

**Summit County
Department of Economic and Community Development
Building Standards Division
Vehicle Usage Logs Audit Report
For the Ten Months Ended October 31, 2011**

PREPARED FOR:

**Russell M. Pry
Audit Committee**

**Approved by Audit Committee
December 19, 2011**

**Summit County
Internal Audit Department
175 South Main Street
Akron, Ohio 44308**

*Lisa L. Skapura, Director
Mira Pozna, Deputy Director
Meredith Merry, Senior Auditor*

**Summit County Department of Community and Economic Development
Building Standards Division
Vehicle Usage Logs Audit Report
For the Ten Months Ended October 31, 2011**

Table of Contents

I.	General Background.....	3
II.	Objectives and Methodology.....	3
III.	Scope.....	4
IV.	Detailed Comments.....	5-7

Summit County Department of Community and Economic Development
Building Standards Division
Vehicle Usage Logs Audit Report
Background, Objectives and Methodology
For the Ten Months Ended October 31, 2011

GENERAL BACKGROUND

Summit County Codified Ordinance Section 169.25 states that all employees who are designated or who operate a County vehicle shall complete a usage log for the vehicle and submit the logs to the Department of Insurance and Risk Management on a quarterly basis. On October 4, 2007, Summit County Executive Russell M. Pry issued Executive Order 07-320 stating that all employees utilizing vehicles for the purpose of commuting will be subject to the IRS regulations regarding taxable fringe benefits. In addition, it states that Internal Audit will randomly audit logs to determine compliance with the Executive Order and IRS regulations.

AUDIT OBJECTIVES AND METHODOLOGY

The primary focus of this review was to provide reasonable assurance, based on the testing performed, that vehicle logs are being properly approved, submitted, and maintained in accordance with legislation and that payroll deductions are being made, if appropriate, for the respective employees in accordance with IRS Publication 15B.

We conducted this performance audit 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 audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Based on the results of our review, we prepared specific issues and recommendations for improvement that were discussed with management. These recommendations, as well as management's unaltered written response, can be found in the following sections of this report.

Disclaimer:

We recognize that the Internal Audit Department (IAD) utilizes county pool vehicles on a minimal basis and completes the vehicle log appropriately. Therefore IAD is unable to audit its own vehicle log use in order to maintain objectivity. Based on this fact, IAD vehicle log use is excluded from testing and review.

Summit County Department of Community and Economic Development
Building Standards Division
Vehicle Usage Logs Audit Report
For the Ten Months Ended October 31, 2011

Specific Objectives:

To ensure compliance with Codified Ordinance 169.25, Executive Order 07-320, and IRS Publication 15B.

Scope:

All vehicle logs completed and submitted to the Department of Insurance and Risk Management from January 1, 2011 through October 31, 2011.

The following were the major audit steps performed:

OBJECTIVE 1 – TO ENSURE COMPLIANCE WITH CODIFIED ORDINANCE, EXECUTIVE ORDER, AND IRS REGULATIONS

1. Meet with the appropriate personnel to obtain an understanding of the current processes and procedures for the handling of vehicle logs. Confirm that there are policies and procedures in place regarding vehicle log usage.
2. Confirm that the department's current RC-2 includes vehicle logs.
3. Obtain vehicle logs and perform detailed testing to assure compliance with legislation and IRS regulations.

Summit County Department of Community and Economic Development
Building Standards Division
Vehicle Usage Logs Audit Report
For the Ten Months Ended October 31, 2011

Detailed Comments

IAD obtained and reviewed the following legislation to gain an understanding of the requirements for completing, submitting, and maintaining vehicle logs and the applicable IRS regulations:

- Summit County Codified Ordinance 169.25,
- Summit County Executive Order 07-320,
- Summit County Executive Order 11-067,
- IRS Publication 15-B for 2011,
- IRS Taxable Fringe Benefit Guide, January 2011.

A meeting was held with the vehicle log coordinator to gain an understanding of the current processes and procedures for the handling of vehicle logs. The Summit County Employee Policy and Procedure manual for the Executive's Office was obtained to confirm that processes for the vehicle log forms were included. Additionally, contact was made with the coordinator to confirm that departmental procedures were in place.

A copy of an approved records retention schedule (RC-2) was obtained from Administrative Support personnel and reviewed to confirm that all records specific to the vehicle logs and vehicle log database were included in accordance with the Ohio Sunshine Laws.

All vehicle logs for the period January through October 2011 were selected and detailed testing was performed to confirm that the standard logs were utilized and that each log contained the appropriate driver and supervisor signature. A comparison of the county vehicle listing to the Building Standards vehicle logs was made in order to determine if a vehicle log was completed for all vehicles assigned to the Building Standards Division. Vehicle logs were also reviewed for instances where a pool vehicle was taken home and compared to a Banner payroll deduction report to confirm that the proper deduction was made to the respective employee's payroll, in accordance with IRS Publication 15B. Countywide testing was performed within the fringe benefits section of the audit to confirm that proper payroll deductions are being taken for employees assigned a designated vehicle.

In addition, a sample of five (5) vehicle logs was selected and traced and agreed to the vehicle log data spreadsheet maintained by the Department of Law, Insurance and Risk Management to confirm the accuracy of data submitted.

The following issues and recommendation were noted:

General Recommendation:

IAD recommends that the Building Standards Division include make, model, VIN, and license plate numbers on each vehicle log. IAD also recommends that a vehicle log be maintained separately for each vehicle rather than by driver (e.g., multiple vehicles on one log). In instances where a vehicle log was not fully completed, IAD *was* able to determine the vehicle(s) through discussions with personnel and review of the vehicle listing; however, by implementing the above recommendation, information on the vehicle logs will be clearer.

1. **Issue:**

Upon discussion with the Administrative Support personnel for the Building Standards Division, there are no written policies and procedures for vehicle log usage, in accordance with Codified

Summit County Department of Community and Economic Development
Building Standards Division
Vehicle Usage Logs Audit Report
For the Ten Months Ended October 31, 2011

Detailed Comments

Ordinance 169.25. Additionally, there was no reference to the \$1.50 per each one-way commute, in accordance with IRS Publication 15B.

Recommendation:

IAD recommends that the Building Standards Division put an approved written policy and procedure in place to include the above noted processes for vehicle log forms. In addition, reference to Codified Ordinance 169.25 and IRS Publication 15B should be made in order to properly document the criteria for such processes. This will help to ensure compliance with respective legislation.

Management Action Plan:

A policy and procedure page on vehicle log usage and \$1.50 charge per one-way commute has been added to the Policies and Procedures manual for the Building Standards Division.

2. **Issue:**

Upon review of the Department of Community and Economic Development Records Retention Schedule for Building Standards, it was noted that vehicle usage logs were not included in the schedule.

Recommendation:

IAD recommends that the Department of Community and Economic Development review and update their records retention schedule to include all records maintained by the department specific to vehicle logs. This will help to ensure compliance with the Ohio Sunshine Laws.

Management Action Plan:

Vehicle logs are now included in the Records Retention Schedule for Building Standards Division for the Department of Development.

3. **Issue:**

During detailed testing of the 2011 vehicle usage logs, IAD identified the following exceptions:

- a. Ten (10) out of one hundred seventy (170) instances where the appropriate vehicle log form was not used.
- b. Sixty-seven (67) out of one hundred seventy (170) instances where an employee/driver signature was not present.
- c. One hundred seventy (170) out of one hundred seventy (170) instances where supervisor approval was not present.

Recommendation:

IAD recommends that all vehicle usage logs be properly completed to include an employee/driver signature, certifying that the information is accurate, that they have a valid driver's license, and that miles traveled were for county business. Additionally, IAD recommends that all vehicle logs be submitted to the respective supervisor for review and approval. This will help to ensure that the vehicle usage logs are complete and approved.

Summit County Department of Community and Economic Development
Building Standards Division
Vehicle Usage Logs Audit Report
For the Ten Months Ended October 31, 2011

Detailed Comments

Management Action Plan:

Employees have been instructed by their Supervisor to keep the correct form in the vehicle, and to turn a signed form into their supervisor at the end of each month. Supervisors will forward the log sheets to the Office Administrator who will make sure appropriate signatures and entries are on the forms then will forward them to the Director of Development for signature before turning them in to Insurance/Risk Management Department.

Appropriate log sheets have been supplied to employees and placed in all pool vehicles in the Building Standards Division.