

# OFFICE OF THE KANE COUNTY AUDITOR

TERRY HUNT, KANE COUNTY AUDITOR

MARIOLA OSCARSON  
DEPUTY AUDITOR

KRISTIN JENKINS  
STAFF AUDITOR



719 S.BATAVIA AVENUE  
GENEVA, ILLINOIS 60134

630-232-5915  
630-208-3838 (FAX)

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## 2018 FLEET AUDIT

Under Illinois State Statute 55 ILCS 5/3-1005(h), the County Auditor is mandated to:

*“Audit the inventory of all real and personal property owned by the county under the control and management of the various officers and departments of the county.”*

As such, the Office of the Kane County Auditor audited the vehicles owned by the County as of August 31, 2018.

### PROCEDURES

Performed the following audit procedures:

1. Obtain an understanding of IRS regulations, Illinois State Statutes, County Ordinances, and County Policies pertaining to county vehicles
  - a. IRS Publication 15-B (2018) - Employer's Tax Guide to Fringe Benefits
  - b. Illinois State Statute 625 ILCS 5 - Illinois Vehicle Code
  - c. Kane County Code 2-8: Policy on purchase of county vehicles
  - d. Kane County Code 2-82: Purchase, replacement & disposal of vehicles
  - e. Kane County Financial Policy Section 3. Accounting, Auditing & Financial Reporting Policies
  - f. Kane County Procurement Ordinance
  - g. Kane County Personnel Handbook
2. Obtain and compare the vehicle list maintained by:
  - a. Finance - New World System (NWS) fixed asset list
  - b. Human Resource Management (HRM) - Insurance vehicle list
  - c. Department / Office vehicle list
3. Review fiscal year 2018 purchases and disposals
  - a. Review Standing Committee and Administration Committee minutes for approved vehicle replacements / purchases
    - i. Randomly selected one vehicle purchased and walked through the purchase process
  - b. Review Purchasing Department's records for disposed / vehicles

- i. Randomly selected one vehicle disposed of and walked through the disposal process
4. Validate existence of County owned vehicles, as of August 31, 2018, by performing a physical observation (excluding trailers, machinery & equipment, and federally owned vehicles)
5. Validate accuracy of vehicle information:
  - a. Vehicle identification number (VIN#)
  - b. License plate number
  - c. Vehicle make
  - d. Vehicle model
6. Validate existence of active insurance card
7. Validate ownership of vehicles by sampling vehicle titles held by Transportation, Sheriff's Office, State Attorney's Office, and the County Clerk's Office.
8. Validate vehicles are compliant with the County Code 2-82: Purchase, replacement & disposal of vehicles
9. In conjunction with the audit, assist IT Department in collecting information for an internal module called "Fleetman."

## **RESULTS**

As of August 31, 2018, the County owned 258 vehicles spread across sixteen (16) departments and offices.

<b>Department</b>	<b># of Vehicles Observed</b>	<b>% of all County vehicles</b>
Animal Control	5	1.9%
Building Management	16	6.2%
Circuit Clerk	1	0.4%
Coroner	5	1.9%
County Clerk	1	0.4%
Court Services - Admin	9	3.5%
Court Services - Adult Drug	2	0.8%
Court Services - JJC	1	0.4%
Development	7	2.7%
Emergency Management	6	2.3%
Environment Management	1	0.4%
Health	7	2.7%
IT	4	1.6%
OCR	1	0.4%
Sheriff	115	44.6%
State Attorney	12	4.7%
Transportation	64	24.8%
Water Resource	1	0.4%
<b>TOTAL</b>	<b>258</b>	<b>100.0%</b>

### *Compare the vehicle lists maintained*

Differences are noted between the fixed asset list, HRM list, and the Department / Office list.

Differences found, but are deemed appropriate based on the nature of the list:

1. Fixed asset list
  - a. Per the fixed asset policy, only assets equal to or greater than \$10,000.00 are recorded as an asset.
  - b. Finance updates the fixed asset list annually, so the list used during this audit is as of November 30, 2017. Items properly excluded from the list are changes made during the 2018 fiscal year (e.g. additions, disposals, and transfers).
  - c. There are multiple vehicles listed as two fixed assets. An asset number is assigned for the body / chassis of the vehicle, while another is assigned for the add-on equipment for the vehicle.
2. HRM list
  - a. HRM maintains a list for insurance reasons and updates the list annually, so the list used is as of November 30, 2017. Items properly excluded from the list are changes made during the 2018 fiscal year (e.g. additions, disposals, and transfers).
  - b. The insurance policy includes owned, hired and non-owned automobiles, and/or trailers and other equipment required to be licensed. Additional items included on the list, but excluded from this audit, are trailers, all-terrain vehicles, federally owned vehicles, and equipment.

Differences found and are deemed exceptions:

1. Population
  - a. Six (6) vehicles are listed, per the fixed asset list, with the original purchase price of \$0.01. These vehicles are less than the \$10,000.00 minimum required to be recorded as an asset.
2. Assets type classification
  - a. Eight (8) vehicles are classified as Machinery & Equipment Heavy, per the fixed asset list, but should be classified as Vehicles.
3. Accuracy of vehicle information per the list
  - a. Per the fixed asset list, fifty-one (51) vehicles are missing information in the description of the asset. Fifty (50) vehicles exclude the license plate number, while one (1) asset excludes the vehicle identification number.
  - b. Per the fixed asset list, there are twenty-nine (29) vehicles with incorrect information in the description of the asset. Twenty (20) vehicles list the incorrect license plate number, eight (8) vehicles record the incorrect vehicle identification number, and one (1) vehicle lists the incorrect year of the vehicle.
  - c. Per the fixed asset list, five (5) vehicles only include the add-on equipment of the vehicle and not the corresponding purchase of vehicle body.

### *Validate existence of vehicle*

Unable to locate / confirm the original manufacturer's vehicle identification number for three (3) vehicles.

*Validate existence of active insurance card*

Fifteen (15) vehicles are found noncompliant with Illinois State Statute 625 ILCS 5/7-602:

*“Every operator of a motor vehicle [...] shall carry within the vehicle evidence of insurance.”*

Seven (7) vehicles have expired insurance cards and eight (8) did not have an insurance card available in the vehicle at the time of observation.

*Compliance with County Code 2.82-G*

Ten (10) vehicles are found noncompliant with County Code 2.82-G:

*“All motor vehicles (with the exception of the vehicles used by the Sheriff’s, Coroner’s and State’s Attorney’s offices) shall be marked prior to use unless otherwise approved by the Administration Committee with appeal to the Executive Committee after notice to the Chairman of the County Board, including, but not limited to, those used by department heads. No individual names shall be used. No stickers or signage shall be affixed to the vehicle other than the official county identification.”*

Ten (10) vehicles from Court Service are unmarked without approval from Administration Committee.

*Compliance with County Code 2.82-H*

Six (6) vehicles are found noncompliant with County Code 2.82-H:

*“All County-owned vehicles shall bear municipal license plates except those specifically indicated for undercover law enforcement activities.”*

Five (5) vehicles owned by the State’s Attorney Office and one (1) by the Coroner have regular civilian plates.

*Validate ownership of vehicles*

Two (2) vehicle titles are found noncompliant with County Code 2.82-I:

*“With the exception of Sheriff’s Office vehicles and certain vehicles determined by the State’s Attorney to be considered State’s Attorney’s Office vehicles, all County-owned vehicles shall be titled to the “County of Kane” with no department or office name attached.”*

One (1) title is issued to “Kane County Coroners Office”, while one (1) title is issued to “Kane County DOT” instead of the “County of Kane.”

## **RECOMMENDATIONS**

**#1:** Remove six (6) fixed asset vehicles, which show a purchase price of \$0.01, identified noncompliant with the fixed asset policy. (Finance / Sheriff)

**#2:** Recommend to reclassify eight (8) vehicles misclassified as “Machinery & Equipment – Heavy Equipment” to “Vehicles.” (Finance / Transportation)

**#3:** Recommend the fixed asset list and the Department / Office vehicle list be updated real time. This will allow easy reference to ensure accuracy of the fleet information. (Finance / All)

**#4:** Recommend to maintain a valid insurance card inside each vehicle to remain complaint with Illinois Vehicle Code – 625 ILCS 5/7-602. (All)

**#5:** Recommend establishing a formal County-wide fuel policy. While there is no fuel policy established, there is a common practice used amongst all Departments / Offices. Each county-owned vehicle is assigned a gas chip key, which can be used at the county-owned fueling stations to purchase fuel from a County Board approved vendor at contracted rates. If vehicles are not in a reasonable distance of the county-owned fueling stations, the County employee may purchase fuel at an alternative location and can be reimbursed. (Administration Committee)

## **SUBSEQUENT EVENTS**

- Per the August 10, 2018 Administration Committee, Court Services was approved to purchase two new vehicles for \$56,980, however, the vehicles were not purchased before the August 31, 2018 cut-off, and were not included in the audit.
- Per the November 13, 2018 Administration Committee, Transportation was approved to purchase two new vehicles for \$151,000. Pending County Board approval scheduled December 11, 2018.
- The Building Management Department will be assuming responsibility for maintaining the County-wide fleet list. County Code 2-82: *Purchase, replacement & disposal of vehicles* should be reviewed and updated to reflect change.
- The Information Technologies Department is developing a secure online module called Fleetman to maintain fleet inventory information. The Auditor’s Office has provided our findings from this audit to use for Fleetman.
- Approved on November 13, 2018 by the County Board the vehicle insurance provider is changing from Travelers to Trident-Argonaut Insurance Co (Resolution #18-431). Effective December 1, 2018 new insurance cards will be distributed by HRM to be added into each vehicle.

The Auditor's Office would like to thank all those who assisted us in our review and provided their vehicles, titles and insurance cards for observation. Your cooperation and generous assistance is greatly appreciated.

Respectfully submitted,

OFFICE OF THE KANE COUNTY AUDITOR



Terry Hunt  
*Kane County Auditor*



Mariola Oscarson  
*Kane County Deputy Auditor*



Kristin Jenkins  
*Kane County Staff Auditor*