

Berlin Central School District

Vehicle Fuel Inventory

JUNE 2018



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

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Report Highlights

Berlin Central School District

Audit Objective

Determine if the District adequately accounts for and safeguards its vehicle fuel.

Key Findings

- Vehicle fuel inventory records are not maintained.
- Vehicle mileage records are not compared to fuel consumption.
- Storage tanks are not adequately secured or inspected.
- Fuel purchases are not compared to fuel usage records.

Key Recommendations

- The Supervisor of Transportation and head mechanic should ensure:
 - Accurate fuel inventory and delivery records are maintained on a daily basis.
 - Mileage records are compared to vehicle fuel consumption.
 - The storage tanks are inspected monthly.
- The Supervisor of Transportation and Business Manager should ensure fuel purchases are periodically compared to usage for reasonableness.

District officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate corrective action.

Background

The Berlin Central School District (District) serves Rensselaer County and encompasses portions of the Towns of Berlin, Petersburg, Grafton, Poestenkill and Stephentown.

A seven-member Board of Education (Board) is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools (Superintendent) is the District's chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction. The District's appropriations are funded primarily with State aid and real property taxes.

The Supervisor of Transportation is responsible for managing the District's transportation operations and reports to the Business Manager. He is assisted by the head mechanic.

Quick Facts

2017-18 Fuel Appropriations	\$165,000
Gallons of Unleaded Gasoline Purchased	21,808
Gallons of Diesel Purchased	39,205
Number of Vehicles	39

Audit Period

July 1, 2016 – August 31, 2017

Fuel Inventory

The District's Transportation Department is staffed by 29 drivers and three mechanics and operates 39 vehicles from the District transportation facility under the supervision of the Supervisor of Transportation. The District has two above-ground storage tanks for its fuel inventory at the transportation facility - a 5,600 gallon tank for diesel and a 1,800 gallon tank for unleaded gasoline. The head mechanic maintains records for fuel delivery and usage and vehicle mileage. For the 2016-17 year, the District budgeted \$211,500 and expended \$100,219 for vehicle fuel.

Bus drivers dispense fuel from the pump by inserting a vehicle specific key and entering the vehicle's odometer reading and the driver's pass code. The system generates a record of the vehicle identification number, odometer reading, time of day, gallons and the fuel type pumped. The system also maintains historical totals of fuel dispensed by driver and vehicle. The head mechanic can produce fuel usage and mileage reports at any time. Fuel delivery drivers submit the delivery tickets indicating the number of gallons delivered with the cost to the head mechanic. The head mechanic forwards the tickets to the Transportation Department that keeps copies and sends the original to the Business Office.

How Should Districts Account For and Safeguard Vehicle Fuel?

The District's procurement policy authorizes the Business Manager to employ appropriate procedures and forms to prevent loss or diversion of District property. To prevent loss or diversion of vehicle fuel, the tanks should be stick measured¹ on a daily basis and immediately prior to and after fuel deliveries to verify the stated delivery amount. Fuel purchases should be compared to total fuel dispensed and fuel dispensed should be compared to vehicle mileage periodically to ensure reasonableness. In addition, the tanks should be physically secured and inspected at least monthly for leaks to ensure they are in good working order.

Vehicle Fuel Was Not Properly Accounted For or Safeguarded

The head mechanic did not maintain a fuel inventory. The tanks were not stick measured and the tank meters were not in proper working order. The computerized fuel system did not track fuel tank levels because the head mechanic did not know how to program the system to activate the tank level feature. Fuel deliveries were not confirmed through stick-measured readings and the delivery tickets were not compared to fuel usage records for reasonableness. The fence surrounding the tanks and the filler pipe were not locked and were not inspected on a monthly basis to ensure proper working order. We also found that fuel level meters and leak alarms were not in proper working order.

¹ Measure the tank depth in inches, convert the inches to volume using a tank volume conversion chart and compare to the expected volume based on the daily fuel log

Because of these weaknesses, we compared the fuel dispensed per the fuel usage reports to the fuel purchased for our audit period. We did not find a significant variance. Additionally, using the delivery tickets from when each tank was full and subsequent delivery tickets, we compared the amounts dispensed per the fuel usage logs to the amounts delivered and calculated the tank levels through our audit period to an observed stick-measured reading.² We found no significant variance between the calculated amount of gallons in the tanks and the stick-measured level reading. We then analyzed each vehicle's mileage and the gallons of fuel consumed during our audit period. We calculated the miles per gallon for each vehicle and found them reasonable when compared to industry guidelines. During our field work the head mechanic implemented the practice of daily stick-measured readings and delivery verification.

What Do We Recommend?

1. The Supervisor of Transportation and head mechanic should:
 - Ensure fuel inventory records are maintained through daily stick-measured readings, verification of delivery and comparison of gallons pumped to measured tank levels.
 - Periodically compare vehicle mileage to fuel usage for reasonableness.
 - Ensure the storage tanks are secured and locked, inspected monthly and maintained in proper working order.
2. The Supervisor of Transportation and Business Manager should ensure purchases per delivery tickets are compared to gallons used periodically.

² We extended our audit period to October 16, 2017 to observe the stick-measured readings of tank levels.

Appendix A: Response From District Officials



Superintendent
Dr. Stephen Young

Administrative Offices:
17400 Rt. 22, Cherry Plain, NY 12040
P.O. Box 259, Berlin, NY 12022

Business Officer
Ms. Karen Capozzi

April 17, 2018

████████████████████
Office of the NYS Comptroller
One Broad Street Plaza
Glens Falls, NY 12801

Dear ██████████

The Berlin Central School District is in receipt of the draft Report of Examination (2018M-02) prepared by the Office of the State Comptroller. On behalf of the District, I would like to thank the field examiner who was both professional and courteous throughout the audit process. The District found the overall audit and the examiner's feedback and recommendations to be very beneficial. As a result, we were able to immediately implement corrective actions during the audit process. The District is in agreement with the audit findings and I have detailed below our response to these findings with corrective actions that have been taken or proposed.

FINDINGS AND RECOMMENDATION	DISTRICT RESPONSE/ CORRECTIVE ACTION	PERSON RESPONSIBLE FOR IMPLEMENTATION	DATE OF IMPLEMENTATION
Ensure fuel inventory records are maintained through daily stick-measured readings, verification of delivery and comparison of gallons pumped to measured tank levels.	<ul style="list-style-type: none"> The district immediately implemented the use of a log book to record daily stick readings. Deliveries are only received during working hours now. The tanks are stucked immediately before and after fuel deliveries to ensure our readings match the meter reading. 	Supervisor of Transportation	9/13/2017 9/20/2017
Periodically compare vehicle mileage to fuel usage for reasonableness.	The District IT department is creating a means of entering the daily mileage readings from the fleet and the gallons of fuel dispensed from the pump into an easy to read	Supervisor of Transportation	5/1/2018

Berlin Central

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	spreadsheet. It will allow for a quick glance at reasonableness.		
Ensure the storage tanks are secured and locked, inspected monthly and maintained in proper working order.	Locks were purchased and installed on the fencing around the storage tanks. The Head Mechanic is doing a visual inspection daily. Any problems or concerns will be noted in the fuel log book.	Head Mechanic	10/1/2017
The Supervisor of Transportation and Business Manager should ensure purchases per delivery tickets are compared to gallons used periodically.	<ul style="list-style-type: none"> The Supervisor of Transportation receives the delivery ticket and compares it to the fuel log book when delivered. Additionally, when the spreadsheet is complete, the Supervisor will compare the gallons used to the delivery gallons for reasonableness. 	Supervisor of Transportation Supervisor of Transportation	9/20/2017 5/1/2018

In conclusion, I would like to commend the field examiner for being respectful of our mission and the necessary work to maximize the diverse talents and aspirations of the students. In order to achieve our missions, the Berlin Central School District strives for excellence in all aspects of our operations. We will continue to improve our operations through the recognition and correction of deficiencies such as those detailed in this audit.

Sincerely,



Dr. Stephen Young
Superintendent of Schools

cc: Karen Capozzi, Business Manager

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 employees and reviewed policies and procedures related to fuel inventory and operations to gain an understanding of the District's fuel management process.
- We observed the District's transportation facility including the above-ground fuel storage tanks (ASTs) and associated security, the fuel pumps and their operation, the transportation yard and garage.
- We examined all fuel transactions for both unleaded gasoline and diesel. We extended the end of our audit period from August 31, 2017 to October 16, 2017 in order to observe and document stick-measured readings of the ASTs.
- We calculated the mileage for each District vehicle and compared it to industry guidelines. Based on our understanding of the District's operations, we made a determination as to reasonableness.

We conducted this performance audit in accordance with GAGAS (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 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.

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 2116-1(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 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. We encourage the Board to make the CAP available for public review in the Clerk's office.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

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

www.osc.state.ny.us/localgov/costsavings/index.htm

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

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

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

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lgmg

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

www.osc.state.ny.us/localgov/planbudget/index.htm

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

www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.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/localgov/finreporting/index.htm

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

www.osc.state.ny.us/localgov/researchpubs/index.htm

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/localgov/academy/index.htm

Contact

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.ny.gov

www.osc.state.ny.us/localgov/index.htm

Local Government and School Accountability Help Line: (866) 321-8503

GLENS REGIONAL OFFICE – Jeffrey P. Leonard, Chief Examiner

One Broad Street Plaza • Glens Falls, New York 12801-4396

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