



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER 0

PAGE 1 OF 12

DATE: 10/11/2011

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT FOR THE REVIEW OF MILEAGE REIMBURSEMENTS TO COUNTY EMPLOYEES**

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's report for the review of mileage reimbursements to County employees.

BACKGROUND:

The Auditor's Office staff reviewed mileage reimbursements to County employees during the period of January 1, 2010 through April 30, 2011. The objective of the review was to determine whether reimbursements were paid in accordance with the Tarrant County Travel Policy.

Attached to this report is a written response from Public Health and Juvenile Services.

FISCAL IMPACT:

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditor

PREPARED BY: S. Renee Tidwell
APPROVED BY:



TARRANT COUNTY

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September 7, 2011

The Honorable District Judges
The Honorable Commissioner's Court
Mr. G.K. Maenius, County Administrator
Tarrant County, Texas

Re: Auditor's Report – Review of Mileage Reimbursed to County Employees

SUMMARY

In accordance with Local Government Code, Subchapter A, §115.001, *Examination of Records*, and §115.002, *Examination of Books and Reports*, we reviewed selected mileage reimbursements made to employees during the period of January 1, 2010 to April 30, 2011. The objective of our review was to determine whether reimbursements were paid in accordance with the Tarrant County Travel Policy. During our review, we identified the following issues that require management's attention:

- Observation 1 The Commissions Court has not formally designated a department responsible for documenting the assignment and use of county vehicles.
- Observation 2 Mileage paid to County employees did not always comply with relevant County policies.
- Observation 3 Twenty-nine County employees submitted reimbursement for mileage through SAP in excess of 10,000 miles.
- Observation 4 Mileage reimbursements paid to Public Health employees were not always approved by a supervisor.

We discussed the observations and recommendations with the County Administrator on September 2, 2011.

OBSERVATIONS AND RECOMMENDATIONS

Observation 1 – The Commissioners Court has not formally designated a department responsible for documenting the assignment and use of county vehicles.

Background

Section IV of the Tarrant County Vehicle Policy states:

County-owned vehicles will be assigned only to those departments and officials/employees who must have access to an automobile in order to carry out their duties. All departments with county-owned vehicles will provide Commissioners Court (or its designee) with a list of all departmental vehicles and vehicle assignments with a corresponding justification at intervals to be established by the Court. Commissioners Court will make the final determination regarding the assignment and use of county-owned vehicles.

The policy also describes certain circumstances where County officials and employees may take home their assigned vehicles. In these cases, *“Each department shall maintain a listing of those officials/employees authorized to take a county vehicle to the employee’s primary residence and a copy shall be furnished to the Auditor.”*

Observation

Per the County’s Vehicle Policy, the Commissioners Court had not formally designated a department responsible for documenting the assignment and use of County vehicles. Currently, the Director of Fleet Management maintains a *Fleet Inventory List* showing all County-owned vehicles provided to the departments. During the annual budget process, department heads may indicate employees with assigned vehicles. As communicated by the department heads, the Director of Fleet Management notates assigned vehicles on the *Fleet Inventory List*. However, department heads do not regularly communicate any changes in vehicles assignments or employees authorized to take home their assigned vehicles during the fiscal year. Also, department heads have not provided the Auditor’s Office a list of employees authorized to take home their assigned County vehicle.

Since the Commissioners Court has not designated this responsibility to a specific department, the County does not have a current list showing employees with assigned vehicles and employees authorized to take home their assigned vehicles. Furthermore, the Auditor’s Office cannot confirm assigned vehicles to verify whether all mileage reimbursed to employees was paid in accordance County policy and whether IRS guidelines related to imputed income apply. (See Observation 2, below.)

Recommendations

The Commissioners Court should formally designate a department responsible for documenting the assignment and use of County vehicles. We recommend that the designee submit a list of all department vehicles and vehicle assignments, including justification of those assignments, to the Commissioners Court for approval *at least* on a quarterly basis.

After the Commissioners Court designates a department, we also recommend the following:

- 1) Department heads should provide the designee a list of departmental County fleet vehicles and vehicle assignments, including justification for those assignments, *at least* on a quarterly basis. In accordance with the Vehicle Policy, department heads should also provide justification for *all* employees, including law enforcement, authorized to take home their assigned vehicles. The designee should forward this information to the Auditor's Office in case IRS guidelines for imputed income apply.
- 2) For non-law enforcement personnel, department heads should notify the designee of any changes to employees authorized to take home their assigned vehicles within *five* business days of the change. The designee should also forward these changes to the Auditor's Office.

Observation 2 - Mileage paid to County employees did not always comply with the County's Travel Policy.

Background

The County's Travel Policy states, "*Officials/employees who are assigned County vehicles, but who elect to use their personal vehicles, shall be reimbursed for actual gas expenditures.*"

Observation

Since a current list of assigned vehicles did not exist, our testing was limited in scope. (See Observation 1, above.) Specifically, we tested only those employees notated as having an assigned vehicle on the *Fleet Inventory List* provided by Director of Fleet Management. We did not determine whether additional employees had assigned vehicles but were not included on the list.

During our review, we found that mileage requested and paid to employees with assigned County vehicles did not always comply with policy. Specifically, eight employees assigned a County vehicle used their personal vehicle for business travel 11 times. The County reimbursed those employees the IRS mileage rate rather than for *actual gas expenditures*.

We also expanded our review to include mileage reimbursed since 2006. We found that the eight employees identified in our original review period were incorrectly reimbursed at the IRS mileage rate 10 other times. We also identified eight additional employees with an assigned County vehicle used their personal vehicles for business travel on 12 occasions. The County reimbursed those employees the IRS mileage rate rather than for *actual gas expenditures*.

We confirmed that the employees had an assigned vehicle at the time the mileage was reimbursed. We also communicated this issue to appropriate department management. According to the employees and department heads, this condition occurred because they misunderstood certain provisions related to the assignment of vehicles in the County's Vehicle Policy and had not referred to the County's Travel Policy.

Recommendation

Management should ensure that employees understand and comply with applicable policies before approving reimbursement for mileage. Upon approval by the Commissioners Court, the Auditor's Office will seek reimbursement from employees who were overpaid for mileage.

To determine whether the IRS mileage rate or actual gas expenditures should be paid, the Auditor's Office revised the Travel Reimbursement Form (Exhibit A) requiring employees to indicate whether they have been assigned a County vehicle and whether they drove a County vehicle for the miles for which they are seeking reimbursement.

Observation 3 - Twenty-nine County employees submitted reimbursement for mileage through SAP in excess of 10,000 miles.

Background

For miles driven inside Tarrant County, employees are reimbursed for mileage using the designated mileage code in the SAP time sheet application. During the period of January 1, 2010 to April 30, 2011, the County reimbursed employees about 1.2 million miles totaling approximately \$590,000 through payroll.

For miles driven outside of Tarrant County, employees are reimbursed for mileage through accounts payable upon submission of a Travel Reimbursement Form. Expenses submitted on the Travel Reimbursement Form are recorded to travel or education accounts. Without reviewing each Travel Reimbursement Form submitted for reimbursement, we cannot quantify the mileage paid to employees through accounts payable.

Observation

Twenty-nine (29) employees submitted more than 10,000 miles for reimbursement through the SAP payroll application. Twenty-four (24) of the 29 employees work in Juvenile Services and submitted 356,642 miles for reimbursement totaling about \$178,000. The remaining five employees work in the Public Health Department and submitted 140,322 miles for reimbursement totaling about \$70,000. According to records maintained by the Director of Fleet Management, Juvenile Services has 13 pool vehicles all of which are vans. Public Health has access to 40 County pool vehicles, consisting of cars, vans, and pick-ups.

Of the top five employees paid for mileage during the review period, three were Public Health Community Service Aides (CSAs). They received reimbursement for mileage ranging between \$16,700 and \$18,400 for miles driven in their personal vehicles ranging between 33,449 and 36,820 miles. Based on the miles reimbursed, the three CSAs drove in excess of 100 miles *per day*.

The other two top employees paid for mileage were Probation Officers from the Juvenile Services-Sex Offending department. The Probation Officers were reimbursed about \$15,000 and \$10,000 for 30,344 and 21,132 miles, respectively.

We reviewed a sample of mileage logs completed by these top five employees documenting and describing the purpose of the mileage. We observed that the miles entered into the logs agreed to the number of miles reimbursed through the SAP time sheet application.

Recommendation

Based on the volume of miles driven by certain employees, the County and its department heads should re-evaluate the use of pool vehicles. For employees whose position requires them to travel most of the workday, management should determine whether the County would benefit by the employee using a pool vehicle rather than reimbursing mileage to those employees. Management should also consider whether the mileage paid to employees is funded by a specific grant or the County's general fund.

Observation 4 - Mileage reimbursements paid to Public Health employees were not always approved by a supervisor.

Background

Public Health TB Outreach Customer Service Aides (CSAs) travel to observe patients receiving treatment for TB throughout Tarrant County. Five CSAs were reimbursed for 140,322 miles, or an average of 1,754 miles per month, during our 16-month review period.

The CSAs complete mileage logs detailing the addresses of patients along with the mileage and time spent for each visit. Current procedures require that a supervisor review and approve the CSAs daily and weekly mileage logs. An administrative clerk uses the logs to enter and approve the miles in the SAP payroll application.

Observation

During the period of January through March 2010, we found instances whereby mileage logs were not signed by a supervisor as evidence of a review. This condition occurred because the manager who typically reviewed and approved mileage was out on Family Medical Leave during this time. According to the management, supervisors were requested to review and approve time and mileage logs until the manager returned. Instead, the CSAs entered their mileage into the SAP payroll application and then the mileage was approved by an Administrative Assistant.

Recommendation

Due to the number of miles driven by the CSAs, a supervisory review is especially important. Therefore, we recommend that the Director of Public Health require that a manager or supervisor, with the ability to determine the correctness and reasonableness of mileage logged by employees, sign the mileage logs as evidence of their approval. The individual who approves mileage in SAP should ensure that the logs have been signed by the appropriate supervisor before approving the mileage in SAP.

CLOSING REMARKS

We appreciate the responsiveness and cooperation of County staff during our review. Please call me if you have any questions regarding the contents of this report.

Sincerely,



S. Renee Tidwell, CPA
County Auditor

Attachments:

- Exhibit A – Travel Reimbursement Form (Revised 9/30/11)
- Management response from Public Health
- Management response from Juvenile Services

Team:

- Kim Trussell, Audit Manager
- Dan Thompson, Senior Internal Auditor

Distribution:

- Lou Brewer, Director, Public Health
- Randy Turner, Director, Juvenile Services



**Tarrant County
PUBLIC HEALTH**

*Safeguarding our
community's health*

Lou K. Brewer, RN, MPH
Director

**TARRANT COUNTY MILEAGE REIMBURSEMENT REVIEW
INTERNAL AUDIT MEMO NO.1- Public Health Mileage
FOR THE PERIOD OF 1/1/2010 TO 4/30/2011**

PUBLIC HEALTH RESPONSE

Recommendation #1: Management should re-evaluate the use of pool vehicles. For employees whose position requires them to travel most of the workday, management should determine whether the County would benefit by the employee using a pool vehicle rather than the County reimbursing mileage to the employee. Management should also consider whether mileage paid to employees is funded by a specific grant or the County's General Fund.

Management Comments #1:

The two TB pool vehicles will be more efficiently utilized for Direct Observed Therapy (DOT) and patient transportation. The TB vehicles will be used by the Community Service Aide (CSA) on an assigned rotating basis in order to reduce the mileage reimbursement cost. Public Health is also in the process of purchasing route scheduling software that can be utilized to reduce the mileage as much as possible.

Regardless of the source of funding; Tarrant County Public Health appreciates the opportunity to more efficiently utilize resources. The mileage paid has not been funded by the County's General Fund. Records indicate that over the past 5 years 70% of the mileage has been paid by the Department of State Health Services grant funds. The remaining 30% of the mileage has been paid with Public Health Fund dollars.

Recommendation #2: Due to the number of miles driven by the CSA's, a supervisory review is especially important. We recommend that the Director of Public Health require that a manager or supervisor, with the ability to determine the correctness and reasonableness of mileage logged by the employees, sign the logs as evidence of their review and approval. The individual who approves mileage in SAP should ensure that the logs have been signed by the appropriate supervisor before approving the mileage in SAP.

Management Comments #2:

It is a Public Health requirement that a manager or supervisor review and approve all mileage. It also a Public Health standard practice that

mileage not be approved in SAP without a supervisor's approved mileage log. This statement will be added to the header of the Public Health Mileage Reimbursement Form. Pending review; a Public Health mileage reimbursement policy will be added to the Public Health policies and distributed to all Public Health staff. An electronic version will be maintained in the Outlook Public Health Folder.



Lou K. Brewer, RN, MPH, Director



TARRANT COUNTY
JUVENILE SERVICES

RANDY TURNER
Director

LYN WILLIS
Assistant Director

BENNIE MEDLIN
Assistant Director

September 12, 2011

Renee Tidwell
Tarrant County Auditor

**Subject: Response to Tarrant County Mileage Reimbursement Review
Internal Audit Memo No. 3 – Juvenile Mileage
For the Period of 01/01/2010 to 04/30/2011**

Dear Ms. Tidwell,

First of all, thank you for your review and the report you provided concerning the mileage reimbursement of personnel in our Department. As you know, we personally met on Wednesday, August 16, 2011, to review the results of your review. At that time, I provided several initial thoughts concerning the information presented:

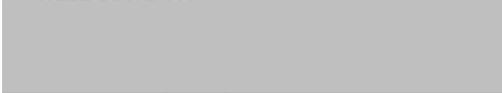
1. Our business practices in juvenile probation involve making visits to youth and their families in the community rather than having the family transport to our offices. There is significant literature and research that clearly indicates that this practice is much more effective when working with this population.
2. The personnel who have received the most reimbursement are assigned to our unit that supervises youth in the community with sexual offending behaviors. These youth are on our most intense level of supervision, and most often require 3 or more contacts a week. This activity requires more extensive travel throughout the community.
3. In addition to providing a higher level of supervision, our unit that supervises youth with sexual offending behaviors is not centrally located within the County. Due to available office space, this unit is located in the south west portion of the County, yet travels

throughout the County to supervise the youth. This alone can account for higher mileage.

Even though these factors impact our mileage reimbursements, the data you presented indicated some significant differences in the amount of mileage claims within work units and between personnel. We have initiated a more thorough audit and review of those personnel who have submitted mileage reimbursements for mileage close to or exceeding 20,000 miles for the period reviewed. This process will require additional time for the supervisors and senior managers involved. In addition, we are considering your recommendations to determine if they could be appropriate alternatives to support our business practices. Upon completion of our review, I will forward you an additional and final response.

Thank you again for your review and the report you provided. As stewards of tax payer dollars, we are committed to the best practices possible to ensure the most cost-effective use of our resources while providing effective supervision of youth and to ensure community safety.

Respectfully,


Randy Turner
Director/Chief Juvenile Probation Officer

C: The Honorable Judge Dana Womack, Chair, Tarrant County Juvenile Board
Mr. Bennie Medlin, Assistant Director, Tarrant County Juvenile Services
Mrs. Lyn Willis, Assistant Director, Tarrant County Juvenile Services
Mr. Ed Williams, Financial Supervisor, Tarrant County Juvenile Services