

Summit County Executive Office
Medical Examiner
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
March 19, 2013



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Summit County Executive Office
Medical Examiner
Vehicle Usage Logs Audit Report
For the Two Quarters Ended June 30, 2012

TABLE OF CONTENTS

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

Summit County Executive Office
Medical Examiner
Vehicle Usage Logs Audit Report
For the Two Quarters Ended June 30, 2012

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.

Summit County Executive Office
Medical Examiner
Vehicle Usage Logs Audit Report
For the Two Quarters Ended June 30, 2012

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.

Summit County Executive Office
Medical Examiner
Vehicle Usage Logs Audit Report
For the Two Quarters Ended June 30, 2012

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 Medical Examiner's vehicle log administrator to confirm that departmental procedures were in place.

A copy of an approved records management and retention schedule (RC-2) for the Medical Examiner's Office 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 Medical Examiner's vehicle logs was made in order to determine that a vehicle log was completed for all vehicles assigned to the Medical Examiner'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 deduction was 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 and 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 Administrator for the Medical Examiner's Office, 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 Medical Examiner 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.

Summit County Executive Office
Medical Examiner
Vehicle Usage Logs Audit Report
For the Two Quarters Ended June 30, 2012

Detailed Comments

Management Action Plan:

Update Memo distributed 12/31/2008, emphasizing necessity to sign and date the mileage entry. Redistribute a copy of 169.25 of the codified ordinances of Summit County. No pool vehicle is ever driven home, and will put in writing what is universally understood in the office.

2. Issue:

Upon review of the Medical Examiner Records Retention Schedule (RC-2), it was noted that vehicle usage logs were not included.

Recommendation:

IAD recommends that the Medical Examiner's Office 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:

Contact Teresa Corall to update current RC-2 to include vehicle usage logs for upcoming Records Commission meeting in February.

3. Issue:

Upon discussion with Assistant Director of Administration of the Department of Law, Insurance and Risk Management, IAD noted that Medical Examiner vehicle logs were not scanned and submitted to the Department of Insurance for 2012, in accordance with Codified Ordinance 169.25.

Recommendation:

IAD recommends that the Medical Examiner's Office scan and submit vehicle logs to the Department of Insurance, at least quarterly, in accordance with the Codified Ordinance. This will help to ensure compliance with applicable legislation.

Management Action Plan:

We currently have scanner that I believe we can now scan logs to be e-mailed to Insurance and Risk Management either monthly or bi-monthly.

4. Issue:

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

- Nine (9) out of twelve (12) instances where at least one driver's signature was not present.
- Twelve (12) out of twelve (12) instances where supervisor approval was not documented.
- Seven (7) out of twelve (12) instances where a mileage gap was identified.

Summit County Executive Office
Medical Examiner
Vehicle Usage Logs Audit Report
For the Two Quarters Ended June 30, 2012

Detailed Comments

- Seven (7) out of twelve (12) instances where the log did not indicate if the vehicle was taken home to determine if a payroll deduction should be made.

Recommendation:

IAD recommends that the Medical Examiner's Office complete the standard Pool Vehicle Mileage Log to include all vehicle/driver information (e.g., whether the vehicle was taken home, driver's signature, and supervisor's signature). This will help to ensure that the vehicle usage logs are complete and approved as well as help to ensure that necessary payroll deductions are made, when applicable.

Management Action Plan:

Updated Memo distributed to all vehicle operators on 12/31/2008 outlining policy and procedures for the use of county vehicles and emphasizing necessity to enter the mileage and signing and dating the mileage entry. Redistributed a copy of 169.25 of the codified ordinances of Summit County outlining the use of county vehicles. All three vehicles are available for each of our three shifts, and no vehicle is ever driven home.

RC-2 was updated to include vehicle usage logs by the County Executive Records Manager and submitted to the Records Commission meeting in February.

We will scan and e-mail the vehicle log reports monthly.

Chief Investigator or Administrator will review the log sheets weekly for compliance and will approve and sign the log sheets. No vehicles are ever taken home, so we do not need the IRS publication (15-B). Periodic review of log sheets should reduce and hopefully eliminate the number of unintended recording gaps.