

Follow-up of the Audit of the County's Vehicle Transponder Usage

**Report by the
Office of County Comptroller**

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March 23, 2016

Teresa Jacobs, County Mayor
And
Board of County Commissioners

We have conducted a follow-up of the Audit of the County's Vehicle Transponder Usage (Report No. 417). Our original audit included the period of October 1, 2009 to April 30, 2010. Testing of the status of the previous Recommendations for Improvement was performed for the period July 1, 2014 through September 30, 2014.

We conducted this 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.

The accompanying Follow-Up to Previous Recommendations for Improvement presents a summary of the previous condition and the previous recommendation. Following each recommendation is a summary of the current status as determined in this review. During our review, we noted an additional opportunity for improvement that is presented in the Additional Recommendation for Improvement section of this report. Responses to our Recommendations for Improvement were received from the Director of the Utilities Department and the Manager of the Office of Management and Budget and are incorporated herein.

We appreciate the cooperation of the personnel of the Office of Management and Budget and the Utilities Department during the course of the audit.

Martha O. Haynie, CPA
County Comptroller

c: Ajit Lalchandani, County Administrator
Ray Hanson, Director, Utilities Department
Kurt Petersen, Manager, Office of Management and Budget

**IMPLEMENTATION STATUS OF
PREVIOUS RECOMMENDATIONS
FOR IMPROVEMENT**

**FOLLOW-UP OF THE AUDIT OF THE COUNTY'S VEHICLE TRANSPONDER USAGE
STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT**

NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS			
		IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
1.	We recommend OMB take necessary steps to ensure the listing of transponders is updated on a periodic basis. This could include emailing the departments for updates on a quarterly basis or performing a periodic reconciliation between the transponders billed and those recorded on the list.		✓		
2.	We recommend the County ensures policies and procedures relating to the use of County vehicles are enforced and communicated in a timely manner. In addition, the County should review transponder usage during the annual take-home vehicle reevaluation process to assist in determining vehicle need.		✓		
3.	We recommend the County replaces their current transponders with the non-portable, E-Pass mini version.	✓			
4.	We recommend the Utilities Department reviews the use of standby pay to ensure actual practices comply with County regulations. In addition, the above cited examples should be reviewed to determine if any further action needs to be taken or the written procedures for standby modified.		✓		

INTRODUCTION

Scope and Methodology

We have conducted a follow-up of the Audit of the County's Vehicle Transponder Usage (Report No. 417). Our original audit included the period of October 1, 2009 to April 30, 2010. Testing of the status of the previous Recommendations for Improvement was performed for the period July 1, 2014 to September 30, 2014. Additional procedures for relevant issues were performed through February 2016.

We interviewed personnel in the Office of Management and Budget and department personnel responsible for maintaining and reviewing transponder usage and the standby pay activity within the County's Utilities Department. We also reviewed relevant documentation and performed the tests necessary to determine the implementation status of the previous recommendations.

We have described the specific methodologies utilized during our review in the implementation status of each recommendation in the Follow-up to Previous Recommendations for Improvement section of this report.

**FOLLOW-UP TO PREVIOUS
RECOMMENDATIONS FOR
IMPROVEMENT**

1. A Current Listing of County Transponders Should Be Maintained

Orange County Administrative Regulation 8.07.06, Section II.D., requires County departments to submit a list of all assigned toll transponders to the Office of Management and Budget (OMB). OMB is required to keep a listing of all toll transponders showing each vehicle number or employee assigned the transponder and the justification. The departments are required to provide OMB with quarterly updates on any changes.

In the prior audit, the OMB list of all County transponders was reconciled to the Central Florida Expressway (CFX) data for all transponders on County accounts. The following differences were identified:

- 102 transponders were omitted from OMB's listing but had activity and were paid for by the County during the audit period.
- 130 transponders were incorrectly included in OMB's listing with no activity recorded. The majority of these transponders were inactive, almost all for at least seven months, and many were either broken or had been deactivated through CFX.
- 59 transponders on OMB's list had inaccurate information. These errors ranged from incorrect transponder numbers to inaccurate justifications.

We Recommend OMB take necessary steps to ensure the listing of transponders is updated on a periodic basis. This could include emailing the departments for updates on a quarterly basis or performing a periodic reconciliation between the transponders billed and those recorded on the list.

**FOLLOW-UP TO PREVIOUS
RECOMMENDATIONS FOR
IMPROVEMENT**



Status:

Partially Implemented. The OMB list of County transponders was reconciled to the CFX data for County accounts as of September 30, 2014. Our reconciliation found 14 percent of the CFX transponders with activity during the audit period were not in the OMB database. A chart showing the dollar value of the transactions is shown below.

CFX Transponders With Activity	Number	Payments
Not included in OMB's listing	201	\$25,966
Included in the OMB database	1,254	\$147,126
	1,455	\$173,092

We performed additional reviews of various records and confirmed all the transponders not included in OMB's listing appeared to have been assigned to a County vehicle.

However, it does not appear that the requirement in Administrative Regulation 8.07.06 II D for a centralized listing of transponders being maintained in OMB is effective in providing increased accountability. Each County Division is responsible for reviewing the billing data for all transponders assigned to their Division and approving the invoice prior to the payment being made. OMB does not review any of the transactional data, and as such, has no assurance that the listing is complete.

In addition, 95 percent of the transponders are fixed on the vehicle's windshield and automatically deactivate if they are removed as opposed to the portable transponders that were used in the past.

After the field work was completed, OMB revised the Administrative Regulation to require each County department maintain the list of assigned transponders and have the information available for OMB upon request. The revised Administrative Regulation 8.07.06 was approved by the Board of County Commissioners (Board) on January 26,

2016. As such, no further Recommendation for Improvement is needed.

2. The County Should Review Vehicle Policies and Usage Regarding Commuting and Transponders

During the prior audit, we found that although County personnel were required by Administrative Regulation 8.07 to reimburse tolls incurred for commuting, employees were unaware of the requirement and tolls were not reimbursed. In September 2011, the Administrative Regulation was revised by the Board to eliminate the provision that required employees to reimburse the County for tolls incurred for commuting.

In addition, we also found several transponders where the toll usage appeared to be almost exclusively for commuting to and from work. All of these transponders appeared to be assigned to a vehicle authorized for take-home use. The above Administrative Regulation also requires each take-home vehicle undergo an annual reevaluation. This reevaluation process does not include a review of the transponder usage to determine the miles used for commuting compared to total vehicle usage during the previous year.

We Recommend the County ensures policies and procedures relating to the use of County vehicles are enforced and communicated in a timely manner. In addition, the County should review transponder usage during the annual take-home vehicle reevaluation process to assist in determining vehicle need.

Status:

Partially Implemented. OMB provided County department managers with information on the new Administrative Regulations that were approved in September 2011. OMB also developed forms for Take Home Vehicle New/Renewal

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Authorization requiring employees to acknowledge that they meet the regulatory requirements.

Administrative Regulation 8.07.05 requires that each employee with a take-home vehicle complete an authorization form each year. The form is required to be approved by the employee and the employee's supervisor, manager, division director and the County's Vehicle Utilization Review Committee (VRUC). During our review, we found evidence that the forms are being completed annually and approved by the employee, manager, and division director. However, the final review for approval is being performed by OMB and not the VRUC. The approval by OMB instead of the VRUC is a sufficient control substitution and was changed as part of the Administrative Regulation revisions approved by the Board in January 2016.

However, OMB has not implemented a review of transponder usage, or other data such as a vehicle's GPS or mileage use reports. This review would help verify the continuing work-related need and ascertain if a take-home vehicle was primarily used for commuting purposes.

We Again Recommend the County reviews vehicle usage data to help assess commuting miles and total vehicle usage during the annual take-home vehicle evaluation process to assist in determining vehicle need.

Management's Response - OMB:

We concur. County Administration will meet with VRUC department representatives to discuss commuting review procedures for take-home vehicles. Additionally, Take-Home Vehicle Authorization Forms will be revised to ensure that departments have conducted such reviews and that no county vehicle is used by a county employee for primarily commuting purposes.

3. The County Should Switch to the Non-Portable Type of Transponder

During the prior audit period, CFX offered two types of vehicle transponders – a portable, hard case version and a non-portable, sticker type. In 2010, most County divisions were using the portable transponders, which could be moved from vehicle to vehicle. While the transponders are only supposed to be used for business purposes, the opportunity existed for employees, especially those with take-home vehicles, to remove the transponder from their County-issued vehicle and use the transponder in their personal vehicle without detection.

We Recommend the County replaces their current transponders with the non-portable, E-Pass mini version.

Status:

Implemented. The County has replaced 95 percent of the transponders with the non-portable sticker or virtual transponders. The Administrative Regulation was revised by the Board in January 2016 to prevent the use of portable transponders in County-owned vehicles without the prior consent from the County Administrator or designee.

4. Employees on Standby Duty Should Be More Closely Monitored

During the prior audit, we analyzed County transponder toll plaza activity to determine whether any transponders were used excessively during periods likely to be non-work hours, such as weekends, holidays, or before or after normal work hours. Use in periods outside of “normal business hours” could indicate personal use.

Although no personal use was noted, numerous instances were found in the original audit where employees were paid for standby hours that appeared to be in excess of their actual time worked. Using employees' home addresses and the last toll plaza traveled through, we noted 60 instances

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where the time reported and paid appeared to exceed the estimated time the employees arrived home by over 20 minutes. Six of the instances noted exceeded 60 minutes.

From discussions with Utilities management, it was reasonable for there to be some time charged before the employee leaves and/or after the employee returns home to complete job duties related to the standby work being performed.

We Recommend Utilities reviews the use of standby pay to ensure actual practices comply with County regulations. In addition, the above cited examples should be reviewed to determine if any further action needs to be taken or the written procedures for standby modified.

Status:

Partially Implemented. Utilities reviewed and updated the procedures related to standby pay. The revised Standard procedure established an expected response time from receipt of the call to beginning travel of 30 minutes. Although a time limit for responding was established for standby duty, no written procedure was created for limiting employees from reporting time as worked after returning home.

Article 27.3 of the union contract for Utilities employees provides that actual time worked for standby pay starts at the time the employee is notified of the call. This provision also notes the time worked, "...ends when he/she would reasonably be expected to return home."

Our review of 19 after-hour transponder usages related to standby pay during the follow-up period noted two instances where the time reported appeared to exceed when the employee returned home. We reviewed the GPS data for these instances and confirmed the employee arrived home 22 and 14 minutes prior to reporting his shift had ended.

We were informed that these differences could result from the employee completing paperwork relating to the call after

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arriving home. As noted above, procedures do not address when time reported for a standby call should end.

We Again Recommend Utilities review the use of standby pay to ensure actual practices comply with County regulations. This should include establishing a procedure that time reported as worked should end when the employee arrives home.

Management's Response Utilities Department:

We concur. To ensure that payroll practices for standby hours worked complies with County regulations, the Utilities Department will further revise standby procedures to require any immediate post emergency administrative work be completed prior to returning home following a standby call.

ADDITIONAL RECOMMENDATION FOR IMPROVEMENT

**FOLLOW-UP OF THE AUDIT OF THE COUNTY'S VEHICLE TRANSPONDER USAGE
ACTION PLAN**

NO.	RECOMMENDATIONS	MANAGEMENT RESPONSE			IMPLEMENTATION STATUS	
		CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED
1.	We recommend Utilities work with the County Administrator's Office to institute procedures for travel time from the work site to home for assignments that begin before an employee is off-duty.	✓			✓	



During our Follow-up of the Audit of County's Vehicle Transponder Usage, we noted another concern. The following is the related Recommendation for Improvement:

1. Utilities Should Review the Procedures for Travel Time Related To Regular Working Hours

During our review of after-hour toll usage transactions in the follow-up review, we noted two incidents where travel time from the work site to home was included in the hours worked for assignments not related to standby duty. We were informed by Utilities management that if an employee is on standby duty for a particular day, the employee is allowed to include travel time as hours worked, even if the work was assigned before the employee's regular workday ended.

According to the Union Agreement Article 27, "a standby duty assignment is made by a supervisor who requires an employee to be available for work due to an urgent situation on his/her off-duty time [emphasis added]...For pay purposes, actual time worked starts at the time of notice and ends when he/she would reasonably be expected to return home." As a general rule in the County, assignments that begin before an employee is off-duty are governed by the Fair Labor Standards Act (FLSA). FLSA notes that work to home travel is not work time; therefore, the County is not required to compensate an employee for travel time from the work site to home for an assignment that is initiated before the employee is off-duty.

The payment of drive time at the conclusion of the working shift, without a contractual requirement to do so, could have further ramifications for the County as a whole. As such, Utilities should work with the County Administrator's Office to ensure their policy agrees with County regulations.

We Recommend Utilities work with the County Administrator's Office to institute procedures for travel time from the work site to home for assignments that begin before an employee is off-duty.

**ADDITIONAL
RECOMMENDATIONS FOR
IMPROVEMENT**



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Management's Response – Utilities Department:

We concur. Emergency work assignments that begin before the assigned employee is off-duty and extends into off-duty time constitute an extended day assignment. For these situations, the employee will be paid through return to the assigned work location or completion of the work assignment if the employee does not return to the assigned work location. Utilities will revise applicable policies to implement this practice.