

## COUNTY OF PLACER

## OFFICE OF AUDITOR-CONTROLLER

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October 29, 2010

Thomas Miller, County Executive Officer  
County Executive Office, Placer County  
175 Fulweiler Avenue  
Auburn, CA 95603

Re: Department of Public Works Review Phase - 2: Remaining Divisions

Dear Mr. Miller:

The Internal Audit Division of the Auditor-Controller's Office performed a review of the Department of Public Works divisions from July 1, 2008 to June 30, 2009. The purpose of our review was (a) to obtain an understanding of the entity's internal control over financial reporting and compliance, assess the control risks, and, as appropriate, make recommendations for improvement; (b) to verify the accountability of County assets through review of the cash receipts, cash disbursements, and payroll processes and to ensure cash funds and trust funds are safeguarded; (c) to determine whether the accounting records, financial reports and reconciliations, and systems are adequate; and (d) to determine whether the agency has complied with specific laws, regulations and County policies.

The Department of Public Works Review consisted of two phases. Phase 1 consisted of a review of the Automotive Fleet Division's operations and was reported on separately. Phase 2 of this review consisted of the Department of Public Works' cash disbursements including credit card (Voyager and County) transactions, employee reimbursements, travel, training, cellular phone usage, capital assets, payroll, cash receipts, accounts receivable, other assets inventory, as well as procurement and contracts.

We interviewed staff at the Department of Public Works in Auburn and Tahoe and spoke with other County departmental staff, as necessary. We also took a sample of accounting transactions related to these areas from July 1, 2008 through June 30, 2009 for our testing. Based on the sample selected, our summary of findings and recommendations are as follows.

## Summary of Findings and Recommendations

### Payroll

For payroll testing, we selected a sample of fifty various pay code transactions and pay periods from fiscal year 2008/09 for analysis. We noted the following:

- Two instances in which employees had leave reported on their timesheets; however there were no Employee Request for Leave Slips approving their time off.
- One instance in which the approver neglected to sign the timesheet.
- One instance in which the employee neglected to sign the timesheet.
- One instance in which the date of approved overtime differed from the date reported on the timesheet.

We recommend the department's employees over the payroll function tighten internal controls to alleviate further findings of this nature. Ensure supporting documentation contains all the necessary information such as correct dates, etc., all required forms are filled out in their entirety, and all documents contain the required signatures and approvals. In addition, we recommend the department continue to closely monitor and manage employees' use of OT/CTO, especially during pay periods in which employees use leave balances.

#### Department of Public Works Response:

*We will work harder to insure that the supporting timesheet documentation is accurate and completed in its entirety. We do and will continue to monitor overtime to 1) minimize the amount of overtime; and 2) insure that overtime is utilized within State statutes and County policies.*

### Voyager Fuel Cards

We noted deficiencies in internal controls over Voyager cards. For example, the Voyager cards have been assigned in the system to the department representative who stopped by the Fleet Division to pick up the card(s), not necessarily the person who actually utilizes the card. Numerous employees have multiple cards assigned to them which causes the inability to trace any transactions to a specific card user. In reviewing transactions on various card numbers for the year, several seem to have peculiar activity; however since cards are not assigned to individual employees, it is difficult to confirm the nature of the activity. Usage needs to be consistent with the type of vehicle and the duties/job assignment. The monthly Voyager card statements are checked by the Fleet custodian for unallowable purchases on the cards; however, fueling needs are unknown.

We recommend the Fleet division keep current and accurate records of the users of each Voyager card and hold the individual responsible for charges on the card by having the departments ensure they verify and sign for their monthly charges for the Voyager card. We also suggest the Fuel Credit Card Agreement be amended to include a certification statement that all charges on the

card are for fueling County vehicles only, and a reminder that reimbursements will be sought for any unnecessary charges.

We further recommend division managers review all charges monthly to verify fuel purchases are consistent with the needs of the vehicle. Any suspicious activity should be investigated and reimbursements sought for unauthorized or unallowable purchases.

Department of Public Works Response:

*We do receive and keep detailed records of Voyager Card transactions per card user (sample of billing attached). We are working with Voyager to prepare the reports sorted by Department so that they can be distributed to Departments so individuals and their Supervisor/Manager can attest (sign) to the authenticity and appropriateness of the charges.*

*We will amend our Fuel Credit Card agreement to add a certification statement. As revisions or new cards are issued to users they will be asked to sign the new form.*

*Voyager Cards are currently assigned to a user who uses it to fuel one vehicle. Many vehicles are utilized by different individuals. We will explore with Voyager additional controls to determine if it is possible to identify both the user and the vehicle at the pump.*

**Training Expenditures**

During our testing of training expenditures, we noted there was no evidence of attendance or completion of the training courses for some of the employees. There is no current requirement for staff to turn in certificates upon completion of the course to either their manager or to the personnel liaison in the department.

We recommend the department maintain complete supporting documentation including attendance or completion records for all employees who attended training courses.

Department of Public Works Response:

*We will begin requiring completion certificates for training courses for which one is provided. We recognize though, that not all courses provide certificates.*

**Cash Handling Practices**

During our review of cash handling practices we noted the following:

- The safe which typically contains Placer County Transit's daily deposits and the department's undistributed paychecks remains unlocked throughout the day.
- Cash is not being counted in dual custody.

- There are no control totals (for example, total Placer County Transit bus fares collected) to compare cash to after the deposit is counted so it is impossible to confirm all cash received is being deposited.
- Customers aren't always given a receipt for all transactions at the Placer County Transit office.

We recommend internal control practices be changed to mitigate risk in the area of daily cash handling practices. In accordance with Placer County's Cash Handling Handbook and Accounting Manual for Cash, the following are recommended. The safe needs to be locked throughout the day. When cash is being counted or handled, it should be done in the presence of two employees to maintain accountability and to safeguard the department against loss or theft. Control totals need to be obtained daily to reconcile cash collected to actual cash counted. All customers should be given a receipt for all transactions.

Department of Public Works Response:

*We will keep the safe locked throughout the day.*

*Transit is our only operation regularly dealing with cash. In the recent past, cash at Placer County Transit (PCT) was counted by the Supervisor every morning and brought to the Administration building where it was counted again by an Account Clerk who prepares the deposit. We have begun having the first count being performed with two people in attendance although we believe the longer term solution is the full implementation technology that will track our cash on individual busses, providing a control count, thereby reducing the need for a second counter.*

*In October of 2010 we implemented the first phase of a new electronic fare box system for PCT. In fact, the same system was implemented at our Tahoe Area Regional Transit (TART) operation in October of 2005. We were impressed by the usefulness of the system that we began looking for a grant to implement at PCT. We did receive money during the 2008/09 fiscal year which came to fruition this past October.*

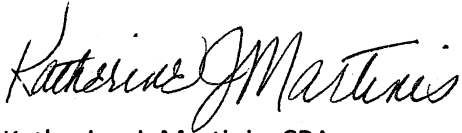
*The new system counts the money as passengers deposit money or other fare media in the fare box. The information is downloaded daily and provides a control count for the fare money being collected on each bus. Our second phase, that will soon be implemented, will, in addition, electronically track all money collected on busses. We believe the electronic farebox will provide the controls to most cost effectively account for our fare revenues.*

*We agree that all office cash transactions should be accompanied by a receipt. We do not (nor does the industry) provide a receipt for all patrons riding the bus.*

The Department's responses to the recommendations identified in our review are described above. We did not audit the Department's responses or attachment provided and, accordingly, we express no opinion on them.

We appreciate the courtesy and assistance of the Department of Public Work's staff throughout the course of our review.

Sincerely,

A handwritten signature in black ink, reading "Katherine J. Martinis". The signature is written in a cursive style with a large initial 'K'.

Katherine J. Martinis, CPA  
Auditor-Controller

cc: Ken Grehm, Director Public Works / Road Commissioner  
Cynthia Taylor, Senior Administrative Services Officer, Department of Public Works  
Nicole Howard, Internal Audit Manager  
Placer County Audit Committee



# PLACER COUNTY DPW FLEET INVOICE REPORT

PLACER COUNTY DPW FLEET  
ATTN SHARON BRYSON  
11448 F AVE  
AUBURN CA 95603-2714

ACCOUNT NUMBER **86901-3193**

CLOSING DATE **11-24-2010**

CARD NUMBER	TRANS DATE/TIME	VEN ID	TRANSACTION LOCATION/DESCRIPTION	TRANS ID	MSG ID	PROD CD	QUANTITY	TRANS AMOUNT	EXEMPTED TAXES
300695	10-25 11:48	SH	300 RIVER RD TAHOE CITY CA PLACER COUNTY DPW FLEET TOTAL FOR CARD 300695	0050526	8	UNLD	18.03	60.95	3.30
300713	10-25 12:10	CH	8369 N LAKE BLVD KINGS BEACH CA	0820574	8	UNLD	15.71	53.42	2.87
300713	11-02 08:10	CH	8369 N LAKE BLVD KINGS BEACH CA	0822120	8	UNLD	8.47	28.45	1.55
300713	11-02 18:19	SH	41965 NYACK ROAD EMIGRANT GAP CA	0585554	8	SUPR	18.62	62.56	3.41
300713	11-16 12:19	SH	300 RIVER RD TAHOE CITY CA	0125302	8	UNLD WASH	13.57 1.00	47.24 4.99	2.48 0.00
			PLACER COUNTY DPW FLEET TOTAL FOR CARD 300713				57.37	196.66	10.31
300742	11-21 09:25	CH	310 RIVER RD TAHOE CITY CA PLACER COUNTY DPW FLEET TOTAL FOR CARD 300742	7120811	8	UNLD	15.71	55.00	2.87
300743	10-28 20:32	CH	13381 LINCOLN WAY AUBURN CA	7501000	8	UNLD	13.64	43.63	2.50
300743	11-01 15:55	CH	12353 DEERFIELD DR TRUCKEE CA	3929439	8	UNLD	9.63	32.76	1.76
300743	11-09 18:27	IN	1191 BROCKWAY RD TRUCKEE CA	00037126	1	UNLD	9.93	32.78	1.82
300743	11-18 16:43	IN	1191 BROCKWAY RD TRUCKEE CA PLACER COUNTY DPW FLEET TOTAL FOR CARD 300743	00039726	1	UNLD	7.20	23.77	1.32
							40.70	132.94	7.40
300745	10-27 17:50	CH	8369 N LAKE BLVD KINGS BEACH CA	0821057	8	UNLD	9.35	31.78	1.71
300745	10-28 14:14	CH	8369 N LAKE BLVD KINGS BEACH CA	0821205	8	UNLD	9.79	33.30	1.79
300745	11-02 16:15	CH	8369 N LAKE BLVD KINGS BEACH CA PLACER COUNTY DPW FLEET TOTAL FOR CARD 300745	0822202	8	UNLD	9.80	32.93	1.79
							28.94	98.01	5.29
301152	11-02 16:18	CH	310 RIVER RD TAHOE CITY CA	7116835	8	DISL	28.06	101.00	6.82
301152	11-11 19:33	SH	300 RIVER RD TAHOE CITY CA	0110460	8	DISL	14.31	51.24	3.48
301152	11-11 19:35	SH	300 RIVER RD TAHOE CITY CA	0110478	8	UNLD	3.14	10.63	0.57
301152	11-12 15:24	CH	1701 PARK ST ALAMEDA CA	9880562	8	DISL	24.81	84.84	6.03
301152	11-14 13:20	SS	817 LEISURE TOWN RD VACAVILLE CA	132041	8	DISL	33.28	116.45	8.09
301152	11-15 13:10	SH	300 RIVER RD TAHOE CITY CA	0122515	8	DISL	18.84	69.33	4.58
301152	11-17 12:25	SH	300 RIVER RD TAHOE CITY CA PLACER COUNTY DPW FLEET TOTAL FOR CARD 301152	0129254	8	DISL	7.14	26.28	1.74
							129.58	459.77	31.31
301272	11-16 11:09	CH	4211 SIERRA COLLEGE BLVD ROCKLIN CA PLACER COUNTY DPW FLEET TOTAL FOR CARD 301272	7726880	8	UNLD	8.07	26.00	1.48
							8.07	26.00	1.48
301391	11-01 06:58	SS	400 AUBURN ST COLFAX CA	065816	8	UNLD	17.43	56.45	3.19
301391	11-03 06:54	SS	400 AUBURN ST COLFAX CA	065417	8	UNLD	19.24	63.10	3.52
301391	11-09 12:16	SS	400 AUBURN ST COLFAX CA	121641	8	UNLD	12.09	39.65	2.21
301391	11-19 07:29	SS	400 AUBURN ST COLFAX CA PLACER COUNTY DPW FLEET TOTAL FOR CARD 301391	072940	8	UNLD	28.30	93.35	5.18
							77.06	252.55	14.10

MESSAGE CODES: 1=ELECTRONIC SALE WITH AUTHORIZATION 2=KEYED SALE WITH AUTHORIZATION 4=ELECTRONIC SALE WITHOUT AUTHORIZATION  
5=KEYED SALE WITHOUT AUTHORIZATION 6=INTERNAL TRANSACTION 8=ELECTRONIC SALE AT PUMP 9=MANUAL SALE