

**Summit County Executive Office**  
*Department of Law, Insurance and Risk Management*  
**2016 Vehicle Usage Log Audit Report**

**Prepared for:**

**Ilene Shapiro**  
**Audit Committee**

**Approved by Audit Committee**  
**March 21, 2017**



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**Summit County Executive's Office**  
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2016 Vehicle Usage Log Audit Report

**Table of Contents**

EXECUTIVE SUMMARY ..... 3

GENERAL BACKGROUND..... 4

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY ..... 4

DETAILED COMMENTS ..... 5

**Summit County Executive's Office**  
*Department of Law, Insurance and Risk Management*  
 2016 Vehicle Usage Log Audit Report

**EXECUTIVE SUMMARY**

**Total Number of Issues –2**

**Policies and Procedures**

<b>Section</b>	<b># Issues</b>	<b>Issue Descriptions</b>	<b>Page Ref.</b>
Policies and Procedures	0	N/A	5

**Internal Controls**

*Strong Internal Controls:*

<b>Testing Section</b>	<b># Issues</b>	<b>Issue Description</b>	<b>Page Ref.</b>
Vehicle Fuel	0	N/A	6
Vehicle Registration			

*Weaknesses in Internal Controls:*

<b>Testing Section</b>	<b># Issues</b>	<b>Issue Descriptions</b>	<b>Page Ref.</b>
Vehicle Log	2	<ul style="list-style-type: none"> <li>• Two hundred fifty-nine (259) out of six hundred twenty-eight (628) instances where the vehicle log was not complete.</li> <li>• Nine (9) out of three hundred forty-four (344) drivers who operated a county vehicle with no evidence of verification by the Department of Law, Insurance, and Risk Management.</li> </ul>	5

**Summit County Executive's Office**  
*Department of Law, Insurance and Risk Management*  
2016 Vehicle Usage Log Audit Report

**GENERAL BACKGROUND**

Summit County Codified Ordinance Section 169.25 states that all employees who are assigned a designated vehicle or who operate a county pool 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, SCOPE, AND METHODOLOGY**

The primary focus of this audit was to provide reasonable assurance, based on the testing performed, that vehicle logs are being properly complete, 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 15-B.

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.

**Objectives:**

To ensure compliance with Codified Ordinance, Executive Order, and IRS Regulations.

**Scope:**

All vehicle logs completed and submitted to the Department of Insurance and Risk Management from January 1, 2016 through December 31, 2016.

The following were the major audit steps performed:

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

1. Obtain and review appropriate legislation.
2. 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.
3. Obtain vehicle log data and perform detailed testing to assure compliance with legislation and IRS regulations.
4. Investigate discrepancies and summarize results. Make recommendations where appropriate.

**Summit County Executive's Office**  
*Department of Law, Insurance and Risk Management*  
2016 Vehicle Usage Log Audit Report

**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
- 2015 IRS Publication 15-B
- 2015 IRS Taxable Fringe Benefit Guide

The Summit County Employee Policy and Procedure manual for the Executive Office was obtained and reviewed to confirm that processes for the vehicle log forms were included.

An interview was conducted with the Deputy Director of Law, Insurance and Risk Management to gain an understanding of the current processes in place regarding vehicle logs.

Vehicle Log

Vehicle logs for four (4) months were reviewed for all departments for the period January 1, 2016 through December 31, 2016 and detail testing was performed to confirm that the standard logs were utilized and that each log was completed (e.g., driver name, mileage information, vehicle taken home, signatures, etc.). A comparison of the county vehicle listing to the vehicle logs was made in order to determine that a vehicle log was completed for all vehicles assigned to each department selected for detail testing. Vehicle logs were also reviewed for instances where a pool vehicle was taken home and compared to Banner to confirm that the proper deduction was made to the respective employee's payroll, in accordance with IRS Publication 15-B.

SambaSafety web portal was reviewed to confirm that employees operating a county vehicle were authorized to do so. Sharepoint vehicle mileage reports were obtained and reviewed to ensure no unaccounted mileage gaps occurred.

The following general recommendation and issues were noted:

General Recommendation:

Upon detail testing of the Department of Sanitary Sewer Services (DSSS), IAD noted that DSSS does not utilize the Department of Law, Insurance and Risk Management online vehicle mileage log in accordance with the County of Summit Vehicle Mileage Policy, "Information from the logs for each vehicle shall be entered into the Department of Law, Insurance, and Risk Management online mileage log site." IAD recommends that all County departments utilize the Department of Law, Insurance and Risk Management online vehicle mileage log. This will help to ensure completeness of vehicle mileage log data and compliance with County policies and procedures.

1. Issue:

During detailed testing of 2016 vehicle usage logs, IAD noted two hundred fifty-nine (259) of six hundred twenty-eight (628), or 41%, instances where the vehicle log was not complete (e.g., no supervisor/employee signature, vehicle taken home box not completed, no vehicle log, etc.).

Recommendation:

IAD recommends that supervisory review take place prior to vehicle log submission to the Department of Law, Insurance and Risk Management to verify the vehicle logs are completed in their entirety. This will help to ensure that vehicle logs are properly completed, in accordance with the Codified Ordinance §169.25.

**Summit County Executive's Office**  
*Department of Law, Insurance and Risk Management*  
2016 Vehicle Usage Log Audit Report

Management Action Plan:

Law, Insurance and Risk Management will continue to monitor the vehicle log system in share point, but the system is built in such a way that if a log is not completed properly by the user, that an error message goes to that person's supervisor and the supervisor should be working to correct the log in Sharepoint. To the extent that DoSSS is still using paper forms, the entire responsibility for the accuracy of the forms remains with the supervisors and ultimately the Director of DoSSS. The Law Director will continue to update the Director of DoSSS about the status of the vehicle logs.

2. Issue:

Upon comparison of 2016 vehicle log data to the SAMBA system, IAD noted nine (9) of three hundred forty-four (344), or 3%, drivers who operated a county vehicle with no evidence of verification by the Department of Law, Insurance, and Risk Management.

Recommendation:

IAD recommends that all drivers be verified semi-annually by the Department of Law, Insurance and Risk Management, in accordance with best practices. This will help to ensure that vehicles are operated solely by authorized individuals.

Management Action Plan:

Law, Insurance and Risk Management will continue to verify the status of authorized drivers semi-annually. We will also continue to reach out to departments that have drivers with issues (excessive points, or expired licenses) when we receive the verification reports. Additionally, at the beginning of each year we request all departments with authorized drivers to update their lists, so that the appropriate executive order can be completed. Given the number of authorized drivers it is impossible to verify their status any more frequently than semi-annually. Further, we are reliant upon each department to update us with additions to their authorized driver list throughout the year. To the extent that this does not happen, we are unable to verify those drivers.

Vehicle Fuel

Interviews were conducted to gain an understanding of the vehicle fuel process. A vehicle fuel report was obtained and a sample of vehicles were selected for detail testing to ensure the mileage per gallon (MPG) usage appeared reasonable.

No issues noted.

Vehicle Registration

Interviews were conducted to gain an understanding of the vehicle registration process. A vehicle inventory listing was obtained and a sample of vehicles were selected for detail testing to ensure the vehicle was registered with the Ohio Bureau of Motor Vehicles (BMV) in accordance with Ohio Revised Code §4503.16.

No issues noted.