



COUNTY OF LEHIGH
OFFICE OF THE CONTROLLER

LEHIGH COUNTY GOVERNMENT CENTER
17 SOUTH SEVENTH STREET
ALLENTOWN, PA 18101-2400
(610) 782-3082 FAX: (610) 871-2897

GLENN ECKHART
COUNTY CONTROLLER

JOHN A. FALK
DEPUTY CONTROLLER

TO: Final Distribution
FROM: Glenn Eckhart, County Controller *G.E.*
DATE: June 11, 2015
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 2012 and 2013. Our report number 15-8 is attached.

The results of our audit are:

- General Services is in general compliance with County of Lehigh Ordinance 1995-143.
- General Services' management should evaluate fleet management options to allow for:
 - Centralized record keeping for easier vehicle usage analysis
 - Elimination of county gasoline purchases, storage, pumps and record keeping
 - Enhanced monitoring of vehicles usage/vehicle replacement
- The vehicle policy should give clear authority to General Services' management to reallocate county vehicles.
- If continued, management over City of Allentown gas key holders needs to be evaluated and better controlled.
- County vehicles and gas cards used by non-employees were not formally documented or approved by county management.

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 2012 and 2013

REPORT NO. 15-8

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

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COUNTY CONTROLLER

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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 2012 and 2013. 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 2012 and 2013. However, we noted compliance deficiencies or other management issues that are described in the accompanying "*Schedule of Audit Findings and Recommendations*".

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.

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

May 29, 2015
Allentown, Pennsylvania

Audited: Robert M. Fenstermaker
Suraj U. Naik

Final Distribution:
Board of Commissioners
Timothy Bollinger, Manager, General Services
Judith Johnston, Human Resources Officer
Daniel McCarthy, Director of Administration
Thomas Muller, County Executive
Timothy Reeves, Fiscal Officer
Paul Schwartz, Trades Foreman – Utility Garage

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE AUDIT OF COUNTY VEHICLE POLICY

Summary of Vehicle Inventory by Department

<u>Department</u>	<u>As of 12/31/12</u>	<u>Additions (1)</u>	<u>Deletions (1)</u>	<u>As of 12/31/13</u>
Aging	4	0	2	2
Agricultural Land Preservation	1	0	1	0
Cedarbrook - Allentown	6	1	2	5
Cedarbrook - Fountain Hill	3	0	0	3
Children and Youth	2	1	1	2
Compost Project (2)	2	0	2	0
Coroner	4	0	0	4
District Attorney (DA)	9	2	1	10
DA - Auto Theft	9	1	1	9
DA - Insurance Fraud	5	0	0	5
DA - Narcotics/Drug Task Force	30	17	14	33
Emergency Management/Hazmat	5	0	0	5
Emergency Management	13	0	0	13
General Services (for auction)	4	23	24	3
Maintenance - Courthouse	1	0	0	1
Maintenance - Government Center	2	0	0	2
Parks	26	4	3	27
Prison	5	0	1	4
Prison-Community Corrections Ctr	0	1	0	1
Prison - Juvenile Services	1	0	0	1
Probation-Adult	3	1	1	3
Probation-Juvenile	10	0	0	10
Sheriff	16	5	5	16
Utility Services - Bridges	17	1	3	15
Utility Services - Vehicles (pool)	7	5	2	10
Work Program	<u>5</u>	<u>1</u>	<u>2</u>	<u>4</u>
TOTAL	<u>190</u>	<u>63</u>	<u>65</u>	<u>188</u>

(1) Includes purchased vehicles, interdepartmental transfers, and drug forfeiture vehicles

(2) Closed in 2012

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE AUDIT OF COUNTY VEHICLE POLICY

Summary of Vehicles Data from 2009 to 2013

Gas, Oil, and Repairs Total and Per Vehicle

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Gas, Oil, and Repairs	\$248,885	\$299,461	\$375,351	\$396,222	\$367,921
Per Vehicle Totals	\$1,331	\$1,536	\$1,997	\$2,153	\$2,000
Percent Increase/Decrease		15%	30%	8%	-7%

Mileage Paid to Top 6 Departments versus All Departments

<u>Department</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Adult Probation	21,633	15,635	13,881	14,754	16,534
Area Agency on Aging	40,856	37,531	37,404	37,780	30,110
Children & Youth	149,771	118,037	104,591	103,521	113,688
Juvenile Probation	18,146	15,286	15,892	17,192	16,882
Mental Health	39,208	33,488	32,919	34,470	34,833
Mental Retardation	63,309	56,104	52,698	21,124	18,429
Total Mileage Expense (6 Depts.)	332,923	276,081	257,385	228,841	230,474
Total Mileage Expense (all Depts.)	410,354	349,323	319,412	294,510	299,207
Top 6 DOBs % of Total Mileage	81%	79%	81%	78%	77%

Source: General Ledger Accounts

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE AUDIT OF COUNTY VEHICLE POLICY

Schedule of Audit Findings and Recommendations

1. Fleet Management System / Gas Cards

Condition: The following related inefficiencies were investigated during the audit period:

- Recordkeeping entails gathering multiple sources of data for gas and oil, miles driven, and repairs. The documentation maintained is mostly manual. General Services must retrieve, compile, and analyze these spread-out records in order to respond to constant department vehicles requests.
- There were several instances of employees using county vehicles to access both City of Allentown gas keys and the Utility Garage pumps. County policy did not permit access to both a key and a Gasboy card for the same vehicle. New pumps at the Utility Garage were installed earlier this year at which fueling would require a pin number instead of a card; however, the technology has yet to be implemented. The foreman must manually allow access to the new pumps.
- Calculations of miles-per-gallon for 2013 included several separate instances of county vehicles receiving greater than 50 miles per gallon or fewer than five miles per gallon.
- Because his city gas keys can only access two fuel sites, the Coroner paid for his own gas when out of county. Additionally, the requirement to enter the vehicle's odometer reading was overridden in order to allow the Coroner to use the city gas keys upon returning to the county.
- Separation of gas and oil object code from repairs had not been consistently enforced.

Recommendation: Based on cost benefit analysis, either a fleet management system or the use of gas cards would provide the following benefits:

- Centralize records to one source with relevant data (miles-per-gallon, odometer readings, location of gas pump, etc.) provided for General Services' analysis.
- Could eliminate the need for the Utility Garage pumps altogether as these cards would access both regular gas and diesel.
- Flag questionable miles-per-gallon averages immediately and require department justification.
- Eliminate the need for employees driving on county business to both pay for their own gas and submit mileage for reimbursement. Cards indicate the location of the pump and time of fueling, so employees would need to justify any unexpected trips and hours.
- Reduce the need to stringently enforce separate object codes for gas and oil versus repairs. General Services would instead analyze invoices provided by the vendor.

Replacing some city keys with Wright Express gas cards (Commonwealth of Pennsylvania's preferred vendor for all fuel cards in the state) would offer a trial run for both General Services and employees. Several cards are currently in use by the Sheriff and Jail.

2. Verification of Employee Drivers Licenses and Car Insurance

Condition: We were unable to determine if the verification of employee driver's licenses and car insurance is confirmed as per the policy in the County of Lehigh Personnel Policies & Procedures Manual. The section is as follows:

VI. Driver's License / Insurance

- A. Employees operating commercial motor vehicles must present a valid commercial driver's license. If there is a change in status of the CDL, it is to be immediately reported to the employee's supervisor.
- B. All other employees who, in their position, are required to drive or transport clients of the County, must present a valid driver's license to their supervisor. Should there be a change in status of the validity of the license, it is to be immediately reported to the employee's supervisor. Failure to notify the supervisor of any change is subject to disciplinary action.
- C. 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.

Recommendation: Update the policy to include a requirement to be in compliance with the above provisions of the county personnel policy. The Director of General Services should request the annual open season for benefit application/changes include a written response from each employee (and non-employees who drive county vehicles) to the following questions:

Do you use your vehicle or a county vehicle for county business? Yes or No. If no, then done. If yes, next question.

Is your driver's license currently valid? Yes or No.

If no, you are not permitted to drive a county-owned vehicle.

If yes, please indicate:

State _____ License Number _____ Expiration Date _____

Do you have insurance and is it currently in effect? Yes or No.

If no, you are not permitted to drive a county-owned vehicle.

If yes, please indicate:

Company Name _____ Policy Number _____ Coverage Period from _____ to _____

3. County Vehicle Utilization / Reassignment / Replacement Policy

Conditions:

Utilization/Reassignment: The current policy does not adequately address the review, utilization, and replacement of county vehicles. For calendar year 2014, 66% (64 of 97) of the vehicles which should be evaluated for reassignment were driven less than 800 miles per month. Current policy states an average of 800 miles per month justifies vehicles to be assigned to a Department-Office-Bureau (D.O.B.). Also in 2014, 14% of county vehicles reported less than 200 miles per month usage.

Replacement Policy: Vehicle replacements are considered and budgeted by D.O.B. When vehicle replacement is considered by General Services' management, the office staff evaluates the vehicle age, mileage and repair cost. Similar types of vehicles in all other D.O.B.s are not part of the replacement evaluation.

Vehicle replacement is not evaluated by type of vehicle (regardless of assigned D.O.B.). Vehicle replacement requests are managed from a D.O.B. perspective rather than a factual perspective of grouping all like vehicles and analyzing the allocation of the vehicles. An analysis of like vehicles (box trucks, bus, minivan, pick-up, sedan, stake body, SUV, and vans) revealed other options are available by taking a county-wide approach and review for vehicle replacement.

Recommendation: Revise the reassignment/replacement policy to include an analysis of vehicles by type for each replacement vehicle. General Services' management should maintain an analysis for each replacement vehicle budget request. For each replacement vehicle requested, the analysis should list all similar type county-owned vehicles in the category type. Reasons for not transferring low usage vehicles to avoid or defer a vehicle replacement purchase should be documented. General Services' management should consider grouping the existing fleet into similar types of vehicles to facilitate the vehicle replacement decision making process. The replacement policy should delineate the common vehicle type groupings to be used to perform the reassignment/replacement analysis instead of by D.O.B. budgeted requests.

The vehicle policy should give clear authority to General Services' management to re-allocate county vehicles (with the exception of vehicles under the direction of the county District Attorney).

4. Controls over City of Allentown Gas Keys

Condition: One set of gas keys from the Sheriff's Office used with vehicle 622 was not returned for over two years. The vehicle had been transferred to another department but the key remained with the previous (Sheriff's) department. Sheriff's Office management was not aware that a deputy had not returned the keys to General Services.

Recommendation: As a starting point, we suggest a request be made to each department head to compile/reconcile the keys on-hand and the vehicle assigned to those keys annually. For every vehicle transferred, General Services should review whether that key is still being used by examining the following month's invoice from the city.

5. Gas Cards Assigned to Non-employees

Condition: We found several cards issued to non-employees and vendors such as the Agricultural Land Preservation, Agricultural Extension, Juvenile Probation grant personnel, and a Computer Aid Inc. employee. County resources should not be provided to non-employees/contractors unless specifically authorized by contract due to exposure to risk management / liability issues.

Recommendation: General Services' management should pre-approve, in writing, the use of county vehicles or the use gas cards by non-employees. Notice of such use should be given to the county risk manager (Human Resources Officer).

6. Reconciliation of County Vehicle Accident Reporting

Condition: Reported accidents did not match the Human Resources annual, comprehensive report of County of Lehigh property and casualty liability claims. The Human Resources Officer serves as the county's risk manager. The Human Resources staff maintains a comprehensive listing of County of Lehigh property and casualty claims. Auto accidents are reported using an internal county form on the intranet. Instructions for accident reporting are to be maintained in each county vehicle. Accident reports were not located for all auto liability issues on the Human Resources office listing.

Recommendation: The Human Resources Manager, or designee, should verify a vehicle accident Report has been completed for each incident on the annual, comprehensive listing of liability claims. Also, General Services' management should verify that vehicle accident instructions are available in each county vehicle.



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: May 29, 2015
RE: Response to compliance audit of County vehicle policy

1. Fleet Management System/Gas Cards. It was recommended, based on cost benefit analysis to create a fleet management system or use gas cards from a proprietary source.

As the County migrates towards a new Enterprise Resource Planning/Fiscal System (ERP) financial system, General Services will recommend the inclusion of a fleet management system. This system can create valuable reports to manage the County's fleet of nearly 200 vehicles. ERP system migration is scheduled in the 2016-2020 Capital Plan.

Wright Express gas cards (Commonwealth of Pennsylvania's preferred vendor for fuel cards) can provide the County with a means to eliminate the proprietary Gas Boy system, and the associated underground storage tanks. In addition, the gas cards can be used to eliminate the need for the City of Allentown and County of Lehigh intergovernmental agreement for gas distribution. A proposed plan would be for General Services to place several vehicles into a limited performance test. The test results will determine the next steps. Test can be scheduled for mid-2015 through mid-2016.

2. Verification of Employee Drivers Licenses and Car Insurance. (Judy Johnston, Human Resources Officer will address this issue)
3. County Vehicle Utilization/Reassignment/Replacement Policy. Revise the policy to include analysis of "vehicles by type".

As the County waits for the new ERP system, General Services can create a data base in Microsoft Excel to list vehicles by DOB and type. From this report, General Services can continue to manage individual DOB's and the County-wide vehicle pool. In the 2015 capital plan, all vehicle replacement was placed under one funding budget line item with General Services managing the process. It is common practice to remove vehicles from one DOB and place them into service in another DOB, or place them into the County vehicle pool.

Government Center
17 South Seventh Street
Allentown, Pennsylvania 18101-2401
Phone: 610-782-3001
Fax: 610-871-2755
rickmolchany@lehighcounty.org

4. Controls over City of Allentown Gas Keys.

General Services will audit the gas card inventory. Further, when a vehicle is switched, General Services will not complete the vehicle transfer without receiving the appropriate gas fueling card.

5. Gas Cards Assigned to Non-employees.

General Services and the Human Resources Officer will minimize risk by requesting the DOB submit written requests to permit non-employees to access gas fueling systems. The written request will be pre-approved, and all appropriate information will be on file.


6. Reconciliation of County Vehicle Accident Reporting. (Judy Johnston, Human Resources Officer will address this issue)



COUNTY OF LEHIGH

Office of Human Resources

M. Judith Johnston
Human Resources Officer

To: Glenn Eckhart, County Controller
From: Judith Johnston, Human Resource Officer 
Date: May 29, 2015
Re: Vehicle Audit Response

Verification of Employee Drivers Licenses and Car Insurance

Human Resources maintains the driver license numbers of all County employees who drive in the course of County business. It is a requirement of our insurance carrier and is completed on an annual basis. The records have been reviewed by the Controller's Office.

Employees who drive in the course of business, by Law, must carry auto insurance.

Reconciliation of County Vehicle Accident Reporting

Risk Management will include all auto repairs on the property and casualty claims monthly report.