

Summit County Prosecutor's Office
Legal Division
Vehicle Usage Logs Audit Report
For the Two Quarters Ended June 30, 2012

Prepared For:

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Audit Committee

Approved by Audit Committee
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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. Additionally, contact was made with the Prosecutor's Office Personnel Administrator to confirm that departmental procedures are in place.

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 Prosecutor's vehicle logs was made in order to determine that a vehicle log was completed for all vehicles assigned to the Prosecutor's Office. 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 discussions with the Prosecutor's Office Personnel Administrator, there are no written policies and procedures for vehicle log usage, in accordance with Codified Ordinance 169.25 and IRS Publication 15-B.

Recommendation:

IAD recommends that the Prosecutor's Office create and disseminate to applicable personnel a policy and procedure to include the processes for vehicle log forms. In addition, reference to Codified Ordinance 169.25 and IRS Publication 15-B should be made in order to properly document the criteria for such processes. This will help to ensure compliance with the respective legislation.

Management Action Plan:

A Policy has been written and approved by the appointing authority.

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Detailed Comments

2. Issue:

During detailed testing of the 2012 vehicle usage logs for the eleven departmental pool vehicles, IAD identified the following exceptions:

- Eight (8) out of sixty (60) instances where the log was missing.
- Forty-five (45) out of fifty-two (52) instances where supervisor approval was not documented.
- Six (6) out of fifty-two (52) instances where a mileage gap was identified.

Recommendation:

IAD recommends that the Prosecutor's Office complete the respective standard vehicle mileage log to include all vehicle/driver information (e.g., whether the vehicle was taken home, driver's signature, and supervisor's signature). 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 the vehicle usage logs are complete and approved in accordance with legislation, as well as help to ensure that necessary payroll deductions are made, when applicable.

Management Action Plan:

The responsibility of review and approval of the office vehicle logs has been transferred to the Chief investigator who is the supervisor of the Investigators and the Direct Indictment officers who use these vehicles. The office also has one pool that is kept for prosecutor and administrative use. The logs for the before mentioned pool vehicle will be reviewed and approved by the Personnel Administrator.

3. Issue:

IAD compared the employees listed on the vehicle logs to the master list of authorized drivers provided by the Department of Law, Insurance and Risk Management and noted that two employees were not authorized to operate a Summit County vehicle.

Recommendation:

IAD recommends that vehicle logs be periodically reviewed to confirm that individuals operating county vehicles are included on the authorized driver listing, maintained by the Department of Law, Insurance and Risk Management. This will help to ensure that vehicles are operated solely by authorized individuals.

Management Action Plan:

A current list of authorized drivers has been reviewed and updated with Insurance and Risk Dept.