

# **Audit of the County's Vehicle Transponder Usage**

**Report by the  
Office of County Comptroller**

**Martha O. Haynie, CPA  
County Comptroller**

County Audit Division

J. Carl Smith, CPA  
Director

Christopher J. Dawkins, CPA, CIA  
Deputy Director

Wendy D. Kittleson, CISA, CIA  
IT Audit Manager

Renee A. Miller, CPA  
Audit Supervisor

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December 15, 2011

Teresa Jacobs, County Mayor  
And  
Board of County Commissioners

We have conducted an audit of the County's Vehicle Transponder Usage. The audit was limited to a review of transactional data as received from the Orlando-Orange County Expressway Authority, County payments to the Expressway Authority, and a listing of County transponders as maintained by the County. The period audited was October 1, 2009 through April 30, 2010.

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.

Responses to our Recommendations for Improvement were received from the Office of Management and Budget. In addition, a response to Recommendation for Improvement No. 4, although not directly related to transponder usage, was received from the Manager of the Water Reclamation Division. All responses are incorporated herein.

We appreciate the cooperation of the personnel of the Office of Management and Budget as well as the various Divisions and Departments with transponder accounts during the course of the audit.

Martha O. Haynie, CPA  
County Comptroller

c: Ajit Lalchandani, County Administrator  
Randy Singh, Office of Management and Budget

# EXECUTIVE SUMMARY

## Executive Summary

We have conducted an audit of the County's Vehicle Transponder Usage. The audit was limited to a review of transactional data as received from the Orlando-Orange County Expressway Authority (OOCEA), County payments to the Expressway Authority, and a listing of County transponders as maintained by the County. The period audited was October 1, 2009 through April 30, 2010. The primary objectives of this review were to determine the following:

- Whether County Departments are adhering to rules and regulations regarding vehicle transponder usage; and
- Whether inappropriate usage or duplicate billings occurred based on a review of data provided by OOCEA.

Based on the results of our testing, we found that County Departments materially complied with the rules and regulations regarding vehicle transponder usage. In addition, based on our review of OOCEA data provided, we did not find patterns of inappropriate usage or occurrences of duplicate billings. Our recommendations for improvements are outlined in the report. Specifically, we noted the following:

The listing maintained by the County of vehicle transponders that are in use by County Departments was not accurate.

We identified numerous transponders that appeared to be used for routine travel to begin and/or end an employee's normal work day (commuting). During the audit period, County regulations did not allow County transponders to be used for commuting without the tolls being reimbursed by the employee. None of the tolls associated with commuting were reimbursed. Subsequent to the audit period, the County modified the regulations allowing employees to use County E-Pass transponders for commuting.

We identified several transponders where the OOCEA toll usage appeared to be almost exclusively for commuting to and from work. Transponder usage associated with take-home vehicles is not reviewed during the annual reevaluation required for take-home vehicles. This could assist in determining whether the take-home vehicles are necessary.

Most County Departments and Divisions are using the portable, hard case type of E-Pass transponder, which can be moved from vehicle to vehicle. Alternatively, the E-Pass mini, a sticker tag that must be adhered to the vehicle's windshield, cannot be moved between vehicles and will not work if removed from the windshield. The County should consider switching all transponders to the non-portable version to help ensure they are only used for business purposes.

We identified numerous instances where employees of the County's Water Reclamation Division were paid for standby hours that appeared to be in excess of their actual time worked, even when commuting time was taken into account. County rules require stand-by pay to include time commuting to and from the job-site. When this information was presented to the Division, the Division Manager explained that, although not in their written policy, he requires employees to complete a vehicle inspection prior to as well as after responding to a standby call and allows them to complete the work order information at home. As a result, he concluded it was reasonable for there to be time charged before the employee leaves and/or after the employee returns home. However, our analysis found the amount of time spent often appears excessive given the nature of the tasks.

Management concurred or partially concurred with all the Recommendations for Improvement and steps to implement the recommendations are underway. Responses to each of the Recommendations for Improvement are included herein.

# ACTION PLAN

**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 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

**Background**

Orange County has authorized employees' use of local toll roads in order to provide the most effective and efficient service possible. To facilitate this process, the County uses Orlando-Orange County Expressway Authority (OOCEA) E-Pass transponders for tolls incurred on local expressways. The majority of transponders for which the County is responsible are assigned to County vehicles, although County employees authorized to use their personal vehicles may also receive an E-Pass transponder. In both situations, the transponders may only be used for on-duty transportation.

The County has 56 separate accounts with OOCEA covering 1,910 active transponders. Orange County paid the Expressway Authority approximately \$325,000 for toll charges incurred by County employees between October 1, 2009 and April 30, 2010. These charges represent almost 343,000 paid transactions and over 68,900 transactions for the Fire Rescue and Corrections Departments, which are not billed to the County. In total, the County's 1,910 transponders traveled through OOCEA toll plazas over 411,000 times during the seven month period noted above.

**Scope, Objectives,  
and Methodology**

We have conducted an audit of the County's Vehicle Transponder Usage. The audit was limited to a review of transactional data as received from OOCEA, County payments to the Expressway Authority, and a listing of County transponders as maintained by the County. The period audited was October 1, 2009 to April 30, 2010. The audit objectives were to determine the following:

- Whether County Departments are adhering to rules and regulations regarding vehicle transponder usage; and
- Whether inappropriate usage or duplicate billings occurred based on a review of data provided by OOCEA.

To achieve our objectives, we performed the following tests:

We obtained a listing of all County transponders from the Office of Management and Budget (OMB). We also received data from OOCEA representing all transactions within the audit period recorded by transponders assigned to Orange County accounts. We created a listing of all County transponders using summarized data received by OOCEA and reconciled it to the County listing.

We reviewed the data provided by OOCEA for any duplicate transactions.

We determined all amounts the County paid to OOCEA during the audit period. We summarized the amounts by account number and compared the amounts paid to the transaction detail as provided by OOCEA.

We summarized the data provided by OOCEA to determine whether transponders were being used by County employees to begin and end their normal work day.

We analyzed County employees' toll plaza activity to determine whether transponders were used systematically during periods likely to be non-work hours, such as weekends, holidays, before or after normal work hours, or for 12 or more hours per day. We determined whether the usage was reasonable based on the needs of the individual Departments and Divisions. Any usage that appeared to be unrelated to County business or that was otherwise unusual was researched further.

Our review was unable to determine whether employees used their County issued transponder in their personal vehicle as the data captured and provided by OOCEA includes the vehicle information that the transponder was originally registered with, not necessarily the vehicle information (i.e. license plate number, vehicle type) for the vehicle traveling through the toll plaza.

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## INTRODUCTION



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### Overall Evaluation

Based on the results of our testing, we found that County Departments materially complied with the rules and regulations regarding vehicle transponder usage. In addition, based on our review of OOCEA data provided, we did not find patterns of inappropriate usage or occurrences of duplicate billings. Opportunities for improvement were noted and are described herein.

# RECOMMENDATIONS FOR IMPROVEMENT

**1. A Current Listing of County Transponders Should Be Maintained**

Orange County Administrative Regulation 8.07.06, Section II.D., requires the following:

Division Managers through their Department Directors will provide the County Administrator, or designee, an annual listing of all County vehicles and employees to which E-Pass transponders are assigned. The listing should account for all outstanding E-Pass transponders showing each vehicle number for the E-Pass transponder assigned to a vehicle, each employee's name for the E-Pass transponder assigned to an employee, assigned E-Pass transponder number and justification for approval. The E-Pass transponder listing will be submitted by all Divisions using E-Pass transponders. Quarterly notification will be made of any permanent changes to this list during the previous quarter.

We received a listing from OMB of all transponders assigned to County departments and divisions. OOCEA provided us with transactional data for all transponders on County accounts. After reconciling the listing provided by OMB to the data provided by OOCEA, we identified the following differences:

- We identified 102 transponders that were incorrectly omitted from OMB's listing but had activity and were paid for by the County during the audit period. During this seven month period, these transponders were used almost 11,000 times and accounted for over \$11,000 in toll charges. The Department or Division responsible for each of the transponders identified confirmed that the transponders belonged to them and should have been included in OMB's list;
- We found 130 transponders that 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 OOCEA. We also found transponders that were included on the list multiple times. Again, the Department or Division responsible for each of the transponders identified confirmed that the transponders were inactive and should no longer be included in OMB's list; and

- We also discovered 59 transponders with inaccurate information on OMB's listing which should be updated. These errors ranged from incorrect transponder numbers to justifications that were no longer valid or accurate.

Most Department and Division representatives were unaware of the Administrative Regulation requiring they notify the County Administrator, or designee, quarterly of any permanent changes to the list. As a result, the information maintained by OMB was and is often out of date as the County representatives wait until they receive annual notification from OMB to make any changes. Consequently, County staff is in violation of the above referenced Administrative Regulation and OMB is unaware of all transponders for which they are financially responsible.

**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.

**Management's Response:**

Concur. Steps are being taken to implement procedures that ensure departments provide quarterly revisions to the E-Pass listing maintained by OMB and that the E-Pass listing ties to the transponders billed records. Specifically, OMB will continue to formally notify departments of their obligations to provide an E-Pass listing on an annual basis. In addition to this, OMB will also ask departments to provide a reconciliation of the annual listings to the transponders

billed records. Further, OMB will request updates to these reconciled listings from departments on a quarterly basis.

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

The County's Administrative Regulations prohibit employees from using the County's transponders to commute to and from work. Specifically, 8.07.06, Section II.J., states the following:

Operators authorized to take County vehicles home and other employees authorized to use E-Pass transponders shall not use E-Pass transponders or be reimbursed for tolls incurred for routine travel to begin and end the normal tour of duty. Such tolls shall be considered out-of-pocket expenditures. It is the responsibility of the employee to reimburse the County for tolls incurred during routine travel.

To determine whether employees were using County transponders for commuting, we reviewed the data received from OOCEA for 56 transponders and identified 31 that appeared to be used for routine travel to begin and/or end their normal work day.

Through inquiry, we determined that County managers, finance staff, and employees were not aware of the requirements of the Administrative Regulation. As such, we found no tolls were reimbursed by County employees that used the transponders for commuting. However, after discussing this with County management and subsequent to the completion of fieldwork, Administrative Regulation 08.07 on *Authorized Use of County Vehicles* was revised by the Board to eliminate Section II.J. The revised Administrative Regulation effectively allows employees to use their County vehicles and E-Pass transponders for routine travel to begin and end their normal tour of duty.

Of the 31 transponders noted above, we identified several transponders where the usage appeared to be almost



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## RECOMMENDATIONS FOR IMPROVEMENT



exclusively for commuting to and from work. All of these transponders appeared to be assigned to a vehicle authorized for take-home use. For example, we noted the following situations:

- A) Almost 98 percent of the 756 transactions for one transponder involved only four contiguous toll plazas. Of these, almost 49 percent of the transactions (360) occurred between five and seven o'clock in the morning while 46 percent of the transactions (344) were between three and five o'clock in the afternoon. Furthermore, one of the plazas used by this transponder each morning and afternoon is located outside of the County.
- B) Almost 56 percent of the transactions for another transponder occurred between six and seven o'clock in the morning while 42 percent occurred around four o'clock in the afternoon. Furthermore, the same four plazas were used each morning (Redbug, University, Conway, John Young Parkway) while another four plazas were routinely used each afternoon (Orange Blossom Trail, Conway, University, Aloma). Of the 215 times this transponder was used during the audit period, only four transactions occurred at a time other than those hours listed above.
- C) Approximately 91 percent of the transactions for one transponder were for travel through toll plazas in Polk County each morning and afternoon.

Although not within the scope of this review, the lack of additional use during the work day on OOCEA roads as noted in some of the above examples could indicate a lack of need for a take-home vehicle. Administrative Regulation 8.07.05 I.E. requires that each take-home vehicle undergo an annual reevaluation. This reevaluation process does not include a review of the transponder usage during the previous year. Transponder usage associated with take-home vehicles should be reviewed for indications the vehicle's usage could be primarily for commuting purposes.

This could assist in determining whether the take-home vehicles are necessary.

**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.

**Management's Response:**

Partially Concur. We agree that vehicle policies and procedures should be enforced and communicated to employees in a timely manner. To that end, these policies are developed by employee groups such as the Vehicle Review Group (VRG); commented on and vetted by department representatives appointed to the Vehicle Requirement and Utilization Committee (VRUC); and, information is disseminated in various meetings and publications. The County will continue in its efforts to make sure employees are aware of our policies and procedures.

Regarding factoring E-Pass usage into determining the need for take-home vehicles, we are not in full agreement with this recommendation. While the intent of the recommendation is certainly appreciated, commuting miles are not a disqualification for take-home vehicle approval in some situations. For instance, an on-call Water Utility employee may be assigned a take-home vehicle with specialized equipment to handle emergencies. This employee may or may not respond to any emergencies but the vehicle is necessary in case the need arises. However, the County is already in the process of implementing a new annual review of every take-home vehicle. It is intended that this review factor in commuting mileage and put significant weight on it in cases where emergency responses are not as critical.

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

The Expressway Authority offers two types of vehicle transponders – a portable, hard case version and a non-portable, sticker type. During the audit we learned that most County Departments and Divisions are using the portable, hard case type of E-Pass transponder, which can be moved from vehicle to vehicle. Alternatively, the E-Pass mini, a sticker tag that must be adhered to the vehicle's windshield, cannot be moved between vehicles and will not work if removed from the windshield. While the transponders are required to only be used for business purposes, the opportunity exists 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, given the style of transponder currently in use.

The County should consider switching all transponders to the non-portable version to help ensure they are only used for business purposes. If County vehicles were equipped with these fixed-type transponders, the potential for employees to use the transponder in their personal vehicle would be eliminated. County staff, especially for those Departments with a large number of transponders, would also experience time savings by switching to these transponders since the E-Pass mini transponder does not require a battery. Several County employees expressed their concerns over the time consuming process of replacing transponder batteries. We contacted OOCEA and learned that E-Pass mini transponders are currently free for customers whose business is located in Central Florida; therefore, the conversion would not cost the County any additional monies.

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

**Management's Response:**

The County concurs with this recommendation and is already in the process of making the transition from the portable transponder, based on a recommendation of the previously mentioned VRG. A number of divisions, including Facilities Management are almost entirely converted and others are progressing in that direction. We hope to have the conversion complete for the entire County by the end of the current fiscal year (FY 2011-12).

**4. Employees on Standby Duty Should Be More Closely Monitored**

To ensure County transponders were only being used for business purposes, we analyzed employees' 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. During this analysis, we identified 56 transponders with abnormal usage in at least one of the three categories noted above. To help determine whether the activity appeared to be work related, we tested numerous aspects of these transponders' daily activity, including a calculation of the number of hours between the first and last usage of each day.

Of the 56 transponders identified, the majority did not appear to be used on a regular or recurring basis for non-business purposes. However, we noticed that seven of the 15 transponders belonging to the Water Reclamation Division appeared to have been used on numerous occasions for 12 or more hours per day. When asked for an explanation, the Division Manager explained that the majority of the days in question were for employees on standby duty. We learned that employees are put on standby duty to address emergency calls that are received during non-business hours. When an emergency arises, a call is received by a dispatcher who then calls a Division employee on standby duty to inform them of the location and nature of the problem. In many instances, the employee will travel from

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their home to the location of the incident, address the problem, and return home.

We found that Water Reclamation Division employees are compensated based on a Labor Union Agreement with the Board of County Commissioners, specifically Laborers' International Union of North America, Local 517 (Agreement). According to Section 27.2 of the current Agreement, "Employees assigned to standby duty by their supervisors are guaranteed standby pay of two (2) hours pay at their regular, straight-time rate for each regular work day of standby time assigned and scheduled." The Agreement also explains in Section 27.3 that "Employees, while on standby duty when called to work, will be paid for the actual time worked. For pay purposes, actual time worked starts at the time of notice and ends when he/she would reasonably be expected to return home."

We identified numerous instances where employees are paid for standby hours worked that appeared to be in excess of their actual time worked, even when commuting time is taken into account. For six of the seven transponders in question, we obtained the employees' home address and calculated the average commute time from the last toll plaza they traveled through to their home (or vice versa for morning travel). In almost all instances, we found that the employees' start or end time for a day on which they worked standby appears to have been rounded down or up, respectively, to the half or whole hour. Times reported at least 20 minutes after the trip should have started or ended were noted. When this information was presented to the Division, the Division Manager explained that, although not in their written policy, he requires employees to complete a vehicle inspection prior to as well as after responding to a standby call and allows them to complete the work order information at home. As a result, he concluded it was reasonable for there to be time charged before the employee leaves and/or after the employee returns home. However, as can be seen in the table below, the amount of time spent often appears excessive given the nature of the tasks:

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Minutes in Excess of When Trip Should Have Started or Ended	Number of Occasions
20 – 29	27
30 – 39	12
40 – 49	11
50 – 59	4
60 +	6
<b>Total</b>	<b>60</b>

We also found it unusual that employees' clock-in and clock-out times for standby hours worked fell on the half or whole hour for almost all transactions reviewed. We were informed that the standby reporting practice should include the exact time the employee was contacted by dispatch to report as well as the exact time the employee contacts dispatch to notify them that he/she has arrived home.

Good internal controls require supervision of employee time records to ensure hours worked are accurately stated, especially for those working additional hours.

**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.

### **Management's Response:**

We Concur. To ensure that payroll practices for standby hours worked complies with County regulations, the Utilities Department has begun evaluating the timeliness of standby employees' responses to emergencies from the time of notification (when compensation begins), and the timeliness of standby employees' return to their home upon completion of the emergency call (when compensation ends). This will include a review of vehicle inspection practices before and after responding to standby call out events, and the completion of work orders following the events.

As a result of this evaluation, we will be developing standards / expectations for optimum response times to

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emergency calls and optimum time frames for the completion of the standby call and return to home. Deviations from these standards will require an explanation.

Standby response and compensation begins when employees are contacted by Dispatch. As a secondary control, we have already implemented a procedure which requires standby employees to contact Dispatch upon completion of the return trip home, post vehicle inspection and completion of the work order if applicable, to verify the time at which compensation ends. Supervisors will be able to corroborate employee standby hours worked by reviewing Dispatch logs, recorded times of work orders in Maximo, and the employees recorded times in the Kronos timekeeping application.