicable). By July 2015, the Director will send out a Department-wide memo to reinforce this requirement and immediately direct the designated Agency administrative staff to verify that Voyager card purchases were appropriately approved as well as maintain a file of original receipts with the associated Transaction Log. In addition, by December 2015, DPR will provide training to supervisors on how to use Transaction Logs to monitor Voyager card purchases and ensure that purchases are appropriate.

**Recommendation 8: Ensure that all Agencies use the standard Transaction Log that includes a line for the cardholder's supervisor's signature.**

**DPR Response to Recommendation 8:** Agree and partially implemented

The existing standard Voyager Card Transaction Log includes a line for the supervisor's signature. By July 2015, the Director will send out a Department-wide memo to reinforce this requirement and immediately direct the designated Agency administrative staff to ensure the use of the standard Transaction Log as well as maintain a file of Transaction Logs. In addition, by December 2015, DPR will provide training to supervisors on how to use Transaction Logs to monitor Voyager card purchases and ensure that purchases are appropriate.

**Recommendation 9: Require cardholders' supervisors to review and approve (i.e., sign and date) Voyager Card Transaction Logs to ensure the logs are accurate and complete; and that all purchases are appropriate and supported with receipts.**

**DPR Response to Recommendation 9:** Agree and partially implemented.

The existing Voyager Card Agreement requires a supervisor's review and approval of the Voyager Card Transaction Logs. By July 2015, the Director will send out a Department-wide memo to reinforce this requirement and immediately direct the designated Agency administrative staff to only approve the Voyager bills once they have received the associated Transaction Logs containing the cardholders' supervisors' signature.

Attachment

In addition, by December 2015, DPR will provide training to supervisors on how to use Transaction Logs and Vehicle Mileage Logs to monitor Voyager card purchases and ensure that purchases are appropriate.

**Recommendation 10: Either require cardholders' supervisors to reconcile monthly Voyager billing statements to Transaction Logs and receipts and approve the Voyager bills, or require administrative staff to only approve the bills if cardholders' supervisors have signed the associated Transaction Logs and the bills agree with the Transaction Logs and receipts.**

**DPR Response to Recommendation 10:** Agree and not implemented.

In July 2015, the Director will send out a Department-wide memo to immediately direct Agency designated administrative staff to only approve the bills once they have received the associated Transaction Logs and receipts containing the cardholders' supervisors' signature of approval confirming that all documents were reviewed and approved. In addition, Agency designated administrative staff will be required to maintain a file of Voyager billing statements with associated Transaction Logs and receipts.

**Inappropriate Fuel Purchases**

**Recommendation 11: Department of Parks and Recreation management immediately instruct staff to stop purchasing premium fuel unless prior approval is obtained, and monitor for compliance.**

**DPR Response to Recommendation 11:** Agree and partially implemented.

The existing Voyager Card Agreement between the Department and each cardholder restricts the purchase of premium fuel unless prior approval is obtained. During the A-C review, the Department sent a reminder on September 2014, that cardholders' were only allowed to purchase regular and diesel fuel unless prior approval had been requested and approved. The Director will send out a Department-wide memo to reinforce this requirement by July 2015.

**Additional Monitoring Tools**

**Recommendation 12: Ensure staff records all trips and fuel stops on Vehicle Mileage Logs and require supervisors to review Vehicle Mileage Logs in conjunction with the Transaction Logs and receipts to ensure all purchases are appropriate.**

**DPR Response to Recommendation 12:** Agree and partially implemented.

The Department's Policy and Procedure #140, Vehicle Use Guidelines (PM 140) requires all staff to record all trips and fuel stops on Vehicle Mileage Logs.

Attachment

The Director will send out a Department-wide memo to reinforce this requirement by July 2015. In addition, DPR will require cardholders' supervisors to review Vehicle Mileage Logs in conjunction with the Transaction Logs and receipts to ensure all purchases are appropriate.

**Recommendation 13:** Train supervisors on how to use available tools such as Transaction Logs and Vehicle Mileage Logs to monitor Voyager card purchases and ensure purchases are appropriate.

**DPR Response to Recommendation 13:** Agree and not implemented.

DPR will provide training to supervisors by December 2015 on how to use available tools such as Transaction Logs and Vehicle Mileage Logs to monitor Voyager card purchases and ensure that purchases are appropriate.

**Recommendation 14:** Consider using the additional tools available through Voyager to monitor Voyager card activity.

**DPR Response to Recommendation 14:** Agree and partially implemented.

Since the A-C's review, DPR worked with Voyager to identify additional tools available through Voyager to monitor card activity. Additional tools that will be implemented in DPR include providing Voyager online access to managers in order for them to generate real-time Voyager Card Usage Reports, such as exception reports when fuel purchases meet specific criteria (premium fuel purchases, weekend and/or holiday purchases, etc.). DPR will also utilize Voyager tools to decline non-fuel purchases, prevent fuel purchases from going over authorized limits, as well as fuel purchases from merchants that have inappropriate business practices. Voyager card exception reports will be distributed at the Department's monthly management meeting.

#### **Voyager Card Inventory**

**Recommendation 15:** Maintain documentation of cancellation requests sent to Voyager, follow-up with Voyager to verify cancellation requests have been processed and periodically reconcile the Department's Voyager Card Inventory to Voyager's records.

**DPR Response to Recommendation 15:** Agree and implemented.

Since the A-C's review, documentations to support cancellation requests and processed cancellations are maintained in the Department's Procurement Section and Management Services Section. DPR will reconcile the Department's list of Voyager cards annually. A reconciliation of the Department's Voyager Card Inventory to Voyager's records was performed on March 2015.

Attachment

**Recommendation 16: Conduct annual reviews to determine if Voyager cards are still needed and cancel unused or unnecessary cards.**

**DPR Response to Recommendation 16:** Agree and implemented.

Reviews of all Voyager cards were reviewed on June 2013 and May 2014 to determine if Voyager cards were still needed. DPR is currently conducting the annual review for 2015.

**Recommendation 17: Modify their Voyager Card Inventory to include a unique identifier, such as an employee number for each cardholder.**

**DPR Response to Recommendation 17:** Agree and partially implemented.

By August 2015, DPR will modify Voyager Card Inventory to include each cardholder's employee number. In addition, Voyager's records will also be modified to include each cardholder's employee number. These modifications are currently in progress.

#### **Authorization Forms**

**Recommendation 18: Department of Parks and Recreation management ensure approved Authorization Forms are on file for each Voyager cardholder, which includes justification to support why the employee needs the fuel credit card.**

**DPR Response to Recommendation 18:** Agree and partially implemented.

DPR has begun the review of the Authorization Forms and will ensure that forms are on file for each cardholder by December 2015.

#### **Voyager Card Procedures**

**Recommendation 19: Develop and implement formal written Voyager card procedures consistent with the County Fiscal Manual and County Purchasing Policy P-2850, detailing all aspects of and responsibilities for the Voyager card program.**

**DPR Response to Recommendation 19:** Agree and not implemented.

DPR will develop a formal written Voyager Card Policy and Procedure, consistent with the County Fiscal Manual and County Purchasing Policy P-2850, detailing all aspects of and responsibilities for the Voyager Card Program. The Voyager Card Policy and Procedure will delineate specific responsibilities of cardholders, immediate supervisors, Deputy Directors, designated Agency Administrative staff, as well Management Services, Procurement and Accounts Payable staff. The new Voyager Card Policy and Procedure will be signed by the Director by December 2015.

Attachment

**Recommendation 20: Ensure Voyager card procedures are formally distributed to all Department staff with Voyager card responsibilities.**

**DPR Response to Recommendation 20:** Agree and not implemented.

By January 2016, DPR will formally distribute the new Voyager Card Policy and Procedure to all Department staff.

### **Federal Taxes**

**Recommendation 21: File a claim with the Internal Revenue Service to obtain a refund for the amount of fuel excise taxes overpaid between January 4 and March 14, 2013, and ensures that future fuel excise tax exemption certificates are filed timely.**

**DPR Response to Recommendation 21:** Agree and not implemented.

By September 2015, DPR will file a refund claim to the Internal Revenue Service (IRS) to obtain a refund for the amount of fuel excise taxes overpaid between January 4 and March 14, 2013.

**Recommendation 22: Work with County Counsel to determine the amount of past due fuel excise taxes owed for employees' personal use of County vehicles and remit these amounts to the Internal Revenue Service.**

**DPR Response to Recommendation 22:** Agree and partially implemented.

Since the A-C's review, DPR met with County Counsel to determine the amount of past due fuel excise taxes owed for employees' personal use of County vehicles. County Counsel advised going back three years, based on auditable years for fuel excise tax. Once the final amount owed is determined, DPR will seek advice from the A-C on the remittance process to the IRS.

**Recommendation 23: Ensure that future fuel excise taxes are paid for the fuel used by employees for personal use.**

**DPR Response to Recommendation 23:** Agree and not implemented.

DPR will immediately determine the fuel excise taxes due for the first and second quarters of calendar year 2015. DPR will seek advice from A-C on the remittance process to the IRS.

Attachment

**Recommendation 24: Ensure that all personal use of County vehicles is reported to the Auditor-Controller's County-wide Payroll Division, as required.**

**DPR Response to Recommendation 24:** Agree and not implemented.

By December 15 of every year, DPR will report DPR employees' personal use of County vehicles to the A-C's County-wide Payroll Division.