

**Summit County Department of Job and Family Services
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**

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**Summit County Department of Job and Family Services
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 Administrative Assistant to gain an understanding of the current processes and procedures for the handling of vehicle logs. An approved policy and procedure for the Travel, Request for Payment/Reimbursement and Use of County Vehicles 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 Retention Schedule (RC-2) was obtained from the Administrative Assistant and reviewed 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 the Department of Job and Family Services (DJFS) vehicle logs was made in order to determine that a vehicle log was completed for all vehicles assigned to the DJFS. 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 (5) 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 Department of Job and Family Services (DJFS) Travel, Request for Payment/Reimbursement and Use of County Vehicle policy, 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 DJFS 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 DJFS Travel, Request for Payment/Reimbursement and Use of County Vehicle policy will be updated to include 1) the process for completing, approving, and submitting the standard vehicle log forms, in accordance with Codified Ordinance 169.25, and 2) the \$1.50 per each one-way commute, in accordance with IRS Publication 15B. **Completion Date: December 31, 2011.**

2. Issue:

Upon review of the Department of Job and Family Services (DJFS) Records Retention Schedule (RC-2), it was noted that vehicle usage logs were not included on the schedule.

Recommendation:

IAD recommends that the DJFS 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:

Vehicle usage logs have been added to the draft of the DJFS Records Retention Schedule (RC-2) (please see attached). The RC-2 will not become the approved RC-2 for the agency until after the February Records Commission Meeting. **Completion Date: February 29, 2012.**

3. Issue:

During detailed testing of the 2011 vehicle usage logs for the fourteen (14) departmental pool vehicles, IAD identified the following exceptions:

- One hundred forty-one (141) out of one hundred eighty-five (185) vehicle usage logs where the current Pool Vehicle Mileage Log was not utilized; therefore, IAD was unable to confirm whether the vehicle was used for commuting,
- Thirty-three (33) out of one hundred eighty-five (185) vehicle usage logs where an employee/driver signature was not present,
- All one hundred eighty-five (185) vehicle usage logs did not contain supervisory approval.

Recommendation:

IAD recommends that the DJFS begin utilizing the standard Pool Vehicle Mileage Log issued from the Department of Law, Insurance, and Risk Management. Additionally, 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. Furthermore, 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:

DJFS will update all vehicle binders with the current Pool Vehicle Mileage Log and ensure they are used by staff. **Completion Date: December 31, 2011.**

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Detailed Comments

All vehicle logs will be checked for employer/driver signatures. Omitted signatures will be obtained from employee/driver before logs are scanned and emailed to the Department of Insurance, in accordance with Codified Ordinance 169.25. *Completion Date: December 31, 2011.*

DJFS will develop a supervisory signature procedure whereby supervisors approve staff vehicle usage and sign the pool vehicle mileage logs. This procedure will be added to the updated Department of Job and Family Services (DJFS) Travel, Request for Payment/Reimbursement and Use of County Vehicle policy. *Completion Date: December 31, 2011.*