

**Summit County Executive's Office:  
Department of Administrative Services-  
Administration and Physical Plants Departments  
Vehicle Usage Logs Audit Report  
For the Ten Months Ended October 31, 2011**

**PREPARED FOR:**

**Russell M. Pry  
Audit Committee**

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

**Summit County  
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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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**Scope**

**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.

Meetings were held with the Department of Administrative Services (DAS) Executive Assistant as well as with Building Maintenance Superintendents of both the Ohio Building and the Summit County Jail, to gain an understanding of the current processes and procedures for the handling of vehicle logs.

An approved Records Retention Schedule (RC-2) was obtained and reviewed for both the DAS and the Physical Plants Department (PPD) to confirm that all records specific to the vehicle logs 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 both the DAS and PPD vehicle logs was made in order to determine that a vehicle log was completed for all vehicles assigned to the respective departments. 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 logs from each individual responsible for submitting vehicle log information 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:

**Administration**

1. Issue:

Upon discussion with the Executive Assistant for the Department of Administrative Services, there are no policies and procedures for vehicle usage or 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 Department of Administrative Services create, approve, and disseminate a formal policy and procedure for the above noted processes. In addition, references to Codified Ordinance 169.25 and IRS Publication 15B should be made to properly document the criteria for such processes. This will

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help to ensure that procedures are in place to achieve departmental goals specific to vehicle usage as well as help to ensure compliance with the respective legislation.

**Corrective Action Taken Prior to the End of Fieldwork:**

An approved County of Summit Department of Administrative Services Designated Vehicle Usage procedure was obtained and reviewed for compliance with the respective legislation.

2. **Issue:**

Upon review of the Department of Administrative Services Records Retention Schedule (RC-2), it was noted that vehicle usage logs are not included in the schedule.

**Recommendation:**

IAD recommends that the Departments of Administrative Services 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:**

The Director of Administrative Services has submitted an RC-2 to the Department of Law, Records Commission Secretary on November 30, 2011 for approval in February, 2012.

3. **Issue:**

During detailed testing of the 2011 vehicle usage logs for the one (1) designated vehicle, there were nine (9) out of nine (9) instances where an employee/driver 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. This will help to ensure that the vehicle usage logs are complete.

**Management Action Plan:**

The signed forms have been submitted to the Department of Insurance. They will be submitted to the Department of Insurance on a monthly basis beginning 12/7/2011.

4. **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 five (5) of the five (5) vehicle logs was not submitted, as mandated by Codified Ordinance 169.25.

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**Detailed Comments**

**Recommendation:**

IAD recommends that the Department of Administrative Services collect and submit all vehicle log data to the Department of Law, Insurance and Risk Management at least quarterly in order to help to ensure compliance with respective legislation.

**Management Action Plan:**

The data has been submitted to the Department of Insurance and Risk Management. The Executive Assistant for Administrative Services was unable to input data into the Access Program for the mileage logs beginning June, 2011. Signed forms will be submitted to the Department of Insurance on a monthly basis effective 12/7/2011.

**Physical Plants Department**

1. **Issue:**

Upon discussion with the Deputy Director of Physical Plants, there are no policies and procedures for vehicle usage or 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 Physical Plants Department create, approve, and disseminate a formal policy and procedure for the above noted processes. In addition, references to Codified Ordinance 169.25 and IRS Publication 15B should be made to properly document the criteria for such processes. This will help to ensure that procedures are in place to achieve departmental goals specific to vehicle usage as well as help to ensure compliance with the respective legislation.

**Management Action Plan:**

The Physical Plants Department has incorporated a procedure for vehicle usage in the Physical Plants Policy and Procedure Manual which should be completed in March, 2012. Physical Plants does not assign designated vehicles, in the event that a vehicle is taken home, \$1.50 per each one-way commute will be implemented per IRS Publication 15B .

2. **Issue:**

Upon review of the Physical Plants Department Records Retention Schedule (RC-2), it was noted that vehicle usage logs were not included on the schedule.

**Recommendation:**

IAD recommends that the Physical Plants Department 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.

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**Detailed Comments**

Management Action Plan:

An RC-2 has been submitted to the Department of Law, Records Retention on November 30, 2011 for approval in February, 2012.

3. Issue:

During detailed testing of the 2011 Physical Plants department vehicle usage logs for the ten (10) departmental pool vehicles, there were thirty-four (34) out of two hundred seventy-six (276) logs where an employee/driver 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 the supervisor confirm that employee/driver sign-offs are present everywhere that is applicable. This will help to ensure that vehicle logs are complete and accurate.

Management Action Plan:

Signatures are now required and reviewed by the Maintenance Superintendent. This has been included in the Physical Plants Policy and Procedure Manual which should be completed in March, 2012.