

**Summit County Executive Office**  
*Department of Law, Insurance and Risk Management*  
**2018 Vehicle Usage Log Audit Report**

**Prepared for:**

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**Audit Committee**

**Approved by Audit Committee**  
**June 3, 2019**



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**EXECUTIVE SUMMARY**

**Total Number of Issues – 4**

**Policies and Procedures**

<b>Section</b>	<b># Issues</b>	<b>Issue Descriptions</b>	<b>Page Ref.</b>
Policies and Procedures	0	N/A	5

**Internal Controls**

*Weaknesses in Internal Controls:*

<b>Testing Section</b>	<b># Issues</b>	<b>Issue Descriptions</b>	<b>Page Ref.</b>
Vehicle Log	4	<ul style="list-style-type: none"> <li>• Instances where the vehicle log was not complete.</li> <li>• Instances where the vehicle mileage log was not entered into the Sharepoint database.</li> <li>• Drivers who operated a county vehicle prior to being verified in the Embark Safety system.</li> <li>• Employee consent not being received prior to obtaining an employee driving record.</li> </ul>	5

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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 via the Sharepoint website. 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, SCOPE, AND METHODOLOGY**

The primary focus of this audit was to provide reasonable assurance, based on the testing performed, that vehicle logs are being properly complete, 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.

**Objectives:**

To ensure compliance with Codified Ordinance, Executive Order and Federal Regulations.

**Scope:**

All vehicle logs completed and submitted to the Department of Insurance and Risk Management from January 1, 2018 through December 31, 2018.

The following were the major audit steps performed:

**OBJECTIVE 1 – TO ENSURE COMPLIANCE WITH CODIFIED ORDINANCE, EXECUTIVE ORDER AND FEDERAL 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. Obtain vehicle log data and perform detailed testing to assure compliance with legislation and IRS regulations.
4. Investigate discrepancies and summarize results. Make recommendations where appropriate.

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**DETAILED COMMENTS**

**POLICIES AND PROCEDURES**

IAD obtained and reviewed the following legislation to gain an understanding of the requirements for completing, submitting, and maintaining vehicle logs; and the applicable federal regulations:

- Summit County Codified Ordinance §169.25
- Summit County Executive Order 07-320
- 2018 IRS Publication 15-B
- IRS Taxable Fringe Benefit Guide
- Fair Credit Reporting Act

The Summit County Employee Policy and Procedure manual for the Executive Office was obtained and reviewed to confirm that processes for the vehicle log forms were included.

An interview was conducted with the Deputy Director of Law, Insurance and Risk Management to gain an understanding of the current processes in place regarding vehicle logs.

No issues were noted.

**VEHICLE LOGS**

Vehicle logs for three (3) months were reviewed for all departments for the period January 1, 2018 through December 31, 2018 and detail testing was performed to confirm that the standard logs were utilized and that each log was completed (e.g., driver name, mileage information, vehicle taken home, signatures, etc.) and that vehicle log information was submitted to the Department of Insurance (Sharepoint) website, in accordance with Summit County Codified Ordinance §169.25. A comparison of the county vehicle listing to the vehicle logs was made in order to determine that a vehicle log was completed for all vehicles assigned to each department selected for detail testing. 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.

The Embark Safety web portal was reviewed to confirm that employees operating a county vehicle were authorized to do so. Sharepoint vehicle mileage reports were obtained and reviewed to ensure no unaccounted mileage gaps occurred. Additionally, testing was performed to ensure a consent form was obtained for all verified drivers in accordance with the Fair Credit Reporting Act (FCRA) §604(b)(2).

The following issues were noted:

1. Issue:

During detailed testing of 2018 vehicle usage logs, IAD noted six hundred and fifty-nine (659) of one thousand one hundred and nineteen (1,119), or 59%, instances where the vehicle log was not complete (e.g., missing logs, incomplete information, etc.).

- Three hundred and fifteen (315) instances – Engineer's Office
- Two hundred and thirty-four (234) instances – Department of Sanitary Sewer Services
- Sixty-four (64) instances – Building Standards
- One (1) instance – Physical Plants
- Forty-four (44) instances – Fiscal Office
- One (1) instance – Department of Development

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Recommendation:

IAD recommends that vehicle logs be completed upon submission to the Department of Law, Insurance and Risk Management and that supervisory review take place. This will help to ensure that all vehicle mileage is accounted for and properly reviewed, in accordance with the Summit County Codified Ordinance §169.25.

Management Action Plan:

The Fleet Manager will be taking over responsibility for the Vehicle Audit by 7/1/2019, after some training with Joe Donofrio. The fleet manager will follow up with each department to make sure the missing items are corrected on the Share Point site.

Target Date:

10/1/2019

2. Issue:

Upon detail testing, IAD noted three hundred and forty-seven (347) out of six hundred and thirty-one (631) instances, or 55%, where the vehicle mileage log was not entered into the Department of Law, Insurance and Risk Management's database, in accordance with Summit County Codified Ordinance § 169.25.

- Twenty-seven (27) instances – Engineer's Office
- Two hundred and six (206) instances – Department of Sanitary Sewer Services
- Sixty-four (64) instances – Building Standards
- Five (5) instances – Physical Plants
- Forty-four (44) instances – Fiscal Office
- One (1) instance – Department of Development

Recommendation:

IAD recommends that vehicle logs data be entered into the Department of Law, Insurance and Risk Management's database. This will help to ensure compliance with the Summit County Codified Ordinance §169.25.

Management Action Plan:

The Fleet Manager will be taking over responsibility for the Vehicle Audit by 7/1/2019, after some training with Joe Donofrio. The fleet manager will follow up with each department to make sure the missing items are corrected on the Share Point site.

Target Date:

12/1/2019 (it may take the departments longer to track down entire logs to enter.)

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3. Issue:

Upon comparison of 2018 vehicle log data to the Embark Safety System, IAD noted twenty (20) out of five hundred and seventy-three (573), or 3%, drivers who operated a county vehicle prior to being verified (e.g., license suspension, number of points, etc.) in the Embark system. In addition, IAD noted no policy in place regarding disciplinary action for driver's/department's utilizing a county vehicle without ensuring their driver has been authorized by the Department of Law, Insurance and Risk Management.

- Three (3) instances – Department of Sanitary Sewer Services
- One (1) instance – Physical Plants
- One (1) instance – Job and Family Services
- Two (2) instances – Department of Development (HWAP)
- Thirteen (13) instances – Board of Elections

Recommendation:

IAD recommends that all drivers be verified prior to operating a County vehicle by the Department of Law, Insurance and Risk Management, in accordance with Summit County Codified Ordinance § 169.25. In addition, IAD recommends a policy be created to ensure each department is responsible for notifying the Department of Law, Insurance and Risk Management of their drivers prior to operating a County vehicle. This will help to ensure that vehicles are operated solely by authorized individuals.

Corrective Action Taken Prior to the End of Fieldwork:

- Three (3) instances were corrected – Department of Sanitary Sewer Services
- One (1) instance was corrected - Physical Plants
- One (1) instance was corrected – Job and Family Services
- Two (2) instances were corrected – Department of Development (HWAP)
- One (1) of the thirteen (13) instances was corrected as a result of the audit and corrective action was obtained. The other twelve (12) instances are no longer active drivers and therefore, no longer applicable. – Board of Elections

Management Action Plan:

HRD and Law are currently working on job descriptions to determine who actually needs to be verified as not all positions that currently are verified do not actually need to drive. Upon completion of that review, we will establish a policy to ensure that all new hires who have driving in their job description sign an MVR release and are verified prior to being permitted to drive.

Target Date:

10/31/2019

4. Issue:

Upon review and discussion with personnel, IAD noted employee consent is not received prior to obtaining an employee driving record, in accordance with the Fair Credit Reporting Act (FCRA) §604(b)(2).

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Recommendation:

IAD recommends driver's consent be received prior to obtaining a driving record. In addition IAD recommends, a policy & procedure be created, approved & disseminated regarding the process. This will help to ensure compliance with the FCRA.

Management Action Plan:

HRD and Law Department are working on a form, and procedures to rectify this with both new employees and existing employees. A policy will be put in place to obtain a signed release from all new hires. A communication piece will be developed with the Communications Department to reach out to existing employees who are authorized drivers to obtain their signatures on a release. Releases will be maintained in the employee file.

Target Date:

Fully complete by 10/31/2019