

Date: April 4, 2017



## CLERK OF THE CIRCUIT COURT – AGENDA ITEM Marion County Commission

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**SUBJECT:** Present Report No. 2017-03 Regarding Rainbow Lakes Estates (RLE) Volunteer Fire Department.

**INITIATOR:** Sachiko H. Leon, Internal Auditor

**DEPARTMENT:** Clerk of Court

**DESCRIPTION/BACKGROUND:** Internal Audit completed a review of Rainbow Lakes Estates Volunteer Fire Department to evaluate the operations and procedures in place during FY 2015. We determined areas for improvement to include, but not limited to:

1. more management oversight was necessary to enhance internal controls;
2. updating the existing ordinances related to the RLE special assessments was necessary to align with the current Laws of Florida in effect concerning RLE; and
3. the RLE Levy County residents should also pay the special assessment fire tax as the RLE Marion County residents for the volunteer services to which all the RLE residents (Marion and Levy) have equal access.

Management concurs with all auditor's recommendations and has started to take corrective actions.

**BUDGET IMPACT:** None

**RECOMMENDED ACTION:** None, for informational purposes only



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REPORT NO. 2017-03

**RAINBOW LAKES ESTATES VOLUNTEER FIRE DEPARTMENT**

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*Presented To*  
The Honorable Board of County Commissioners  
Mounir Bouyounes, County Administrator

March 22, 2017

*Issued By*  
David R. Ellspermann, Clerk of the Circuit Court and Comptroller   
Sachiko H. León, Internal Auditor 

*Engagement Team*  
Heather Lobsiger, Auditor-in-Charge  
Sachiko H. León, CIA, CISA, Internal Auditor

## EXECUTIVE SUMMARY

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Internal Audit conducted the review of the Rainbow Lakes Estates (RLE) Volunteer Fire Department (VFD). The audit was a request from the Marion County Board of County Commissioners (MCBCC) and County Administration. The original request was for Internal Audit to conduct an operational audit of the Marion County Community Centers to include RLE, Marion Oaks, and Silver Springs Shores. During the preliminary interviews for RLE review, we determined there was high potential risk concerning operations at the RLE VFD. To achieve a reasonable audit scope and objectives, we narrowed the scope to review of the fiscal year (FY) 2015 operations of the RLE VFD.

The MCBCC is the governing board over the RLE Municipal Service District (MSD). In 1970, Laws of Florida Chapter 69-1298 that created the RLE MSD was implemented. In 2001, Laws of Florida Chapter 2001-293 repealed all prior special acts related to the RLE MSD and established the current Laws and boundaries of the RLE MSD and authorized the MCBCC as the governing board over the RLE MSD. The RLE MSD is an independent special district of the State of Florida and consists of properties in Marion County and Levy County. Overall, we concluded that the Marion County Ordinances should be reviewed and updated to align with applicable Laws of Florida, and there should be more management oversight to improve internal controls by creating and implementing policies and procedures (P&P). The Marion County MSTU Department Director (MSTU Director) acts as the liaison between the RLE Advisory Board and the MCBCC. The MSTU Director also has primary oversight of the daily operations of the RLE VFD. We recommend that the MSTU Director create and seek the Marion County Administrator's approval for P&P, adopted by the MCBCC, regarding the operations at the RLE VFD. The MSTU Director should ensure that the volunteers at the RLE VFD are aware and understand the P&P and take corrective action for any violation of the approved P&P. All agreements and contracts for the RLE VFD need to be reviewed by the legal department and approved by the MCBCC. Countywide P&P should be created to standardize the use of all MCBCC vehicles and the purchase of fuel. All vehicles purchased from the MCBCC budget should be managed by Fleet unless otherwise approved by the County Administrator or designee.

We would like to express our appreciation to the management and staff of MSTU Department, Fleet Department, Risk Management Department, Marion County Clerk's Budget Department, Marion County Clerk's Finance Department and the staff and volunteers of RLE for their cooperation and assistance in the conduct of our review. We commend the MSTU Director and Marion County Administration in acceptance of and taking immediate or timely action to the audit recommendations.

The following abbreviations are used throughout the report:

Fiscal Year – FY

Marion County Administrator – County Administrator

Marion County Board of County Commissioner – MCBCC

Marion County Clerk of the Circuit Court and Comptroller – Marion County Clerk

Marion County Fleet Management – Fleet

Marion County Human Resources – HR

Marion County MSTU Department Director – MSTU Director

Municipal Service District – MSD

Policies and Procedures – P&P

Rainbow Lakes Estates – RLE

Volunteer Fire Department – VFD

Wright Express Gas Cards – WEX

#	OBSERVATION SUMMARY	INDIVIDUAL RECOMMENDATION	MANAGEMENT RESPONSE
1	<p>Levy County RLE residents are not being charged the special assessment fire tax. MCBCC needs to collect fire assessment from Levy County residents within the RLE boundaries.</p>	<ul style="list-style-type: none"> <li>• To align with applicable Laws of Florida, MCBCC and Marion County Clerk should:                             <ul style="list-style-type: none"> <li>○ review and implement the active Laws of Florida</li> <li>○ update agreements and Marion County ordinances that govern collection of special assessment taxes within RLE boundaries from the Levy County RLE residents.</li> </ul> </li> <li>• MCBCC, after appropriate legal due diligence, collect the special assessment fire tax from the Levy County residents within the boundaries of RLE.</li> <li>• Marion County Clerk's Finance Department should create an additional line item to identify assessment taxed collected from Levy County within the RLE boundaries.</li> </ul>	<p>Concur Implement within three to six months (May 2017 to August 2017)</p>
2	<p>RLE VFD was operating under a contract with Levy County Board of County Commissioners that was not approved by the MCBCC. MCBCC is the only authorized body to enter into any official agreements for the RLE MSD.</p>	<ul style="list-style-type: none"> <li>• MSTU Director should consult with the Marion County Fire Rescue Fire Chief and direct the RLE VFD to operate under the appropriate active interlocal agreements for Marion County.</li> <li>• If MCBCC votes to have RLE VFD have independent agreements, then the agreements should be approved and signed by the MCBCC, the governing board of RLE, and other appropriate parties.</li> </ul>	<p>Concur Implement within three to six months (May 2017 to August 2017)</p>
3	<p>A no weapons on premises sign was posted violating Florida Statute regarding personal rights. MCBCC Employee Handbook addresses the Florida Statute that protects the right for employees to have firearms locked in their vehicle on employer's property.</p>	<ul style="list-style-type: none"> <li>• MSTU Director should remove the sign immediately from the parking lot.</li> <li>• Marion County Human Resources (HR) or MSTU Director should conduct new employee training for volunteers.</li> <li>• Volunteers at the RLE VFD should be provided a copy of the MCBCC Employee Handbook, and sign an acknowledgment of understanding.</li> </ul>	<p>Concur Implement immediately (February 2017)</p>

#	OBSERVATION SUMMARY	INDIVIDUAL RECOMMENDATION	MANAGEMENT RESPONSE
4	<p>A MCBCC vehicle was utilized as a take home vehicle without being taxed according to IRS taxable fringe benefits regulations. MCBCC owned vehicles utilized as take home vehicles are required to follow the IRS rule.</p>	<ul style="list-style-type: none"> <li>• The MSTU Director should enforce and provide training to the volunteers at the RLE VFD of the MCBCC Take Home Vehicle P&amp;P and IRS regulations.</li> <li>• MCBCC cannot require a volunteer to be on-call; therefore, management should not treat MCBCC vehicles as non-taxable “qualified nonpersonal vehicle” when utilized as a take home vehicle.</li> <li>• If management and a volunteer agree on the volunteer utilizing a take home vehicle, the volunteer should be required to pay the IRS required tax.</li> </ul>	<p>Concur Implement immediately (February 2017)</p>
5	<p>The Marion County Fleet Management Department (Fleet) was not overseeing the repair and maintenance of vehicles utilized by RLE VFD. Fleet should manage the RLE VFD vehicles.</p>	<ul style="list-style-type: none"> <li>• The Fleet Director should manage the RLE VFD’s vehicles in accordance with the County Administrative Policy. Any deviations from the Administrative Policy should be in writing and approved by the County Administrator.</li> <li>• The MSTU Director should consult with Risk Management Division to manage County’s exposure at acceptable levels.</li> </ul>	<p>Concur Implement immediately (February 2017)</p>
6	<p>There were no countywide policies for the use of Wright Express gas cards (WEX) resulting in unreliable fuel usage data. WEX should be used for the assigned vehicle or equipment to obtain accurate usage data.</p>	<ul style="list-style-type: none"> <li>• Fleet should create and have County Administrator approve policies and procedures to be implemented for the use of WEX countywide.</li> <li>• All employees and volunteers who use WEX should be required to read the P&amp;P and sign for acknowledgment of understanding the P&amp;P.</li> <li>• WEX assigned to vehicles should only be used for that vehicle to ensure that data is accurate and that irregular use can be detected by analysis of the data.</li> <li>• Fleet should determine a process for use of gas cans and equipment.</li> </ul>	<p>Concur Implement immediately to three months (February 2017-May 2017)</p>

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## OVERALL OPINION

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It is the responsibility of the MSTU Director to provide management oversight for the operations of the RLE VFD. The MSTU Director should create, obtain approval through the MCBCC, and enforce appropriate P&P. RLE VFD volunteers should receive training and have access to applicable P&P. The MSTU Director should take corrective action for any violations of P&P. The individual recommendations of this audit will assist the MSTU Director in providing management oversight for the operations of the RLE VFD.

Our audit disclosed certain policies, procedures, and Marion County ordinances that could be improved. This audit does not guarantee that all areas for improvement were reported. Noncompliance or irregularities not included in this report could exist.



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## SCOPE AND OBJECTIVES

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The scope of our audit covered the period of FY 2015. We conducted formal and informal interviews with the MSTU Director (former and present), former RLE Volunteer Fire Chief, RLE Administration, Fleet, Risk Management Department, and the Marion County Fire Rescue Fire Chief.

The objectives of our audit were to determine:

- if there was an adequate special assessment fire tax process.
- compliance with the Marion County ordinances and Laws of Florida and Florida Statutes governing the RLE MSD, in particular sections that applied to the RLE VFD.
- adherence to RLE VFD administration and operating policies and procedures.
- reasonableness of vehicle and fuel usage.

Our audit of the RLE VFD was limited due to absence of documented or officially approved policies and procedures for the RLE VFD. We determined the Marion County ordinances relating to special assessment fire tax did not align with the current Laws of Florida. We based our opinions and recommendations on interviews, internal control best practice, and research of the Laws of Florida and Florida Statutes.

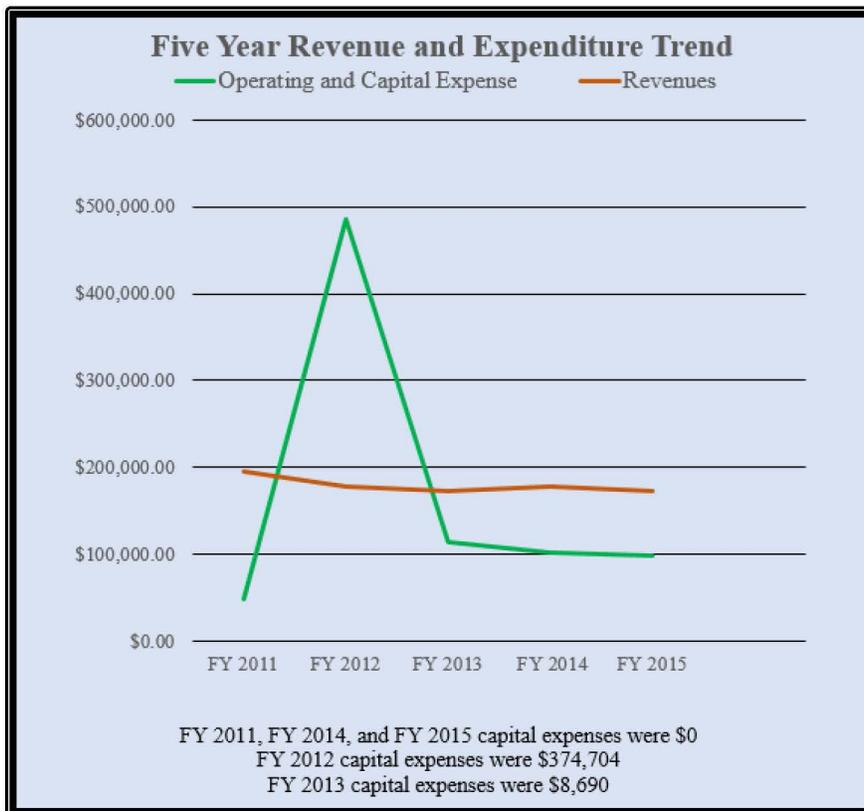
## BACKGROUND

The RLE MSD is an independent special district of the State of Florida and consists of properties in Marion County and Levy County. In 1970, the Laws of Florida, Chapter 69-1298, which created the RLE MSD, was implemented. In 2001, the Laws of Florida, Chapter 2001-293, repealed all prior special acts related to the RLE MSD and established the current Laws and boundaries of the RLE MSD and authorized the MCBCC as the governing board over the RLE MSD. The boundaries of the RLE MSD include both Marion County and Levy County. The MCBCC oversees and appoints, on a volunteer basis, an advisory board of six Marion County RLE residents and one Levy County RLE resident. The MSTU Director acts as the liaison between the RLE Advisory Board and the MCBCC. The MSTU Director also has primary oversight of the daily operations of the RLE VFD.

The operations for the RLE VFD are funded through a special assessment fire tax. In 1985, the first Marion County ordinance was adopted to collect the special fire assessment tax through collection on property tax bills. The Marion County ordinance included collection from the Marion County RLE residents only. The chart below reflects the increases to the annual special assessment fire tax amount:

Year	Unimproved Lot	Improved Lot
1985	\$2.00	\$7.00
1996	\$5.00	\$15.00
2001	\$15.00	\$30.00

The graph below shows the actual revenues and operating and capital expenses for the RLE VFD as recorded in the Adopted Line Item Budget books.



## OPPORTUNITIES FOR IMPROVEMENTS

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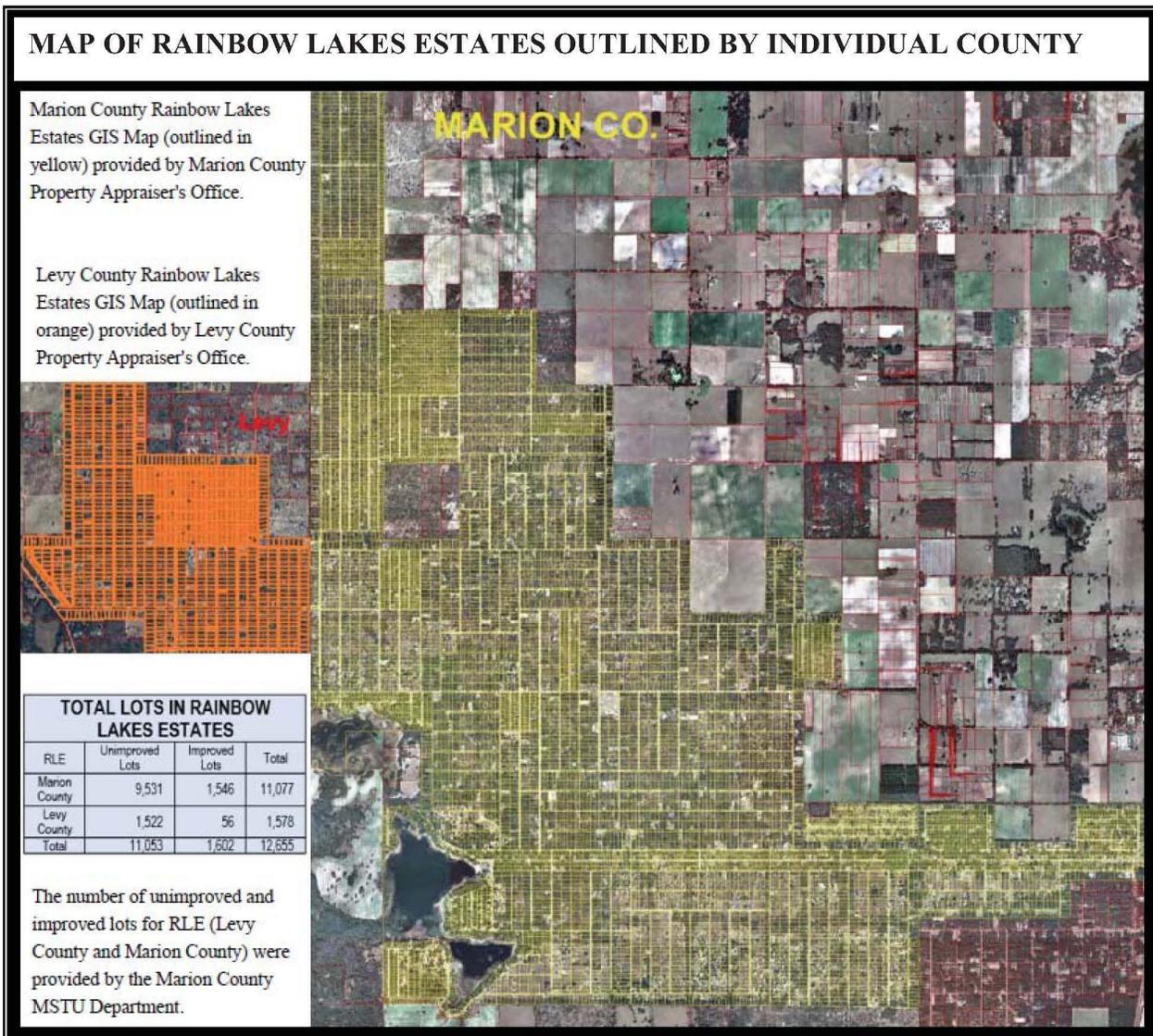
### **Observation 1 - Levy County RLE Residents Are Not Being Charged the Special Assessment Fire Tax**

The RLE Levy County residents have equal access to the services provided by the RLE VFD as the RLE Marion County residents, but the Levy County residents are not being charged the special assessment fire tax, as defined by the Florida House of Representatives House Bill 479, Chapter 2001-293, and as intended in the RLE Advisory Committee Policy Manual. In 1985, the MCBCC adopted an ordinance for the MCBCC to levy additional taxes for fire protection on the Marion County residents of RLE. When the Laws of Florida, Chapter 2001-293, was passed, which included Levy County, Marion County did not amend the 1985 ordinance to align with the Laws of Florida.

- **The Laws of Florida, Chapter 2001-293, states:**
  - “The Board of County Commissioners of Marion County, Florida, shall constitute the district board of said municipal service district and shall constitute the governing board of said district...”
  - “[The MCBCC] is authorized and [empowered, to] levy and assess special assessments to fund municipal services within said district. The district board shall certify each year to the tax collectors of Marion County and Levy County, respectively, a non-ad valorem assessment roll, and said tax collectors shall be ex officio tax collectors for the district, and such special assessments shall be levied and collected pursuant to general law. Special assessments collected shall be remitted by said tax collector to the Clerk of the Circuit Court for Marion County as ex officio clerk and treasurer of said district.”
- **RLE Advisory Committee Policy Manual (Approved at regular scheduled BCC meeting on November 6, 2012) states:**
  - “We have a volunteer fire department that is crucial to the existence of RLE.”
  - “Our Levy County residents and property owners also contribute to the fire department through an assessment for fire control.”

The MSTU Department was not providing the RLE special assessment fire tax levy documentation to the Levy County Tax Collector in accordance with the Laws of Florida (verified with the Marion County Clerk Finance Department). Without the documentation, the Levy County Tax Collector cannot levy the special assessment fire tax on the property owners in Levy County within the boundaries of RLE. The plats listed on Marion County Ordinance No. 85-23 had not been updated to include property that is in areas of Levy County within the RLE boundaries to reflect the Laws of Florida.

The Marion County residents of RLE are funding the RLE fire services account without contribution from the RLE Levy County residents; however, all residents of RLE have equal access to services provided through the RLE VFD. Not collecting the special assessment fire tax from all residents in RLE is not only providing free services to some, but reduces the available fund balance for the RLE VFD’s operations.



**We Recommend:**

- To align with the applicable Laws of Florida, the MCBCC and the Marion County Clerk should:
  - review and implement the active Laws of Florida;
  - update agreements and Marion County ordinances that govern collection of special assessment taxes within RLE boundaries from the Levy County RLE residents;
- The MCBCC, after appropriate legal due diligence, collect the special assessment fire tax from the Levy County residents within the boundaries of RLE; and
- The Marion County Clerk Finance Department create an additional line item to identify assessment collected from Levy County.

**Management Response: Concur**

Implement within three to six months (May 2017 to August 2017)

MSTU has already ran a report for the determination of calculating the special assessment fire tax for Levy County residents within the boundaries of RLE and have provided to Internal Audit. The initial

plan will be to schedule a meeting with appropriate Levy County staff and begin discussions on implementation. Prepare any new documents required based on the ordinance and legal documents creating the MSD.

**Observation 2 – The RLE VFD Was Operating under a Contract with the Levy County Board of County Commissioners That Was Not Approved by the MCBCC**

Interlocal agreement between Levy County and the RLE MSD did not go through the proper channel of approval. The former RLE Volunteer Fire Chief did not have the signing authority nor was it delegated to the RLE Volunteer Fire Chief by the MCBCC. The agreement was approved and signed on April 22, 2006, by the following:

- The County Coordinator for the Levy County Board of County Commissioners;
- The County Attorney for the Levy County Board of County Commissioners; and
- The Volunteer Fire Chief for RLE VFD.

No one signed to *ATTEST* or *APPROVED AS TO FORM AND LEGAL SUFFICIENCY*

- **The Laws of Florida, Chapter 2001-293, states:**
  - “The Board of County Commissioners of Marion County, Florida, shall constitute the district board... and shall constitute the governing board of said district...”
  - “The district board of said district is authorized and empowered: ... (h) To join with any other district of districts, cities, towns, counties, or other political subdivisions, public agencies, or authorities in the exercise of common powers...”
- **County Commission Policy 97-02 states:**
  - “All contracts and agreements with the Marion County Board of County Commissioners shall be executed by the Chairman of the Marion County Board of County Commissioners of the Marion County Board of County Commissioner’s designee as provided for in the General Administration of the policy.”
  - “All contracts and agreements between Marion County Board of County Commissioners and other parties are to be submitted to the County Attorney for review and approval.”

There was no management oversight at the time, and the MCBCC was not aware that the RLE VFD was operating under an agreement that did not go through the proper approval process.

The agreement is not valid; therefore, there is no authority to operate under the agreement.

**We Recommend:**

- The MSTU Director consult with the Marion County Fire Rescue Fire Chief and direct the RLE VFD to operate under the appropriate active interlocal agreements for Marion County; and
- The agreements be approved and signed by the MCBCC and other appropriate parties if the MCBCC votes to have the RLE VFD have independent agreements from Marion County.

**Management Response: Concur**

Implement within three to six months (May 2017 to August 2017)

Update policies and procedures as needed to address clear operations standards and clarify with both

the RLE VFD volunteers, Marion County, and Levy County as pertaining to any future needs and agreements such for Mutual Aide.

### **Observation 3 - A “No Weapons on Premises” Sign Was Posted Violating Florida Statute Regarding Personal Rights**

During a site visit at the RLE VFD, we observed a sign posted on the property stating: “**ALL WEAPONS PROHIBITED ON THESE PREMISES**” (see image). The sign was enforced if the former RLE Volunteer Fire Chief had knowledge of a weapon on the premises, including in a personal locked vehicle. The former MSTU Director was not aware of the sign.



- **Section 790.251(4) of the Florida Statutes states:**
  - an employer may not prohibit the possession of a legally owned firearm that is locked inside or locked to a private motor vehicle in a parking lot.
  - an employer may not violate privacy rights by inquiring about the presence of a firearm and may not take any action against having a firearm in the locked vehicle.
- **The Marion County Employee Handbook states:**
  - “Employees are permitted to keep a personal firearm or weapon in their personal vehicle provided the firearm is unloaded and the firearm or weapon is kept in a rack case and the vehicle remains locked on County property. Any such possession of a firearm must be in accordance with applicable Federal, State, and County laws and ordinances.”

Volunteers at RLE were not aware of the Florida Statute or the MCBCC Employee Handbook. The former MSTU Director was not conducting routine site visits to the RLE VFD.

The RLE VFD was in violation of the MCBCC Employee Handbook and the Florida Statute regarding personal rights, and exposes the governing body, MCBCC, to liability.

#### **We Recommend:**

- Immediate removal of the sign from the parking lot;
- Human Resources or MSTU Director conduct new employee training for volunteers at the RLE VFD; and
- Volunteers be provided a copy of the MCBCC Employee Handbook and sign an acknowledgment of understanding.

#### **Management Response: Concur**

Implement immediately (February 2017)

The MCBCC Employee Handbook will be provided to volunteers. Administration to implement any modifications for Human Resources and implement training immediately.

## **Observation 4 - A MCBCC Vehicle Was Utilized as a Take Home Vehicle Without Being Taxed According to Internal Revenue Service (IRS) Taxable Fringe Benefits Regulations**

A volunteer at the RLE VFD utilized a Marion County RLE vehicle for personal use by commuting from their residence to the RLE fire station without taxable charge of a fringe benefit. The RLE vehicle did not qualify as a “qualified nonpersonal vehicle” because the volunteers for the RLE VFD are not required to be on-call.

- **The IRS Quick Reference Guide for Public Employers states:**
  - “The personal use of a government-owned vehicle is generally a taxable fringe benefit.”
  - “A qualified nonpersonal use vehicle is any vehicle the employee is not likely to use more than minimally for personal purposes because of its design. Qualified nonpersonal use vehicles include: Clearly marked police, fire, and public safety officer vehicles. The employee must be on-call, required to commute in the vehicle, and be prohibited from personal travel outside the jurisdiction.”
  - “If you provide an employee with a vehicle that does not meet the qualified nonpersonal use criteria, the personal use of the vehicle is a taxable fringe benefit. It is the employer’s responsibility to determine the actual value of this fringe benefit and to include the taxable portion in the employee’s income.”
  - “There are three methods to determine the value of the vehicle provided to the employee: 1) Lease value rule 2) Cents-per-mile rule 3) Commuting valuation rule”
- **The IRS Fringe Benefit Guide states:**
  - “The following are examples of taxable personal use of an employer-provided vehicle: Commuting between residence and work station.”

The volunteer at the RLE VFD was not aware of the IRS regulations regarding take home vehicles and there was a lack of management oversight.

The MCBCC was in violation of the IRS requirements for collection of taxable fringe benefit and may be liable for back taxes if the practice continues.

### **We Recommend:**

- The MSTU Director enforce and provide training to the volunteers at the RLE VFD of the MCBCC Take Home Vehicle P&P and IRS regulations;
- Management not treat MCBCC vehicles used by the volunteers as “qualified nonpersonal vehicles” as the vehicles do not meet the IRS qualifications; and
- Management follow the appropriate IRS regulations and collect taxes when taxable fringe benefits such as take home vehicles are provided to the volunteers.

### **Management Response: Concur**

Implement immediately (February 2017)

The RLE VFD to update the policy and procedures to address the use of County vehicles and volunteers to comply with the IRS regulations, if needed.

## **Observation 5 – Fleet Is Not Overseeing the Repairs and Maintenance of Vehicles Utilized by the RLE VFD**

The former RLE Volunteer Fire Chief informed us that he managed the repairs and maintenance of the Marion County vehicles at the RLE VFD. Volunteers at the RLE VFD, at their discretion, would perform maintenance or a simple repair to Marion County vehicles at the RLE VFD. If the repair is beyond their knowledge, the former RLE Volunteer Fire Chief would take the vehicles to a privately owned automotive repair shop. The Fleet Director was aware that Marion County vehicles at the RLE VFD were being repaired at private automotive repair shops without Emergency Vehicle Technician (EVT) on staff.

- **Administrative Policy 03-01 – Use of County Vehicles states:**
  - “CENTRAL FLEET MANAGEMENT: The Fleet Management Department is the lead department on maintaining, repairing, replacing, and the acquiring and disposing of all County fleet assets. The Fleet Management Department will ensure that any repair or replacement warranty on purchased or leased equipment is utilized to the fullest extent.”
  - “Obtain authority to operate a County vehicle outside the County limits or for overnight custody.”
- **Fleet requires all mechanics that work on emergency vehicles to be certified as Emergency Vehicle Technician (EVT) or work under the direction of an EVT during the training period.**

Fleet was not providing the appropriate oversight over the vehicles at RLE VFD. The MSTU department was not providing the proper management oversight for the RLE VFD to ensure that they were following appropriate purchasing P&P.

The RLE VFD, Fleet, and the MSTU Director were not enforcing the *Use of County* MCBCC policy. County fire apparatus and vehicles not maintained by mechanics without proper EVT certifications may expose Marion County to additional liability in case of an accident or malfunction of the equipment. The manufacturer may void the warranty if not properly maintained and documented.

### **We Recommend:**

- The Fleet Director manage the Marion County vehicles at the RLE VFD in accordance with the Marion County Administrative Policy. Any deviations from the Marion County Administrative Policy should be in writing and approved by the County Administrator;
- The MSTU Director consult with Risk Management Division to manage Marion County’s exposure at acceptable levels; and
- The MSTU Director provide management oversight for the operations at the RLE VFD.

### **Management Response: Concur**

Implement immediately (February 2017)

The RLE VFD to implement annual inspections by Fleet to ensure proper maintenance to all vehicles within the Department. Future inspections done by Fleet or Hall-Mark.

## **Observation 6 - There Was No Countywide P&P for the Use of Wright Express Gas Cards (WEX) Resulting in Unreliable Fuel Usage Data**

WEX, which were assigned to particular vehicles, were used to fill gas cans and equipment. It was the RLE common practice for the volunteers to enter an odometer reading of the vehicle to “bypass” the control when using a WEX, which was assigned to a vehicle, for a gas can or equipment.

### **The WEX website states that the system:**

- is designed in order to capture data to provide users with data to determine trends, cost saving opportunities, and budget projections
- “...gives government agencies the highest level of control over their program.”
- “...capture[s] data, and ensure[s] that you have the information you need to manage your budget.”

The MCBC, including Fleet, does not have a policy for the use of WEX. Fleet does not restrict using gas cards that are assigned to a vehicle for other purposes.

Vehicle data captured in the WEX system are not accurate, and the control to analyze the validity of the fuel purchases is compromised. Marion County Management is missing out on possible cost savings opportunities or making an informed decision based on accurate data by not fully utilizing the WEX system’s ability and allowing “false” data to be recorded.

### **We Recommend:**

- Fleet create and have Marion County Administration approve P&P to be implemented for the use of WEX countywide;
- All employees and volunteers who use WEX be required to read the P&P and sign for acknowledgment of understanding of the P&P;
- WEX assigned to vehicles only be used for that vehicle to ensure that data is accurate and irregular use can be detected by analysis of the data; and
- Fleet determine a process for use of gas cans and equipment.

### **Management Response: Concur**

Implement immediately to three months (February 2017-May 2017)

Prefer to implement the use of fueling at Station 22 and eliminate the fuel cards with a potential exception pertaining to a replacement of a vehicle that will not utilize diesel. Prefer to eliminate as many as possible of the gas cards for better control.

## **Additional Observations – Auditee Took Corrective Action or Was in the Process of Implementing a Process That Will Be Included in the Follow-Up Audit**

1. The former MSTU Director informed us of the “Loan Closet” program that was, at the time, under the RLE VFD. The “Loan Closet” is a program for RLE residents in which medical equipment (walker, wheel chairs, crutches, etc.) was loaned out for a refundable deposit. Through interviews with pertinent personnel, we determined the following:

- there were no policies or procedures for the “Loan Closet”; and
- proper cash handling controls were not in place

Internal Audit went to the “Loan Closet” and were not able to account for deposits. We observed the following:

- there was a “no checks” sign;
- multiple receipt books being used;
- no standard documentation for items loaned out or returned; and
- no documented inventory of the items in the “Loan Closet”.

We informed the former MSTU Director and the RLE Advisory Board of the conditions. They immediately directed the MCBCC RLE paid staff to oversee the daily operations of the “Loan Closet.” The RLE Advisory Board voted to operate the “Loan Closet” with no deposit required for loaning of medical equipment.

2. The former RLE Volunteer Fire Chief was overseeing the hiring and termination process for the RLE VFD. There was not a formal process to ensure that the volunteers had background checks or required certifications. During the audit, the MSTU Director was working with HR to implement a hiring and termination process and ensure HR oversee the process and secures proper documentation.

**REPORT DISTRIBUTION LIST**

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Jeff Gold	District 3 Commissioner
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