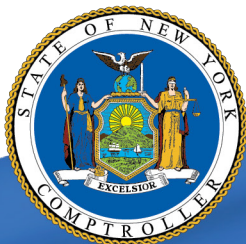


Baldwinsville Central School District

Fuel Inventory

OCTOBER 2022



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Baldwinsville Central School District

Audit Objective

Determine whether Baldwinsville Central School District (District) officials safeguarded and accounted for fuel inventory.

Key Findings

District officials did not establish controls to safeguard and accurately account for fuel inventory, and the responsibility for managing fuel inventories was not clearly assigned. As a result, officials cannot account for at least 1,358 gallons of fuel purchased or assure taxpayers fuel was only used for District purposes. Officials did not:

- Develop written policies and procedures to help ensure fuel inventories were adequately managed.
- Compare fuel invoices to delivery records. We examined 18 invoices and found District records support that the District may have been overbilled for 2,518 gallons valued at \$6,181.
- Maintain perpetual fuel inventory records and periodically reconcile the records with the amount of fuel in the tanks.
- Review fuel usage reports for reasonableness or ensure fuel users accurately reported information needed to monitor fuel usage.
- Ensure the District's fuel tanks were physically secured.

Key Recommendations

- Establish a control system that safeguards the District's fuel from loss and misuse.

District officials generally agreed with our recommendations and indicated they took corrective action.

Background

The District serves the Towns of Clay, Lysander and Van Buren in Onondaga County.

The District is governed by an elected nine-member Board of Education (Board) that is responsible for the District's educational and financial affairs. The Superintendent of Schools, along with other administrative personnel, is responsible for day-to-day operations.

The Assistant School Transportation Director (Director) is responsible for managing the District's transportation department and the Chief Operations Officer (COO) oversees the grounds department. Both officials report to the Assistant Superintendent for Management Services (Assistant Superintendent).

Quick Facts

Authorized Fuel Users	122
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Vehicles and Equipment Using the District's Fuel	182
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2020-21

Fuel Costs	\$409,326
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Gallons Purchased	192,301
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Audit Period

July 1, 2020 – March 23, 2022

Fuel Inventory

The District has two above-ground fuel tanks located at the District's transportation center – a 12,000 gallon tank for diesel and a 10,000 gallon tank for unleaded gasoline (Figure 1). Each fuel tank has a gauge that displays the tank's fuel level in feet and inches. The District has 182 vehicles such as buses, vans and trucks, and drivable equipment such as riding lawn mowers and payloaders that use fuel. In addition, three reserve fuel tanks (two 55-gallon and one 35-gallon tank) located on two District pickup trucks are used to fuel smaller pieces of equipment and to provide emergency fuel to buses.

Figure 1

Fuel Tanks



Diesel

Gasoline

During our audit period, the District had two Directors who managed the transportation department. The former Director left the District on May 24, 2021 and the current Director was appointed on July 1, 2021. One of the District's six mechanics (mechanic) was responsible for ordering and receiving fuel deliveries and updating vehicles and authorized users in the District's electronic fuel usage system. The District contracted with two local municipalities and four fire districts and departments to provide them with fuel and billed them monthly for their usage.

In August 2020, the District began using a fuel tank monitoring system (monitoring system) that monitors fuel and water levels and temperature, and detects leaks. An alarm activates if the tank levels do not correspond with the parameters programmed or if there are leaks detected.

The District also has a separate electronic system that tracks data on fuel usage for individual vehicles (usage system). Key fobs are assigned to each authorized vehicle, piece of equipment and reserve tank. In addition to the fobs, authorized users are assigned a personal identification number (PIN). To fuel a vehicle or piece of equipment, the fob is scanned at the pump and the user is prompted to

enter their PIN and either the vehicle's odometer reading for fobs assigned to vehicles, the usage hours for pieces of equipment, or zero for tanks.

How Should School District Officials Account For and Safeguard Fuel?

A school board is responsible for establishing written policies to safeguard and account for a school district's fuel inventory. School district officials should have procedures in place that assign individual responsibilities to help ensure fuel is used for its intended purpose and provide reasonable assurance that fuel is properly accounted for.

School district officials are responsible for designing controls over fuel to help ensure fuel is safeguarded and protected against loss, waste and misuse. To accomplish this, school district officials should maintain perpetual fuel inventory records that show the amount of beginning inventory, amount of fuel purchased, amount of fuel used and the balance remaining. In addition, they should periodically reconcile delivery and perpetual inventory records to measured fuel tank levels and investigate and resolve any material discrepancies.

Fuel, as a consumable commodity, should be maintained in a controlled environment, and access to fuel tanks and pumps should be monitored and properly restricted. In addition, school district officials should ensure that monthly inspections are completed by visually verifying the tank's integrity, and that leak detectors and other monitoring or warning systems are operating effectively.

Fuel Was Not Properly Accounted For

The Board did not establish written policies to provide reasonable assurance that fuel was used for its intended purpose and properly accounted for. In addition, District officials did not design procedures to ensure fuel use and perpetual inventory records were properly maintained, reviewed and reconciled. As a result, the responsibility for managing fuel inventories was not clearly assigned, and perpetual inventory records were not maintained and periodically reconciled with the amount of fuel on hand.

After each fuel delivery, the mechanic printed out a system delivery log which included the date of delivery, fuel level (inches and gallons) before and after the delivery and the amount of fuel delivered. The mechanic then compared the gallons on the vendor delivery receipt to the system's delivery log. The mechanic told us that there always had been a difference in the number of gallons delivered between the two records and he did not question the variance if the difference was less than 300 gallons per delivery because he expects variances to occur due to various measurement errors. For example, he indicated that changes in temperature could cause changes in the level of fuel in the tanks or fuel could

...[T]he responsibility for managing fuel inventories was not clearly assigned, and perpetual inventory records were not maintained and periodically reconciled with the amount of fuel on hand.

unintentionally remain in a vendor's pump line when delivered. He said the former Director was aware of this 300-gallon threshold. However, the current Director and Assistant Superintendent told us they were not aware of this threshold or the differences between vendor invoices and the system delivery logs.

The average gallons of gasoline and diesel fuel delivered are about 6,500 and 7,000 gallons, respectively. The 300-gallon acceptance variance is approximately 4 percent per delivery. Although measurement errors could occur and temperature can affect the amount of fuel delivered, the District's informal and arbitrary threshold of 300 gallons to investigate variances is not appropriate because it could result in material overbilling or underbilling.

The District paid 38 vendor delivery invoices (invoices) totaling \$584,610 from July 1, 2020 through November 24, 2021. We reviewed 20 of these invoices equaling \$298,549¹ and compared the number of gallons of fuel delivered per the invoices to the monitoring system's delivery logs. We found the gallons of fuel delivered and billed per invoices were consistently greater than the gallons delivered per the monitoring system's record for 18 deliveries, which were received from two separate vendors. The mechanic did not have system delivery records for the remaining two deliveries totaling \$29,930 because of a monitoring system glitch, so we could not compare the records for those two deliveries. In total, the fuel deliveries on the 18 vendor invoices exceeded the deliveries recorded in the monitoring system by 2,518 gallons, valued at \$6,181. The differences ranged from 84 to 159 gallons for diesel and 123 to 205 gallons for gasoline, and averaged 140 gallons per delivery for both types of fuel combined. As a result, the District may have been overbilled.

Because the mechanic's informal process was not to question deliveries with differences less than 300 gallons, officials had not tried to determine the possible causes for the differences. During audit fieldwork, District officials had the monitoring system software vendor review the system. The vendor tested the fuel and water sensors, automatic tank gauge and overfill alarm and determined they were all operating effectively. However, after the vendor reviewed the system, District officials did not compare the physical inventory on hand to the monitoring system to ensure the accuracy of the monitoring system's record. Because this comparison was not completed, officials remain unsure of what caused the differences between the vendor delivery records and the system delivery logs.

The Director and mechanic told us employees were not properly trained on managing the monitoring system. Furthermore, they said they did not maintain perpetual fuel inventory records because they relied on the monitoring system

¹ See Appendix B for sampling methodology.

to track fuel inventory levels. While the monitoring system can produce reports showing the gallons of fuel delivered and on hand in each tank at any given point in time, it does not serve as a perpetual inventory control record because it does not factor in fuel usage, which is tracked in a separate system.

Because District officials did not maintain perpetual fuel inventory records, we analyzed the District’s fuel inventory using the monitoring fuel system’s beginning and ending balances, deliveries from the vendor invoices, and usage records from October 7, 2020 through December 23, 2021. We found the calculated inventory balance was greater than the system’s inventory balance by 1,250 gallons for gasoline and 108 gallons for diesel fuel (Figure 2).

Figure 2: Fuel Inventory Analysis (gallons)

October 7, 2020 – December 23, 2021		
	Fuel Type	
	Unleaded	Diesel
Beginning Inventory – District Records	5,164	9,680
Add Deliveries	135,700	164,069
Less Usage	136,270	168,902
Ending Inventory		
OSC Calculated	4,594	4,847
Less District Records	3,344	4,739
Total Fuel Unaccounted For	1,250	108

It is important to maintain perpetual fuel inventory records and periodically reconcile the records with the amount of fuel in the tanks. Without proper inventory records and reconciliations, there is an increased risk that fuel could be stolen without detection.

Officials were unable to provide a reasonable explanation for not establishing adequate controls of the District’s fuel. During our audit, the Assistant Superintendent informed us that the Director will be responsible for managing fuel inventory and reconciliations going forward.

How Should School District Officials Review Fuel Usage and User Access?

School district officials should periodically review fuel usage records to help ensure that fuel is used for school district purposes and the amount of fuel used by each vehicle or piece of equipment is reasonable. Any material discrepancies disclosed in the records review should be investigated and resolved.

In addition, officials should ensure PINs and key fobs are actively managed to minimize the risk of misuse. If not properly managed, unauthorized access to

fuel could occur and go undetected. To minimize the risk of unauthorized access, officials should deactivate the PINs or key fobs as soon as there is no longer a need for them. In addition, they should have accurate and complete lists of authorized users and key fobs assigned to vehicles and equipment. Officials should periodically review these records to ensure the users still need fuel access and fobs are needed for the assigned vehicle or equipment. To improve controls and increase accountability over reserve tank fuel use, officials should maintain fuel usage logs to monitor fuel used from the tanks.

District Officials Did Not Adequately Review Fuel Usage Reports

District officials did not review or monitor fuel usage reports for reasonableness. Fuel usage reports document each fuel transaction including:

- The vehicle, equipment or tank name and assigned number that received fuel,
- User's PIN,
- Gallons and fuel type pumped,
- Date,
- Time, and
- Odometer reading or hours entered.

We reviewed 20 of 182 vehicles and pieces of equipment, three reserve fuel tanks and the associated 859 fuel usage transactions from July 1, 2020 through December 23, 2021 to determine whether transactions were reasonable. We found that 103 transactions (12 percent) were unreasonable because of decreased readings entered, negative calculated miles per gallon and fueling that exceeded the tank capacity.

Decreased Odometer or Usage Readings – We found 56 transactions associated with 14 vehicles and pieces of equipment were unreasonable because the odometer or usage (hours) reading entered decreased compared to the prior reading for the same vehicle or piece of equipment.

Based on our review of prior and subsequent readings, it is likely that users erroneously missed, reversed or entered inaccurate digits when they input the readings at the pump for 16 of the transactions. For example, usage records for one bus show the odometer readings entered for three consecutive fill-ups were: 36,099, 3,279 and 36,310. Based on the sequence, it is likely that the odometer reading entered for the second transaction should have been 36,279 instead of 3,279.

The mechanic told us if the reading entered is lower compared to the prior reading, the system provides an error message. However, if the user enters another

District officials did not review or monitor fuel usage reports for reasonableness.

incorrect reading a second time, the system will accept the subsequent reading entered. The Director told us the District has the ability to set parameters for odometer readings in the fuel usage system to prevent inaccurate entries from being entered and accepted, and it will work to correct this oversight and set the parameters going forward.

While we were able to determine the likely cause of the entry errors for 16 transactions, we could not determine the cause of the entries for the remaining 40 transactions with decreasing readings (see examples shown in Figure 3).

Figure 3: Examples of Odometer Reading Variances

Vehicle	Date	Prior Reading	Current Reading	Difference
Bus 419	10/9/2020	210,808	80,451	(130,357)
Bus B15	9/21/2021	31,000	3	(30,997)
Truck G95	10/20/2021	13,798	10,500	(3,298)
Truck 100	10/7/2020	3,567	959	(2,608)

The decreases in odometer and usage readings resulted in negative miles per gallon (or hours per gallon) for the 56 transactions we identified with variances. District management did not identify and investigate significant mileage variances or discuss them with employees to determine possible causes or corrective measures that should be taken.

Monitoring the miles or hours per gallon for vehicles and equipment can help District management assess the reasonableness of recorded fuel usage. Therefore, it is important to have accurate data to help maintain accountability. When a vehicle’s miles per gallon performance is significantly less than expected, there is an increased risk that the District’s fuel may not have been used for the vehicle or equipment, as recorded.

Fuel Tank Capacity – The grounds department’s 36-gallon pickup truck is equipped with two 55-gallon reserve tanks, one for diesel and the other for gasoline. The truck and each tank have their own key fob for fueling. Of the 58 usage transactions for the truck, there were 45 transactions that had more than 36 gallons pumped per transaction, averaging 48 gallons or 12 gallons above the truck’s fueling capacity. The COO and mechanic told us when users filled the truck, they would also add fuel to the reserve tank during the same transaction, rather than use the separate key fob to track fuel dispensed into the tank.

Similarly, the transportation department’s pickup truck is equipped with a 35-gallon diesel reserve tank on the truck’s bed, and the truck and tank each have their own key fob. Of the 10 usage transactions for the tank, we found that the recorded fuel usage for two transactions was not reasonable. For example, one transaction totaled 40 gallons, which was five gallons more than the tank’s

fueling capacity. The mechanic told us the tank's key fob was sometimes used to fuel diesel buses when a bus key fob was not working, and he was unavailable to reset the bus key fob.

When users pump fuel using key fobs that were not assigned to the vehicle, equipment or tank being fueled, the usage records will be inaccurate, resulting in reduced accountability. In addition, the transportation and grounds departments did not maintain any manual logs to track fuel used from the reserve tanks, which would have helped to increase accountability. Records show employees dispensed 3,690 gallons of fuel into the grounds department pickup truck and three reserve tanks from July 1, 2020 through December 23, 2021.²

When there is no review of fuel usage reports to identify and follow up on variances when appropriate, District officials cannot be reasonably assured that fuel is being used for proper District purposes.

User Access and Key Fobs Were Not Adequately Managed

We reviewed all 141 District users who accessed the fuel pumps and 182 District vehicles and equipment and three reserve tanks that had recorded fuel usage from July 1, 2020 through December 23, 2021. We found officials did not adequately manage user access and vehicle key fobs as follows:

User Access – When a District employee is hired and needs fuel access, the mechanic assigns the user a predetermined four-digit PIN, adds them to the usage system and assigns them to a District department (e.g., grounds, transportation). When a user leaves the District, the mechanic is supposed to promptly deactivate the user from the usage system.

Although the usage system can produce an authorized user list, no one periodically generated the list for review by department managers to help ensure all users were current employees who required fuel access.

We compared all 141 users who accessed the fuel pumps to the authorized user list and an employee master list in the payroll records. We found an active PIN was assigned to one former employee who left the District in 2014. The former employee did not access the system during our review period and the mechanic deactivated the user after we brought this to his attention.

In addition, 13 District employees who used fuel were not on the District's authorized user list. This occurred because the mechanic did not properly assign these users to a department in the usage system. Because the authorized user

... [O]fficials did not adequately manage user access and vehicle key fobs. ...

² Because the grounds department truck key fob was often used to fuel one of the reserve tanks, we quantified the gallons of fuel recorded for both the truck and tanks to provide some perspective on this recorded usage.

list was not complete, it made it more difficult for managers to review user access to the system and ensure access was appropriately restricted.

Also, the usage records included activity for 17 users, who were former employees that were authorized to use fuel during the period we reviewed, but their names had been deleted from the usage system. The mechanic told us that he deleted users who no longer needed access to the system. As a result, the system retained their PINs but deleted their names. During fieldwork, District officials contacted the vendor, who recommended they deactivate the user, which removes their access to the fuel pumps but allows their name and PIN to remain in the system for audit trail purposes.

Key Fobs – When the District receives a new vehicle, the mechanic assigns the vehicle a diesel or gasoline key fob. Although key fobs are assigned to vehicles based on fuel type, key fobs can be used on any vehicle that uses the same fuel type.

We compared the 182 District vehicles and equipment and three reserve tanks with recorded fuel usage from July 1, 2020 through December 23, 2021 to the District’s vehicle inventory list to determine whether fuel use was for District-owned vehicles. We found the following:

- The records show usage for a vehicle the District no longer owns. We determined the key fob used for this old vehicle is now used for a grounds department truck, but this truck was not added to the usage system and assigned its own fob. In addition, a pickup truck was named “gas can” in the usage system. Because there was no review of the usage records for reasonableness, these errors were not noticed until our audit.
- A grounds department pickup truck and the 55-gallon diesel tank located on the truck each had two different key fobs and vehicle names listed on the usage report. The mechanic told us a new key fob was assigned to the vehicle and tank because the old key fobs were not working. However, the user did not return the old fobs and they were still activated in the system. As a result of our inquiry, the old key fobs were turned in and deactivated.

Because District officials did not properly manage and review user and key fob access to the fuel system, there is a greater risk that fuel could be used that is not for appropriate District purposes.

Fuel Tanks Were Not Adequately Safeguarded

Figure 4

Fuel Tank Access

Unlocked Gate



Vendor Fueling Chamber



Officials had limited safeguards in place to provide assurance that the fuel tanks were properly secured. Although there were cameras over the fuel tanks and pumps, and another mechanic performed a monthly physical inspection to detect leaks and identify piping or structural issues, no one periodically reviewed the system to ensure the monitoring or warning systems were operating effectively.

In addition, the District has an enclosed fence with two gates that provide access to the tanks. To deliver fuel, the fuel vendors have access to the fueling chamber through a box located in front of each tank. We found the gates and the vendor chamber boxes were unlocked. In addition, there was an opening above both vendor chamber boxes allowing unrestricted access to the tanks (Figure 4).

The Director and mechanic did not provide a reasonable explanation for why the fences were not locked. Officials told us they will review the weaknesses and take corrective action.

Because the District does not have adequate physical safeguards in place to protect fuel inventories, unauthorized

individuals could gain easy access to the fueling chamber and tanks, which increases the risk that fuel could be stolen or misused.

What Do We Recommend?

The Board and officials should:

1. Ensure written policies and procedures are developed to assign individual responsibilities and help ensure fuel inventories are adequately managed.

Officials had limited safeguards in place to provide assurance that the fuel tanks were properly secured.

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2. Establish acceptable delivery difference thresholds and ensure delivery differences outside of those thresholds are followed up on.
 3. Ensure training on the fuel monitoring system is provided to staff, as appropriate.
 4. Ensure the fuel tanks are adequately secured and protected from unauthorized access.

The Director should:

5. Maintain perpetual inventory records and perform periodic reconciliations comparing ending inventory balances to the amount of fuel in the tanks. Investigate and resolve any material discrepancies.
6. Ensure that the parameters in the fuel usage system are adjusted to prevent inaccurate odometer entries from being accepted.
7. Ensure all authorized users are assigned to a department in the fuel usage system, included on the authorized user list and promptly deactivated in the system when access is no longer needed.
8. Ensure that all key fobs are properly associated with the correct vehicle, equipment or tank and are promptly returned and deactivated when no longer needed.
9. Periodically review the monitoring system and associated reports to help ensure overfill alarms, water sensors and tank gauges are operating effectively.

The Director and COO should:

10. Require employees to enter accurate odometer readings into the usage system and periodically review usage reports for reasonableness.
11. Consider maintaining fuel usage logs for the transportation and grounds reserve fuel tanks to provide additional accountability.
12. Periodically review the authorized user list for their departments to help ensure fuel access is only provided to employees who need it.

Appendix A: Response From District Officials

Jason D. Thomson
Superintendent of Schools



Kimberly A. Vile
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October 3, 2022

Office of the State Comptroller
Division of Local Government and School Accountability
PSU-CAP Submission
110 State Street 12th Floor
Albany, NY 12236

New York State Education Department
Office of Audit Services, Room 524 EB
89 Washington Avenue
Albany, NY 12234

Dear Office of the State Comptroller:

The Office of State Comptroller conducted an external audit in the 2021-22 fiscal year for the period of July 1, 2020 - June 30, 2021. The audit focused on fuel inventory and the findings are summarized below and can be reviewed in detail in the full audit reports that are also attached. The items listed below were found as opportunities for strengthening internal controls and operating efficiency. The audit has been reviewed by the full Board and the corrective action steps are noted below in italics.

The administrative team concurs with the majority of the recommendations and the following Audit Response will also serve as the District's Corrective Action Plan and was approved by the Board of Education on October 3, 2022.

The Baldwinsville Central School District would like to ensure the following information is noted that we believe is also pertinent. A new Transportation Facility was constructed and opened in March of 2020 approximately one week prior to the pandemic. Fuel was scheduled to be moved from our previous location to the new location which was delayed significantly due to the pandemic along with other systems being commissioned as scheduled. There was also a change in the leadership in the Transportation department after an extended absence which we believe contributed to some of the findings noted below and that processes had been in place prior to the audit period. In addition, the District actively worked on ensuring corrective action would be in place during and immediately after the audit work.

Office of State Comptroller audit observations and corrective action:

Auditor Recommendations
District Corrective Action

The Board and officials should:

1. Ensure written policies and procedures are developed to assign individual responsibilities and help ensure fuel inventories are adequately managed. *The District has a documented set of procedures that were effective July 1, 2022 with regards to assigning responsibilities to help ensure fuel inventories are adequately managed and fuel is accounted for in the District's system. These procedures include who is responsible for keeping [REDACTED] system current, fuel inventory, reconciliation of fuel deliveries and usage, tank security, inspections, and the responsibilities of the Fuel ID users.*
2. Establish acceptable delivery difference thresholds and ensure delivery differences outside of those thresholds are followed up on. *The District has established an acceptable delivery variance in its documented procedures and if the difference is above the variance, the Director of Transportation must be notified of the variance effective July 1, 2022.*
3. Ensure training on the fuel monitoring system is provided to staff, as appropriate. *All District staff with access to the fuel monitoring system are trained upon hire and must sign a Fuel ID Acknowledgement Certification Form effective October 1, 2022.*
4. Ensure the fuel tanks are adequately secured and protected from unauthorized access. *The fuel tanks are adequately secured and any deficiencies were corrected immediately after being brought to the Director's attention. This was completed prior to April 1, 2022.*

The Director should:

5. Maintain perpetual inventory records and perform periodic reconciliations comparing ending inventory balances to the amount of fuel in the tanks. Investigate and resolve any material discrepancies. *Reconciliation occurs daily between the [REDACTED] system and the fuel monitoring system. In addition the tanks are being physically monitored with the dipstick method as well. These processes were implemented in May of 2022.*
6. Ensure that the parameters in the fuel usage system are adjusted to prevent inaccurate odometer entries from being accepted. *The fueling system was reprogrammed during the Spring of 2022. If an inaccurate odometer reading is entered into the system, it does not allow the user to dispense fuel and they have to request access to be reset by the Transportation Director.*
7. Ensure all authorized users are assigned to a department in the fuel usage system, included on the authorized user list and promptly deactivated in the system when access is no longer needed. *Fuel users are reconciled daily in the District based on staffing that is hired or leaves the District. The District will send a listing of active fuel users at least quarterly with invoices to community partners for reconciliation as well as ensure district employees are reviewed. These processes were implemented July 1, 2022.*

8. Ensure that all key fobs are properly associated with the correct vehicle, equipment or tank and are promptly returned and deactivated when no longer needed. *The District has inventoried all key fobs and ensured they are associated with an active fuel storage vessel. The District has a master equipment list that is shared with all necessary departments to ensure it is up to date. Fobs are returned and promptly deactivated following a fuel storage vessel being decommissioned by the Transportation Director this was implemented in May of 2022.*

9. Periodically review the monitoring system and associated reports to help ensure overflow alarms, water sensors and tank gauges are operating effectively. *A mechanic reviews and inspects the system daily and sheets are maintained in a binder beginning in May of 2022.*


The Director and COO should:

10. Require employees to enter accurate odometer readings into the usage system and periodically review usage reports for reasonableness. *Minimum and maximum odometer readings are set for all fuel vessels when entering mileage to use a fueling depot. The Director of Transportation periodically reviews usage reports. This was implemented in July of 2022.*


11. Consider maintaining fuel usage logs for the transportation and grounds reserve fuel tanks to provide additional accountability. *Meters have been installed on all external fuel vessels and compared with fueling reports to ensure accurate fuel usage for each vessel effective May of 2022.*

12. Periodically review the authorized user list for their departments to help ensure fuel access is only provided to employees who need it. *The authorized user list is reviewed daily for District fuel users and quarterly for community partner fuel users the first review will occur in October of 2022 by the Director of Transportation.*

Date Signed: 10-6-22


Jennifer Patrino
Board of Education President

Date Signed: 10/6/2022


Jason D. Thomson
Superintendent

Appendix B: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed District officials and reviewed Board meeting minutes and available policies and procedures to gain an understanding of the procedures in place regarding the District's fuel inventory and operations.
- We performed a reconciliation from October 7, 2020 through December 23, 2021 using fuel usage reports, vendor fuel invoices and records per the inventory system to determine whether fuel was properly accounted for. We used our professional judgment to select the beginning inventory date when the system's inventory records were available after a delivery. We selected the ending inventory date based on the date we obtained a physical gauge reading of the tanks. We added gallons of fuel purchased per the vendor fuel invoices to our beginning inventory and subtracted fuel used per the usage reports to determine expected fuel inventory amounts. We compared expected fuel amounts to the system's actual fuel amounts and calculated the differences. We interviewed District officials and monitoring system vendors about the potential causes for the identified variances.
- We compared 20 vendor fuel deliveries to the monitoring system record of fuel delivered on the delivery logs for six months (May 2021 through October 2021) and calculated the total costs of the deliveries. We were unable to complete the test for two deliveries because the delivery logs were not retained. We used our professional judgment to select these months to account for deliveries made by the two vendors in our audit period.
- We observed the District's transportation center including the two above-ground fuel storage tanks and associated security, the fuel pumps and their operation. We observed how users obtained fuel from the tanks.
- We judgmentally selected 20 vehicles, pieces of equipment and reserve tanks and reviewed the associated 859 fuel usage transactions from July 1, 2020 through December 23, 2021 to determine whether usage records appeared reasonable. We selected the vehicles, equipment and reserve tanks that had high-risk transactions such as weekend fueling, fueling that took place between 6 p.m. and 4 a.m., decreases in readings, and the vehicle type. We assessed the reasonableness of odometer readings, calculated miles per gallon, and gallons pumped compared to the vehicle's fuel capacity and followed up with the Director and mechanic for explanations.

-
- We identified all 141 District users who accessed the pumps between July 1, 2020 and December 23, 2021 and compared the users to the authorized user list. We also compared the users on the authorized user list to the employee master list (in payroll records) to determine whether there were any District users who were not current employees. We followed up on differences.
 - We compared 182 vehicles and equipment and three reserve tanks on the usage reports to the vehicle inventory list to determine whether the vehicles, equipment and reserve tanks with recorded fuel usage were District vehicles, equipment and reserve tanks.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-a (3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The CAP should be posted on the District's website for public review.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/local-government/publications

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/local-government/fiscal-monitoring

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/local-government/publications

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/local-government/resources/planning-resources

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/files/local-government/publications/pdf/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/local-government/publications

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