



COUNTY OF LEHIGH
OFFICE OF THE CONTROLLER

LEHIGH COUNTY GOVERNMENT CENTER
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GLENN ECKHART
COUNTY CONTROLLER

JOHN A. FALK
DEPUTY CONTROLLER

TO: Final Distribution

FROM: Glenn Eckhart, County Controller *G. E.*

DATE: December 22, 2017

RE: Compliance Audit of the County Vehicle Policy
County of Lehigh Ordinance 1995-143
"Revising the Vehicle Policy for the County of Lehigh"

We have recently completed a compliance audit of the County Vehicle Policy, County of Lehigh Ordinance 1995-143, *"Revising the Vehicle Policy for the County of Lehigh"* for the calendar years 2014, 2015, and 2016. Our report number 17-25 is attached.

***Please note that we have failed to maintain compliance with Section 15 of the County Vehicle Policy, which requires the Controller's Office to conduct an audit on a biannual basis. The performance of this audit was delayed due to staffing levels and the recognition of risks in other audit areas.**

The results of our audit are:

- General Services is in general compliance with County of Lehigh Ordinance 1995-143.
- It is recommended that a Policies and Procedures Manual be created to outline the responsibilities of the new staff members of General Services and the Utility Garage. The manual should specifically address how to compile the annual vehicle reports.
- General Services should develop a process to restrict terminated employees from having access to the Lehigh County gas pump.
- The usage of vehicles assigned to the Office of Children & Youth Services (OCYS) should be evaluated by General Services; 68% of the time, OCYS employees opt to use their own vehicle instead of using a Lehigh County vehicle that is available for use.

Attachment

AUDITS/VEHICLE COMPLIANCE

COUNTY OF LEHIGH, PENNSYLVANIA

INDEPENDENT AUDITOR'S REPORT

Compliance Audit of the County Vehicle Policy
County of Lehigh Ordinance 1995-143
“Revising the Vehicle Policy for the County of Lehigh”
For the Years 2014, 2015, and 2016

REPORT NO. 17-25

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE AUDIT OF THE COUNTY VEHICLE POLICY

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Richard Molchany, Director
Office of General Services
Lehigh County Government Center
17 South Seventh Street
Allentown, PA 18101

Compliance

We have audited the Office of General Services' management compliance with Lehigh County Ordinance 1995-143, "*Revising the Vehicle Policy for the County of Lehigh*" for the years 2014, 2015, and 2016.¹ Compliance with the requirements referred to above is the responsibility of the Office of General Services' management. Our responsibility is to express an opinion on the Office of General Services' management compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the generally accepted government auditing standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on county vehicle use. An audit includes examining, on a test basis, evidence about the Office of General Services' management compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Office of General Services' management compliance with those requirements.

In our opinion, the Office of General Services' management complied, in all material respects, with the compliance requirements referred to above that are applicable to Lehigh County Ordinance 1995-143 "*Revising the Vehicle Policy for the County of Lehigh*" for the years 2014, 2015, and 2016. However, we noted compliance deficiencies or other management issues that are described in the accompanying "*Schedule of Audit Findings and Recommendations*".

¹The audit evaluated compliance with Lehigh County Ordinance 1995-143, "*Revising the Vehicle Policy for the County of Lehigh*," as the ordinance governed the years under review (2014, 2015, and 2016). Compliance with Lehigh County Ordinance 2017-114, also entitled "*Revising the Vehicle Policy for the County of Lehigh*," will be utilized in subsequent compliance audits of the vehicle policy, pending any further revisions.

Internal Control Over Compliance

Management of the Office of General Services is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Office of General Services' management internal control over compliance to determine the auditing procedures for the purposes of expressing an opinion on compliance, but not for the purposes of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Office of General Services' management internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies in internal control over compliance, such that there is reasonable possibility that a material noncompliance with a compliance requirement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Director of General Services' and Director of Human Resources' response to our audit is included in this report. We did not audit the Director of General Services' and Director of Human Resources' response, and accordingly, we do not express an opinion on it.

This report is intended solely for the information and use of county management and is not intended to be and should not be used by anyone other than these specified parties listed in the final distribution below. However, this report is a matter of public record and its distribution is not limited.



GLENN ECKHART
County Controller

December 21, 2017
Allentown, Pennsylvania

Audited by: Zachary Effting and Anna Kopala

Final Distribution:

Board of Commissioners
Timothy Bollinger, Manager, General Services
Paul Chambers, Trade Foreman, Utility Garage
M. Judith Johnston, Human Resources Officer
Thomas Muller, County Executive
Timothy Reeves, Fiscal Officer
Michael Williamson, Maintenance Mechanic, Utility Garage
Angela Zemyan, Operations Manager, General Services

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE AUDIT OF COUNTY VEHICLE POLICY

Reconciled Vehicle List by Department, as of December 31, 2016

<u>Department Name</u>	<u>Vehicles per General Services' Report</u>	<u>Audit Adjustments</u>	<u>Reconciled Number of Vehicles</u>	<u>Adjustment Notes</u>
Unassigned	2	(2)	-	A & B
District Attorney	13	1	14	C
Narcotics	4	-	4	
Drug Task Force	30	(1)	29	D
Coroner	6	-	6	
Sheriff	17	-	17	
Children & Youth	2	-	2	
Aging	2	-	2	
General Services	2	-	2	
Parks and Recreation	29	-	29	
Emergency Management	15	-	15	
Hazmat	4	1	5	E
GS – Pool Vehicles	7	-	7	
Utility - Bridges	15	(1)	14	F
Maintenance	1	-	1	
Work Program	4	-	4	
Cedarbrook	10	-	10	
Jail	7	-	7	
Community Corrections	1	-	1	
Adult Probation	3	-	3	
Juvenile Probation	10	-	10	
Government Center	2	-	2	
Auto Theft	10	-	10	
Insurance Fraud	6	-	6	
Total Vehicles	<u>202</u>	<u>(2)</u>	<u>200</u>	

- A.** Vehicle 374 was donated in 2014 in accordance with Ordinance 2014-107 and never removed from the vehicle roster.
- B.** Vehicle 597 was donated in 2015 in accordance with Ordinance 2014-123 and never removed from the vehicle roster.
- C.** Vehicle 719 was never added to the vehicle roster, and then was sold in 2017.
- D.** Vehicle 637 was sold in 2015 and never removed from the vehicle roster.
- E.** Vehicle 322 was never added to the vehicle roster, and then was sold in 2017.
- F.** Vehicle 620 was donated in 2014 in accordance with Ordinance 2015-119 and never removed from the vehicle roster.

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE AUDIT OF COUNTY VEHICLE POLICY

Summary of Employee Mileage Expense from 2014 to 2016

Top 5 Departments	2014	2015	2016
1). Children & Youth	\$ 99,470	\$ 97,686	\$ 95,606
2). Mental Health	30,936	29,274	32,593
3). Aging	28,894	28,965	30,404
4). Intellectual Disabilities	18,122	18,941	15,942
5). Adult Probation	14,948	12,766	14,101
Total for Top 5 Departments	\$ 192,370	\$ 187,632	\$ 188,646
Percentage of Total Mileage Expense	73%	72%	72%
Total Mileage Expense	\$ 263,416	\$ 259,837	\$ 261,084

Source: General Ledger Accounts

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE AUDIT OF COUNTY VEHICLE POLICY

Schedule of Audit Findings and Recommendations

1. Annual Vehicle Reports for Calendar Year 2014 Not Compiled

Condition: The Office of General Services is required, per the vehicle policy, to maintain and distribute a vehicle list on an annual basis. This information has historically included additional reports that provide insight into the composition of the fleet. There were no vehicle reports compiled or distributed in 2014 due to staffing changes.

Recommendation: A procedures manual should be created to aid in the annual compilation of vehicle reports. The manual should denote the reports to be run, the timing of when the reports should be run, which forms are required to be submitted by the various departments for special use vehicles, and the offices to which the annual vehicle reports should be distributed.

2. Inaccurate Vehicle Roster

Condition: The Vehicle Roster, as of December 31, 2016, was inaccurate due to the "Vehicle Transfer Form" being inconsistently completed during the scope of the engagement. The "Vehicle Transfer Form" serves as an internal control to add, change, and delete vehicles on the roster. The discrepancies have been reconciled by the Auditors and management, and are notated on the "Reconciled Vehicle List by Department" (pg. 3).

Recommendation: Management must ensure that the above mentioned form is consistently used. All changes to the vehicle roster must be accompanied by the "Vehicle Transfer Form" so that the vehicle roster (the database currently maintained in KEA) is updated to appropriately reflect the changes.

3. Terminated Employees have Access to County Gas Pump

Condition: There is no procedure currently in place to restrict terminated employees from acquiring fuel at the Lehigh County gas pump. Audit testing of employees who have pumped gas at the Lehigh County gas pump resulted in the discovery of a terminated employee who pumped roughly 200 gallons of gasoline since his termination date. Upon further investigation, it was determined that the terminated employee's credentials were left to his staff for them to carry out their day-to-day operations.

Recommendation: General Services must develop a procedure for removing terminated employees from the list of individuals with access to the gas pump. Moreover, General Services should remind all departments that individual employees are to have their own unique credentials which are to be used when acquiring fuel at the gas pump.

4. Noncompliance with Employee Proof of Insurance

Condition: The County of Lehigh Personnel Policies & Procedures Manual cites that “Employees, who in the course of their employment, transport clients or use County vehicles or their own vehicles for County business, must show proof of insurance on an annual basis.” There is currently no procedure in place to collect and/or track employee proof of insurance on an annual basis.

Recommendation: The Office of Human Resources should develop a method to track employee proof of insurance and maintain compliance with the Personnel Policies & Procedures Manual. One possible approach would be to couple this effort with the driver’s license inquiry.

5. Underutilization of Vehicles Assigned to the Office of Children and Youth Services

Condition: The Office of Children and Youth Services (OCYS) accounted for 37% of the County’s expense for employee personal mileage (\$95,606 out of a total cost of \$261,084) for calendar year 2016. Detailed audit testing was performed to determine if OCYS was adequately using the two vehicles that were assigned to their department in the same year.

In reviewing three OCYS employees for the first quarter of 2016, it was determined that 68% of the time when the employee incurred personal mileage, a County vehicle assigned to OCYS went unused that day.

Recommendation: General Services should reevaluate the vehicles assigned to OCYS. An emphasis should be placed on the most economical approach, which would be to use County vehicles first before using one’s own personal vehicle to conduct business on behalf of Lehigh County.

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE AUDIT OF COUNTY VEHICLE POLICY

Management Comments & Future Considerations

1. Fleet Management System

The current fleet management system, which exists within KEA, will have to be migrated to a new application as the legacy system will be taken offline by the year 2020. This impending change may be an ideal time to improve some of the following inefficiencies:

Manual Records: A new fleet management system may allow the County to abandon the manual recordkeeping system that currently exists. To date, each vehicle has a paper log by which employees fill out where they traveled to and how many miles they drove. At the end of each month, an employee in general services has to add up all of the mileage for each vehicle and key the totals into KEA.

- Perhaps a new fleet management system would include GPS tracking, allowing the County to abandon the need to add the vehicle mileage by month.

Real-Time Reporting: Transitioning away from manual records, which are not compiled until the following month, would allow management to run reports in a timelier manner.

- For example, a new fleet management system with the capabilities mentioned above would be able to flag questionable miles-per-gallon averages immediately and require department justification.

Reporting Accuracy: Some of the reports in General Service's Vehicle Report are inaccurate. For example, when computing the average monthly mileage for some vehicles, the reports appeared to divide by 13 instead of 12.

- A new management system would allow for better reporting and perhaps more data downloads for further analysis.

2. Lehigh County Gas Pump

The current practice for refueling the fleet is to visit the Lehigh County gas pump out by Cedarbrook. Typically, pool vehicles must refuel when the vehicle's tank is less than $\frac{3}{4}$ full at the end of use. Alternative fueling practices, such as gas cards, may provide logistical and economic benefits that include:

- Saving County employees time by traveling to a qualifying gas station instead of the County's gas pump. Moreover, the Utility Garage and Procurement Office would no longer have to monitor gas levels or purchase gas.
- Reduced risk of environmental contamination as the gas tank could be removed. Should a gas tank leak, environmental assessments and remediation can prove costly.
- Gas card systems allow for automated reporting of which employee's fueled up where. Gas cards can indicate the location of the pump and time of fueling, so employees would need to justify any unexpected trips and hours.



COUNTY OF LEHIGH
Department of General Services

Richard D. Molchany
Director of General Services

TO: Glenn Eckhart, County Controller
FROM: Richard D. Molchany, Director of General Services
DATE: December 21, 2017
RE: Audit Comments
Schedule of Audit Findings and Recommendations

1. Annual Vehicle Reports for Calendar Year 2014 Not Compiled

Typically the annual report is completed in a timely manner; however, in calendar year 2014 we experienced significant staff turnover. During that turnover, responsibilities such as this report may not have been completed as directed by our Vehicle Policy. In an effort to minimize the risk of this responsibility not being completed in a timely manner, the General Services Department will create an "annual report tickler file" that will ensure the report is processed as required.

The 2015 and 2016 Annual Vehicle Reports have been completed in accordance with the Vehicle Policy.

2. Inaccurate Vehicle Roster

The Utility Garage Supervisor, along with General Services Operations Manager will ensure that all vehicles are accurately notated on the Vehicle List by Department. I do not expect to see this as a reoccurring discrepancy in future audits.

The staff recognizes the importance of maintaining an accurate roster to ensure vehicle registration and insurance requirements are properly maintained.

3. Terminated Employees have Access to County Gas Pump

It is extremely important to have terminated employees (voluntary and involuntary), credentials removed from the Gas Boy pumping system. Currently, General Services doesn't receive a copy of terminated staff paperwork. In an effort to safeguard our fuel consumable, Human Resources should send a report to General Services and that will create the source document to remove staff from the system.

Currently, Garage staff will establish credentials in the Gas Boy System and assign a unique pin number. This pin number is to be used by the employee to access the system, and in no terms is that employee permitted to share his/her pin number. Sharing this pin number will be deemed a violation of our Vehicle Policy and subject the employee for disciplinary action.

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rickmolchany@lehighcounty.org

4. Verification of Employee Drivers Licenses and Car Insurance. (Judy Johnston, Human Resources Officer will address this issue)

5. Underutilization of Vehicles Assigned to the Office of Children and Youth Services

General Services maintains that County vehicles assigned to a department should be used prior to personal vehicle usage. Tying up assets that can be economically utilized in other departments should not be standard operating practice. Vehicle assignments and utilization of the asset are reported monthly to General Services.

Currently, the utilization standard is 800 miles per month. While this metric does indicate a minimum usage standard, it may not fully report on day to day activity. The forms that are currently produced "by vehicle", "by department" are sent to General Services for reconciliation and they will be amended to include daily usage reporting. This will ensure that all departmental fleet assignments are used each day prior to a department authorizing the use of personal equipment. This will assist General Services in managing assignments and utilization of County vehicles.

Management Comments & Future Considerations

1. Fleet Management System

General Services has evaluated a system to electronically provide "real time" individual vehicle metric reporting. The information can be downloaded into reports that can assist General Services in managing fleet operations.

During this evaluation, General Services was pleasantly surprised with the low cost of equipment that would be required for each vehicle. Interestingly, the largest expense required was the wireless data plan. At that time, General Services could not justify and create a return on investment for this program.

With technology continuing to advance, there may be an opportunity to evaluate the program in early 2018. If a positive return on investment can be achieved, we may include this system in our Five Year Capital Plan.

What we currently do is manage the fleet operations via two systems:

- Gas Boy (gas distribution management system)
- Maintenance Pro (fleet maintenance reporting system)

Long term expectations are to have ERP, Gas Boy and Maintenance Pro communicate to each other and provide operational reports.

2. Lehigh County Gas Pump


General Services will perform some analysis to determine potential cost savings to implement alternative fueling practices.



COUNTY OF LEHIGH
Office of Human Resources

M. Judith Johnston
Human Resources Officer

To: Glenn Eckhart, County Controller

From: M. Judith Johnston 

Date: December 21, 2017

Re: County Vehicle Policy

I am responding to the County Vehicle Policy Audit regarding the collection of employee's proof of car insurance. There is a process in place to collect driver's license and the collection of the employee's auto insurance will be added to this process.

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