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## PRESS RELEASE

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### **County Auditor releases County Vehicles Audit Report**

The Office of the County Auditor released a report on its audit of county vehicles today.

County Auditor Ernesto G. Pasion said, "The use of county government vehicles is subject to compliance with Chapter 105 of the Hawai'i Revised Statutes, Government Motor Vehicles. It is also subject to compliance to Internal Revenue Service (IRS) code section 1.61-21 as well as to applicable state taxation laws. The County of Kaua'i, as a governing and taxing authority, is also required to comply with such State and Federal laws."

The audit found that the County's 2002 Policy, developed to comply with the State law on the use of County vehicles, is inadequate, leading to possible noncompliance, abuse, waste and inefficiency. To address the situation, the County implemented a new Take Home Vehicle Policy which took effect July 1, 2013. A new Comprehensive Motor Vehicle Policy was also finalized and approved for implementation in August 2013. This Policy will create accountability for drivers and communicates what is expected of each person as they use County vehicles, or their personal vehicles for County purposes.

Also, the tax implications related to the use of take-home vehicles were not addressed since the implementation of the County's 2002 Policy up to June 30, 2013. The use of a County vehicle for commuting purposes is considered an employment benefit according to IRS Publication 15-B *Employer's Tax Guide to Fringe Benefits*. As a result, those who were assigned take-home vehicles as well as the county may be liable for additional payroll related withholding taxes.

This audit is one of three that examined the use of county fuel. The other audit is the usage of purchased fuel dispensed at county base yards with the use of the Gasboy system and the usage of fuel purchased for specifically designated county vehicles with Kaua'i Automated Fuels Network (KAFN) credit cards.

The audit will be made available on the County Auditor's website at <http://www.kauai.gov/auditor/reports/>. The public can also review the report at Kaua'i neighborhood libraries.

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