AUDIT REPORT

Internal Controls Over Voyager Card Transactions – Petaluma – Casa Grande Station

July 18, 2016

Report Number FT-FM-16-002

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Transactions – Petaluma-Casa Grande Station
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BACKGROUND:

The U.S. Postal Service Office of Inspector General (OIG) uses data analytics, including predictive risk models and tripwires, to identify financial anomalies. Tripwires are analytic tools that look at specific behaviors and patterns that are strong indicators of improper activity. The Voyager credit card tripwire identified purchases made outside of the OIG-defined normal workhours (7 a.m. - 5 p.m.) at the Petaluma-Casa Grande, CA, Station. These types of purchases are considered suspicious and could indicate ineffective internal controls.

Every Postal Service-owned vehicle is assigned a Voyager card and every driver receives a personal identification number (PIN). The card is used to pay for fuel, oil, and routine vehicle maintenance. Site managers are responsible for verifying Voyager card transactions and all supporting documentation.

The objectives of this audit were to review the validity of transactions outside of normal workhours and assess the internal controls over the Voyager card at the Petaluma-Casa Grande Station.

WHAT THE OIG FOUND:

The Voyager card tripwire identified 47 of 205 (23 percent) purchases outside of normal work hours. However, we reviewed supporting documentation and found:

- Eighteen transactions occurred outside of normal workhours; however, the purchases were valid fuel purchases.

- Thirteen transactions did not occur outside of normal workhours and were valid fuel purchases.

- Sixteen transactions were missing receipts. Therefore we could not determine the validity of these transactions. We referred the information to the OIG's Office of Investigations for further review.

In addition, we determined internal controls over Voyager card transactions needed improvement. Specifically, the designees responsible for oversight of the program did not:

- Require receipts or other documentation to explain missing receipts for 61 of 205 (30 percent) transactions, valued at $1,573. These included purchases made after normal workhours.

- Actively monitor driver PINs. For example, he did not immediately deactivate four PINs assigned to drivers no longer working at the site,

and two drivers had more than one PIN assigned to them.

Also, 198 transactions valued at $5,200 were made using a former site manager's PIN. We reviewed receipts for 127 transactions within our scope of review and determined all transactions were for fuel. However, there were 71 transactions with missing receipts or outside our scope of review. These transactions were referred to the OIG's Office of Investigations for further review.

When internal controls are not in place and functioning, Voyager card holders may misuse the card to make unauthorized or improper purchases. Further, the practice of sharing PINs inhibits accountability of purchases by driver making it more difficult for site managers or their designees to identify unauthorized use.

As a result of this audit, management appointed and trained a site manager to oversee the Voyager card program. Also, management deactivated all PINs assigned to employees no longer working at the site.

***WHAT THE OIG RECOMMENDED*:**
We recommended management establish controls to ensure the newly appointed site manager follows Voyager card standard operating procedures for missing receipts.

July 18, 2016

MEMORANDUM FOR: DEBORAH S. WOODRUM
DISTRICT MANAGER, SAN FRANCISCO DISTRICT

E-Signed by Asha Mede
ERIFY authenticity with eSign Deskto

for

FROM: Lorie Nelson
Director, Finance

SUBJECT: Audit Report – Internal Controls Over Voyager Card
Transactions – Petaluma-Casa Grande Station
(Report Number FT-FM-16-002)

This report presents the results of our audit of Internal Controls Over Voyager Card
Transactions at the Petaluma-Casa Grande Station (Project Number 16BG011FT000).

We appreciate the cooperation and courtesies provided by your staff. If you have any
questions or need additional information, please contact Asha Mede, deputy director,
Financial Controls, or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management

TABLE OF CONTENTS

Introduction

This report presents the results of our audit of Internal Controls Over Voyager Card Transactions – Petaluma-Casa Grande, CA, Station (Project Number 16BG011FT000). The Petaluma-Casa Grande Station is in the San Francisco District of the Pacific Area. This self-initiated audit is one of several audits of the Voyager card designed to provide U.S. Postal Service management with timely information on potential financial control risks at Postal Service locations.

We reviewed Voyager Fleet card[1] purchases and related receipts from November 1, 2015, to January 31, 2016, to determine the validity of the transactions. We also evaluated the Voyager card process and interviewed the site manager and other personnel responsible for oversight of the process. We relied on computer-generated data maintained by Postal Service systems. These systems included Enterprise Data Warehouse (EDW),[2] Fleet Commander,[3] Fuel Asset Management System (FAMS),[4] Time and Attendance Collection System (TACS),[5] and Web-based Complement Information System (WebCOINS).[6] We did not test the validity of controls over these systems; however, we verified the accuracy of the data by confirming our analysis and results with Postal Service managers. We determined that the data were sufficiently reliable for the purposes of this report.

We conducted this audit from May through July 2016, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We discussed our observations and conclusions with management on May 12, 2016, and included their comments where appropriate.

Transactions Outside Normal Workhours

The Voyager credit card tripwire identified 47 purchases of 205 (23 percent) that were made outside of the U.S. Postal Service Office of Inspector General (OIG)-defined normal workhours.[7]

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[1] Assigned to Postal Service vehicles and used to pay for fuel, oil, and routine vehicle maintenance.
[2] A repository intended for all data and the central source for information on retail, financial, and operational performance. Mission-critical information comes to the EDW from transactions that occur across the mail delivery system, points-of-sale, and other sources.
[3] Provides total access to observe, update, track and manage fleet operations and fleet card accounts.
[4] A cost management tool for managing and controlling fuel costs. The system allows authorized users to display and reconcile expenses (for example, fuel, oil, repairs, and washing) that were charged to Voyager credit cards.
[5] A system used by all installations that automates the collection of employee time and attendance information.
[6] A web interface that displays and stores information about employee complement details down to the office or unit level. The system gives local management a resource for monitoring and tracking employee complement.
[7] OIG-defined normal workhours as 7 a.m. to 5 p.m.

However, we reviewed supporting documentation and found that:

- Eighteen transactions were outside of normal workhours; but were valid fuel purchases.

- Thirteen transactions did not occur outside of normal workhours and were valid fuel purchases.

- Sixteen transactions were missing receipts; therefore we could not determine the validity of these transactions. We referred the information to the OIG's Office of Investigations for further review.

All transactions were assigned to 11 driver PINs and occurred during the holiday season from November 2015 to January 2016. The site manager stated the mail carrier's goal is to work until all the mail is delivered. Further, the Voyager card policy did not set a specific timeframe for purchasing fuel.

Receipts

Of 205 transactions we reviewed between November 1, 2015, and January 31, 2016, 61 (30 percent), valued at $1,573, did not have supporting receipts or the documentation that is required to explain missing receipts (Voyager Fleet Card Transaction: No Receipt Form) (see Table 1).

Table 1. Transactions With Missing Receipts

Month	Number of Transactions Reviewed	Value	Transactions With Missing Receipts[8]	Value of Transactions Missing Receipts
November	24	$919.89	9	$307.94
December	97	3,090.69	30	796.99
January	84	1,743.54	22	468.47
Total	**205**	**$5,754.12**	**61**	**$1,573.40**

Source: Postal Service, FAMS.

The designee responsible for the monthly reconciliations was aware of the policy but did not always require drivers to include receipts or explain why they were missing. In addition, he was not formally trained on Voyager card responsibilities.

Postal Service policy provides instruction on how to manage and reconcile Voyager card purchases and requires site managers or designees to take Voyager card training prior to performing reconciliation activities.[9] In addition, standard operating procedures[10] state that every attempt should be made to secure a receipt for each transaction.

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[8] These included purchases made after normal workhours.

[9] *Postal Bulletin* 22310 (5-5-11) Supply Management, Voyager eFleet Card Reconciliation Report and Training.

[10] *Voyager Fleet Card Standard Operating Procedures*, July 17, 2015.

In cases where the receipt is missing, the site manager must:

- Contact the cardholder to determine why the receipt is missing.
- Secure a signed Voyager Fleet Card Transaction: No Receipt Form.
- Verify the purchase was valid.
- Annotate the results of the determination in FAMS.

If Voyager transactions are not properly reconciled, the Postal Service may incur unauthorized or improper Voyager card transaction costs. We identified $1,573 of purchases with missing receipts.

As a result of this audit, on May 11, 2016, the postmaster appointed and trained a site manager to oversee the Voyager card program.

Oversight of Voyager Card Personal Identification Numbers

The designee responsible for managing Voyager card PINs did not actively monitor the PINs assigned to drivers. For example:

- One employee retired at the end of September 2015 and his PIN was used from October 1, 2015 to January 26, 2016, for 198 fuel transactions valued at $5,200. We reviewed the receipts for 127 transactions within our scope of review and determined all transactions were for fuel. However, there were 71 transactions with missing receipts or that were outside our scope.

- Four Postal Service employees not employed at the Petaluma-Casa Grande Station had active driver PINs. We did not identify any transactions within the scope of our audit related to these PINs.

- Two employees had more than one driver PIN assigned to them. The employees only used one of the PINs assigned to them to make purchases.

- A rural route carrier at the Petaluma-Casa Grande Station mistakenly made 35 fuel transactions using the PIN of a Seattle, WA, employee, whose PIN differed by one digit. The Petaluma – Casa Grande employee was unaware he was using an incorrect PIN. The designee responsible for monthly reconciliations did not thoroughly review the transactions for accuracy. The employee from Seattle, WA, appeared on the reconciliation report and the designee approved the transactions without question.

This occurred because the site manager's responsibilities were performed by three designees. One designee performed reconciliations and two managed the driver PINs; however, the designees managing the PINs did not communicate with the designee responsible for the monthly reconciliations. In addition, according to the station manager, a former site manager deliberately shared his PIN with numerous employees

before he retired. In January 2016, the Postal Service terminated the former site manager's PIN.

Postal Service policy states that every Postal Service-owned vehicle is assigned a Voyager card, and each vehicle driver receives a randomly assigned PIN. The driver PIN is a private number entered at the time of a transaction. A PIN must be used with each card transaction to identify the individual authorizing that particular purchase. Site managers are responsible for updating driver information in the Voyager card system. Also, they must maintain appropriate security over the PIN list.[11]

If site managers do not actively oversee driver PINs, the PINs could be stolen and misused to make improper purchases. Further, the practice of sharing PINs inhibits the accountability of purchases by driver, making it more difficult for the site manager or designee conducting reconciliations to identify unauthorized use. We identified $5,200 of transactions made using the former site manager's PIN. We also referred this issue to the OIG's Office of Investigations for further review.

On May 11, 2016, the postmaster appointed and trained one employee to oversee the Voyager card program. In addition, he updated the employee PIN list and terminated all inactive driver PINs. As a result, we are not making a recommendation regarding oversight of Voyager card PINs.

Recommendation

We recommend the manager, San Francisco District, instruct the postmaster, Petaluma-Casa Grande Station, to:

1. Establish controls to ensure the newly appointed site manager follows Voyager card standard operating procedures for missing receipts.

Management's Comments

Management agreed with the recommendation and stated that they immediately put controls in place on May 11, 2016, after the OIG informed them of the deficiencies. The postmaster will be responsible for ensuring that the standard operating procedures remain in place. In subsequent written correspondence, management agreed with the findings and monetary impact. See Appendix A for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendation in the report. We consider the recommendation closed with the issuance of this report.

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[11] *Voyager Fleet Card Standard Operating Procedure*, July 17, 2015.

Appendix A. Management's Comments

UNITED STATES
POSTAL SERVICE

July 8, 2016

LORI LAU DILLARD
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Internal Controls over Voyager Card Transactions
Report Number FT-FM-16-DRAFT

The Office of Inspector General presented the results of Internal Controls over
Voyager Card transactions at the Petaluma-Casa Grande Station (Project Number
16BG011FT0000). The findings are as follows:

- The Voyager card tripwire identified 47 of 205 (23%) purchases outside of
  normal work hours.
- 18 transactions occurred outside of normal work hours; however, purchases
  were valid fuel purchases.
- 13 transactions did not occur outside of normal hours and were valid fuel
  purchases.
- 16 transactions were missing receipts. OIG could not determine the validity
  of transactions. Information was referred to the OIG's Office of
  Investigations for further review.

Recommendation:
Establish controls to ensure the newly appointed site manager follows Voyager
card standard operating procedures for missing receipts

Management Response and Action Plan:
Management agrees with the recommendation.

- One employee retired at the end of September 2015, however his PIN
  was used from October 1, 2015 to January 26, 2016 for 198 fuel
  transactions valued at $5,200.

  This issue has been abated. This Employees PIN was cancelled in Jan
  2016. Employees had been using a Retired Supervisor's PIN to fuel.

- Four employees not employed at the Station had active driver PINs;
  however, we did not identify any transactions within our scope of review
  associated with these employees' PINs.

This issue has been abated. All PINS de-activated on 5/11/2016. These PINS were for a previous PM, a previous OIC, a Custodian and an unknown person. Although no fuel purchases were made with these PINS, they were still active.

- Two employees had more than one PIN

This issue has been abated. Duplicate PINS have been cancelled.

The site manager's responsibilities were split between three employees. One employee performed reconciliations and two managed the employee PINs. The employees managing the PINs did not communicate with the employee responsible for the monthly reconciliations. In addition, according to the station manager, a previous supervisor deliberately shared his PIN with numerous employees before he retired. In January 2016, his PIN was terminated.
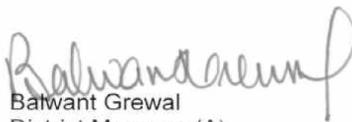
Target Implementation Date:

Controls were immediately put in place immediately after OIG informed of the deficiencies.

Responsible Official:

The Postmaster of Petaluma is responsible in ensuring the standard operating procedures remain in place.

If you need additional information, please let us know.

Balwant Grewal
District Manager (A)
San Francisco