

**Summit County Juvenile Court
Vehicle Usage Logs Audit Report
For the Ten Months Ended October 31, 2011**

PREPARED FOR:

**The Honorable Linda T. Teodosio
Audit Committee**

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

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**Summit County Juvenile Court
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 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 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.

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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.

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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 2011,
- IRS Taxable Fringe Benefit Guide, January 2011.

A meeting was held with the vehicle log coordinator and the Court Administrator 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 Vehicle for Juvenile Division Business 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 from the Court Administrator and reviewed to confirm that all records specific to the vehicle logs and vehicle log database was included in accordance with the Ohio Sunshine Laws.

All vehicle logs for the period January 1, 2011 through October 31, 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 Juvenile Court vehicle logs was made in order to determine that a vehicle log was completed for all vehicles assigned to the Juvenile Court. 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 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 were noted during detailed testing:

1. Issue:

Upon review of the Operation of a Vehicle for Juvenile Division Business policy and procedure, IAD noted reference to the Department of Insurance and Risk Management requirements; however, there was no mention of the process for completing, approving, and submitting the standard vehicle log forms, in accordance with Codified 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 Juvenile Court review and update their policy and procedure 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 the respective legislation.

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Detailed Comments

Management Action Plan:

The Operation of a Vehicle for Juvenile Division Business policy was updated to include the process of completing and approving the vehicle logs. In addition, the policy was updated to include employees being prohibited from individually assigned or take home cars.

2. Issue:

Upon review of the Juvenile Court Records Management and Retention Schedule, it was noted that vehicle usage logs are not included on the schedule.

Recommendation:

IAD recommends that the Juvenile Court review and update their Records Management and Retention Schedule to include all records maintained by the Court specific to vehicle logs. This will help to ensure compliance with the Ohio Sunshine Laws.

Management Action Plan:

The Juvenile Court's Records Management and Retention Schedule will be updated to include the vehicle logs.

3. Issue:

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

- a. Twenty (20) out of one hundred eighty-one (181) vehicle usage logs where an employee/driver signature was not present.
- b. Eleven (11) out of one hundred eighty-one (181) vehicle usage logs where a supervisor approval signature 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.

Management Action Plan:

The Operation of a Vehicle for Juvenile Division Business policy was updated to include review and approval by department heads to ensure accuracy and completion.

4. Issue:

Upon comparison of the 2011 Juvenile Court vehicle logs to the listing of county vehicles, IAD noted nineteen (19) out of two hundred (200) instances where a vehicle log should have been completed, but was not.

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Detailed Comments

Recommendation:

IAD recommends that the Juvenile Court compare the vehicle logs submitted to a vehicle listing in order to ensure that all logs have been submitted. Additionally, IAD recommends that a vehicle log be maintained in each vehicle and in the event of no activity, notation should be made on the log and submitted to the vehicle log coordinator. This will help to ensure that a vehicle log is completed and submitted for each county vehicle assigned to Juvenile Court.

Management Action Plan:

The Operation of a Vehicle for Juvenile Division Business policy was updated to include:

The requirement that a vehicle log be maintained in each Juvenile Division vehicle.

Department heads ensure that all logs have been submitted for each vehicle. In the event a vehicle has no activity, notations should be made on the vehicle log.

The vehicle log coordinator shall compare the vehicle logs submitted to a current vehicle listing to ensure that all logs have been submitted.

5. Issue:

Upon comparison of five (5) randomly selected vehicle logs to the mileage log data obtained from the Department of Insurance and Risk Management, it was noted that complete data from one (1) of the five (5) vehicle logs was not submitted, as mandated by Codified Ordinance 169.25.

Recommendation:

IAD recommends that the Juvenile Court review all vehicle logs prior to submitting them to the Department of Insurance and Risk Management in order to confirm a complete set of data. This will help to ensure that all vehicle mileage data is submitted in accordance with the Codified Ordinance.

Management Action Plan:

The Operation of a Vehicle for Juvenile Division Business policy was updated to include the process of completing and approving the vehicle logs. The vehicle log coordinator is responsible for complete and accurate data be submitted to the Department of Insurance and Risk Management.