

Summit County Executive Office
Department of Community and Economic Development
Home Weatherization Division
Vehicle Usage Logs Audit Report
For the Two Quarters Ended June 30, 2012

Prepared For:

Russell M. Pry
Audit Committee

Approved by Audit Committee
December 18, 2012



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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 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 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.

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Specific Objectives:

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

Scope:

All vehicle logs completed and submitted to the Department of Insurance and Risk Management from January 1, 2012 through June 30, 2012.

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. Confirm that the department's current RC-2 includes vehicle logs.
4. Obtain vehicle log data and perform detailed testing to assure compliance with legislation and IRS regulations.

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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 2012,
- IRS Taxable Fringe Benefit Guide, January 2012.

A meeting was held with the Assistant Director of Administration of the Department of Law, Insurance and Risk Management to gain an understanding of the current processes and procedures for the handling of vehicle logs. An approved policy and procedure for the Operation of a County Vehicle for the Department of Community and Economic Development was obtained and reviewed to confirm that processes for the completion, approval, and submission of vehicle logs was included.

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

All vehicle logs for the period January 1, 2012 through June 30, 2012 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 Home Weatherization vehicle logs was made in order to determine that a vehicle log was completed for all vehicles assigned to the Home Weatherization Division. Vehicle logs were also reviewed for instances where a pool vehicle was taken home and compared to Banner to confirm that the proper deductions were made to the respective employee's payroll, in accordance with IRS Publication 15-B. Countywide testing was performed within the fringe benefits section of the audit to confirm that proper payroll deductions are being made for employees assigned a designated vehicle.

An authorized driver listing was obtained from the Deputy Director of the Department of Law, Insurance and Risk Management which was compared to the vehicle log data to confirm that employees operating a county vehicle are authorized to do so.

The following issues were noted during detailed testing:

1. Issue:

Upon review of the Department of Community and Economic Development Records Retention Schedule (RC-2) for Home Weatherization, it was noted that vehicle usage logs were not included.

Recommendation:

IAD recommends that the Department of Community and Economic Development review and update their RC-2 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 log records will be added to the RC-2 for the department. The RC-2 update will be approved at the February Records Commission meeting.

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Detailed Comments

2. Issue:

During detailed testing of the 2012 vehicle usage logs, IAD identified the following exceptions:

- Eleven (11) out of thirty-one (31) instances where supervisor approval was not present.
- Four (4) out of thirty-one (31) instances where a gap in mileage was identified.

Recommendation:

IAD recommends that all of the vehicle logs be submitted to the respective supervisor for review and approval. Additionally, IAD recommends that the supervisor review the logs for mileage gaps and document the reason on the log. This will help to ensure that all mileage is accounted for and reviewed by a supervisor, in accordance with the codified ordinance.

Management Action Plan:

The director will now sign all vehicle logs and review for mileage gaps. This process will be added to the Policies and Procedures Manual.