



Manorville Fire District Board Oversight and Fuel

Report of Examination

Period Covered:

January 1, 2015 — July 31, 2016

2016M-411



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

March 2017

Dear District Officials:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and Board of Fire Commissioner governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

Following is a report of our audit of the Manorville Fire District, entitled Board Oversight and Fuel. This audit was conducted 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.

This audit's results and recommendations are resources for local government officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*



State of New York Office of the State Comptroller

EXECUTIVE SUMMARY

The Manorville Fire District (District) is a district corporation of the State, distinct and separate from the Towns of Brookhaven and Riverhead, in Suffolk County. The District's 2015 expenditures were about \$1.9 million, and 2016 budgeted appropriations were approximately \$1.8 million, funded primarily with real property taxes.

The Board of Fire Commissioners (Board) is composed of five elected members and is responsible for the District's overall financial management and for safeguarding District resources. The Board employs a Secretary-Treasurer who serves as the chief fiscal officer and is responsible for receiving, maintaining custody of and disbursing District funds, maintaining financial records, preparing monthly and annual financial reports and meeting any other reporting requirements. The Secretary-Treasurer is also responsible for keeping a complete and accurate record of Board proceedings and all Board-adopted rules and regulations.

Scope and Objective

The objective of our audit was to examine the District's internal control environment and selected expenditures for the period January 1, 2015 through July 31, 2016. Our audit addressed the following related questions:

- Did the Board provide adequate oversight of the District's financial operations?
- Did the District monitor fuel card purchases and maintain complete and accurate fuel inventory records to safeguard fuel?

Audit Results

The Board should improve its oversight of District operations. It has not established adequate written policies and procedures governing cash receipts and disbursements and has not adequately segregated the Secretary-Treasurer's duties. Furthermore, the Board has been giving the District's four employees a Christmas bonus in addition to their fixed salary. These bonuses, which constitute an unauthorized gift of public moneys, totaled \$800 for 2015.

In addition, District officials did not maintain complete and accurate fuel inventory records or adequately monitor gasoline credit card purchases. As a result, a significant amount of fuel was unaccounted for. The District maintains one 500-gallon above-ground diesel fuel storage tank at District headquarters,

where 13 individuals¹ have keys to the fuel pump. From January 2015 through July 2016, the District purchased 7,513 gallons of diesel fuel at a total cost of \$18,249. Because of the inadequate records, District officials could not account for more than 2,000 gallons of diesel fuel (28 percent of the diesel fuel purchased) valued at approximately \$5,000. In addition, the District's five gasoline credit cards were used to make gasoline purchases totaling \$14,221 during the same period. Our review of 82 charges made with two of these cards totaling \$4,016 found that 45 of these purchases (55 percent) totaling \$2,150 were lacking either odometer readings or receipts. This occurred because the Board has not adopted any formal policies or procedures over the use of the District's diesel pump and, consequently, such logs (called fuel tank distribution logs) were not consistently completed or periodically reviewed. In addition, the credit card policy does not include adequate procedures to monitor gasoline usage.

Comments of District Officials

The results of our audit and recommendations have been discussed with District officials and their comments, which appear in Appendix A, have been considered in preparing this report. Except as indicated in Appendix A, District officials generally agreed with our recommendations and indicated they have taken, or plan to take, corrective action. Appendix B includes our comments on issues raised in the District's response.

¹ Four captains, four lieutenants, three chiefs, the houseman and the Secretary-Treasurer

Introduction

Background

The Manorville Fire District (District) is a district corporation of the State, distinct and separate from the Towns of Brookhaven and Riverhead, in Suffolk County. The District's 101 active volunteer members² provide fire protection, hazardous-material response and emergency rescue services to approximately 15,000 residents over 59 square miles. The District maintains three fire houses and has one part-time and three full-time employees. District expenditures for 2015 were approximately \$1.9 million and 2016 budgeted appropriations were approximately \$1.8 million, funded primarily with real property taxes.

The District is governed by an elected five-member Board of Fire Commissioners (Board). The Board is responsible for the District's overall financial management and control environment, including establishing policies and internal controls to help ensure that assets are properly safeguarded. The Board appoints a Secretary-Treasurer, who serves as the chief fiscal officer and is responsible for receiving, maintaining custody of and disbursing District funds, maintaining financial records, preparing monthly and annual financial reports and meeting any other reporting requirements. The Secretary-Treasurer is also responsible for keeping a complete and accurate record of Board proceedings and all Board-adopted rules and regulations.

Objective

The objective of our audit was to examine the District's internal control environment and selected expenditures. Our audit addressed the following related questions:

- Did the Board provide adequate oversight of the District's financial operations?
- Did the District monitor fuel card purchases and maintain complete and accurate fuel inventory records to safeguard fuel?

Scope and Methodology

We examined the control environment, transactions and Board minutes for the period January 1, 2015 through July 31, 2016.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit is included in Appendix C of this report. Unless otherwise indicated in this report, samples for testing were selected based on professional

² 2016 membership

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.

**Comments of District
Officials and
Corrective Action**

The results of our audit and recommendations have been discussed with District officials, and their comments, which appear in Appendix A, have been considered in preparing this report. Except as indicated in Appendix A, District officials generally agreed with our recommendations and indicated they have taken, or plan to take, corrective action. Appendix B includes our comments on issues raised in the District's response.

The Board has the responsibility to initiate corrective action. Pursuant to Section 181-b of the New York State Town Law, a written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and forwarded to our office within 90 days. 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 Board should make the CAP available for public review in the Secretary-Treasurer's office.

Board Oversight

The Board is responsible for overseeing the District's financial activities and safeguarding its resources. To fulfill this duty, it is essential that the Board develop and implement a system of internal controls which includes clear policies and procedures that promote effective operations and the prudent use of resources and that provide for proper oversight by the Board and District officials. Where practicable, duties should be separated so that one employee does not control all phases of the financial transaction process. When complete segregation of duties is not possible, active supervision and oversight become even more important components of an effective internal control system.

We found that the Board needs to improve its oversight of District operations. Specifically, the Board has not established adequate written policies and procedures governing cash receipts and disbursements, nor has it adequately segregated the Secretary-Treasurer's duties. Furthermore, the Board has been giving the District's four employees a Christmas bonus in addition to their fixed salary. These bonuses, which constitute an unauthorized gift of public moneys, totaled \$800 for 2015.

Segregation of Duties

The Board is responsible for establishing policies and procedures to provide reasonable assurance that the Secretary-Treasurer properly records and reports all District financial transactions. This responsibility includes monitoring the Secretary-Treasurer's work and segregating the duties of that position or instituting compensating controls when segregating duties is not practical. The duties of cash custody, recordkeeping and disbursement must be separated. To limit risks associated with inadequate segregation of duties, the Board should ensure that the individuals who perform bank reconciliations and cash disbursements are independent of the accounting function.

Reconciling book balances to bank balances is an important control over cash and, therefore, should not be performed by the same individual who maintains the accounting records. In addition, depositing all money received as soon as possible, but within 10 days, and recording the deposits helps to properly safeguard District assets.

The Board did not establish policies or procedures over cash receipts or disbursements and did not adequately segregate key financial duties or implement compensating controls. The Secretary-Treasurer, as chief fiscal officer, is responsible for keeping cash receipts and disbursements records with general ledger accounts that identify the

cash balances of all District funds. The Secretary-Treasurer opens mail; prepares, makes and records deposits; prepares claims; signs and mails checks; performs bank reconciliations; keeps the District's records; and prepares monthly and annual financial reports. The Board does provide some oversight by auditing claims, requiring a second signature on District checks and reviewing monthly financial reports. However, because of the magnitude of the duties, these controls are not sufficient to mitigate these Secretary-Treasurer's incompatible duties. The concentration of key financial duties with one individual, without adequate oversight or compensating controls, increases the risk of errors or irregularities occurring without being detected and corrected.

We reviewed 25 cash receipts³ totaling \$71,321 to determine whether they were deposited and recorded intact⁴ and in a timely manner. The District did not issue receipts for any of the moneys received; therefore, we could not determine when three receipts totaling \$6,535 (two cash deposits and a money order) were actually received. Using the check dates as the date of receipt for the remaining 22 receipts, we found that 10 receipts totaling \$27,047 (38 percent) were deposited between 11 and 45 days after they were received. (All moneys received were deposited intact and recorded on the day of deposit.) We also reviewed 25 cash disbursements totaling \$217,394 and found that all 25 disbursements contained checks bearing the two required signatures, were for legitimate District purposes and could be traced from the accounting records to the abstracts (lists of claims) and canceled checks.

Although all transactions appeared to be for District purposes and appropriately recorded, without adequate segregation of duties or sufficient oversight, the Board has limited assurance that the Secretary-Treasurer's records and reports are complete and accurate.

Employee Compensation

New York State Town Law authorizes the Board to fix the compensation to be paid to District officers and employees for the performance of their duties. The Board may not, however, make gifts to District officers or employees, including the payment of bonuses or other compensation beyond the previously fixed amount as a reward for services rendered and already fully compensated.

Each year, the Board pays each of its four employees a Christmas bonus. For 2015, the employees' Christmas bonuses totaled \$800. Since these bonuses are payments beyond the fixed salary already paid as compensation for services performed, they constitute a gratuity and, therefore, an unauthorized gift of public moneys.

³ See Appendix C for details of our sampling methodology.

⁴ In the same form (cash or check) as collected

Recommendations

The Board should:

1. Develop and adopt policies and procedures over cash receipts and disbursements.
2. Segregate cash receipt, disbursement and recordkeeping duties to the extent possible. Where duties cannot be adequately segregated, the Board should provide adequate oversight as a compensating control.
3. Cease its practice of making payments that constitute an unauthorized gift of public moneys.
4. Consider consulting with legal counsel to determine what steps the District should take, if any, to recover the moneys inappropriately paid as bonuses.

The Secretary-Treasurer should:

5. Ensure that all moneys received are deposited as soon as possible, but within 10 days.

Fuel

The Board is responsible for establishing procedures to provide reasonable assurance that vehicle fuel is accounted for and used only for District purposes. The Board is also responsible for ensuring that fuel supplies are adequately safeguarded, accounted for and protected against the risk of loss, waste and misuse. Where the use of gasoline credit cards is permitted, the Board should adopt a sound credit card policy that identifies the individuals authorized to use the credit cards, describes the documentation required to support gasoline purchases and includes procedures for monitoring credit card usage. Adequate procedures are necessary to ensure that District officials and employees follow the established policy provisions.

District officials did not maintain complete and accurate fuel inventory records or adequately monitor gasoline credit card purchases. The District maintains one 500-gallon above-ground diesel storage tank at District headquarters, where 13 individuals⁵ have keys to the fuel pump. From January 2015 through July 2016, the District purchased 7,513 gallons of diesel fuel at a total cost of \$18,249. District officials did not maintain complete and accurate fuel inventory records to safeguard and account for fuel. As a result, District officials could not account for more than 2,000 gallons of diesel (28 percent of the diesel purchased), valued at approximately \$5,000. In addition, the District's five gasoline credit cards were used to make 393 gasoline purchases totaling \$14,221 during the same period. Our review of 82 charges made with two of these cards totaling \$4,016 found that 45 of these purchases (55 percent) totaling \$2,150 were lacking either odometer readings or receipts.

Fuel Inventory Records

To help ensure that the District pays for the correct number of gallons of fuel received, District officials should ensure that fuel supply tanks are measured⁶ prior to and after fuel delivery. Inventory records should be maintained to account for the amount of fuel purchased and used and the balance of fuel remaining in the tank. The inventory records should be periodically reconciled to physical inventories, and material discrepancies should be investigated and resolved.

The District's records were not adequate to detect the loss of fuel because District officials did not maintain inventory records to show the amount of beginning inventory, fuel purchased, fuel consumed and the resulting balance of fuel remaining in inventory. Because

⁵ Four captains, four lieutenants, three chiefs, the houseman and the Secretary-Treasurer

⁶ For example, using a measuring stick or tank gauge

records were not consistently and accurately maintained, significant amounts of fuel were unaccounted for. In addition, the Board did not implement procedures requiring someone to be present during fuel deliveries to measure the tank before and after each delivery; instead, after delivering the diesel, the delivery driver would enter the District headquarters to have someone sign for the delivery ticket with no verification of the quantity of fuel actually received. Furthermore, although those with access to the pump are encouraged to complete manual fuel usage logs when using the pump, the Board has not adopted any formal policies or procedures over the use of the District’s diesel pump and, consequently, such logs (called fuel tank distribution logs) were not consistently completed or periodically reviewed.

We reconciled the District’s diesel fuel purchases for our audit period with the District’s diesel fuel tank distribution log and found that, based on the assumption that a delivery filled the tank to its 500-gallon capacity, more than 2,000 gallons of diesel (28 percent of the diesel purchased) valued at approximately \$5,000 was unaccounted for.

Figure 1: Diesel Inventory (Gallons)^a

Beginning Inventory ^b	Delivered	Used	Calculated Ending Inventory	Maximum Ending Inventory (Tank Capacity)	Difference
200.0	7,513.1	5,142.0	2,571.1	500.0	2,071.1

^a This reconciliation starts with the January 15, 2015 delivery and ends with the July 27, 2016 delivery.
^b Beginning inventory was assumed, based on January 15, 2015 delivery of 300 gallons and tank capacity of 500 gallons.

This discrepancy illustrates the inconsistent use of the fuel usage log and the need to periodically measure the tank and reconcile those measurements to usage records, investigating significant differences. District officials told us that the houseman⁷ does not record the diesel fuel he uses in the District’s pickup truck; however, the officials had no other explanation for the large discrepancy between the purchase and usage records and the maximum tank capacity. Without proper controls over fuel inventory, District officials have no assurance that fuel purchased by the District is actually received, properly accounted for and used for proper District purposes.

Gasoline Credit Cards

Monitoring gasoline credit cards helps to ensure that the cards are used properly. The Board has adopted a credit card policy that requires gasoline credit card users to submit supporting documentation for fuel

⁷ The houseman is responsible for building maintenance at the District, including cleaning, landscaping and snow removal. He is also responsible for purchasing janitorial supplies and firematic equipment.

purchases and establishes procedures to reconcile credit card activity to ensure that purchases are reasonable. The Secretary-Treasurer is responsible for ensuring that all transactions on the District's gas credit card statements are reviewed to verify that charges are supported by adequate documentation and are legitimate. The person who performs each transaction and the vehicle fueled should be identified to provide accountability for expenditures charged to District credit cards. The vehicle mileage at fueling also should be required for analysis of vehicle fuel usage to detect non-District fuel purchases.

The Board authorized the issuance of five gasoline credit cards to three fire chiefs, one Commissioner and the District houseman. These individuals made 393 gasoline purchases totaling \$14,221 during our audit period. Although the Board's adopted policy requires users to submit original receipts and documentation for all fuel purchases, the policy was not always followed. Our review of 82 transactions made by the houseman and a fire chief⁸ totaling \$4,016 found that receipts were not attached for five purchases totaling \$210. In addition, the credit card policy does not include adequate procedures to monitor gasoline usage. For example, there is no requirement for users to record odometer readings on their receipts when they purchase gasoline. Consequently, the 77 receipts submitted totaling \$3,806 did not always identify the vehicle being fueled, the purpose for the purchase or the vehicle mileage to support the use of the gas card for a legitimate purpose. Of these 77 receipts, 12 receipts totaling \$603 had no odometer reading entered and 25 receipts totaling \$1,201, submitted by the houseman, all showed an odometer reading of 8,595, indicating that this was not a true and valid entry. Furthermore, none of the 82 transactions reviewed had sufficient available data, such as identification of the vehicle, vehicle mileage at fueling and the previous vehicle mileage, to calculate vehicle miles per gallon and determine the reasonableness of vehicle miles per gallon.

Because the Board did not implement adequate internal controls over the use of gasoline credit cards, it has limited assurance that gas purchases were reasonable. As a result, the District is at an increased risk of incurring unauthorized or inappropriate charges.

Recommendations

The Board should:

6. Adopt and implement written policies and procedures to ensure that the fuel supply is periodically measured and that adequate fuel inventory records are maintained, including the beginning inventory and the quantities of fuel purchased, delivered, dispensed and on hand.

⁸ We selected all the fuel charges on the two gasoline credit cards with the highest activity.

7. Consider revising its credit card policy to include a requirement that gasoline credit card users record odometer readings on their receipts when they purchase fuel.

District officials should:

8. Periodically reconcile fuel inventory records and the diesel fuel usage records to physical fuel tank measurements. Any differences should be promptly investigated and resolved.
9. Monitor fuel usage for each vehicle.

The Secretary-Treasurer should:

10. Enforce the Board's adopted policy and procedures that require invoices or receipts be attached to gasoline credit card claims when they are submitted for approval. The Secretary-Treasurer should approve only those credit card claims that are supported by invoices or receipts.

APPENDIX A

RESPONSE FROM DISTRICT OFFICIALS

The District officials' response to this audit can be found on the following pages.



14 Silas Carter Road • Manorville, New York 11949

(631) 878-6614
Fax: (631) 878-6620

February 21, 2017

Mr. Ira McCracken, Chief Examiner
Division of Local Government & School Accountability
Office of the State Comptroller
NYS Office Building, Room 3A10
250 Veterans Memorial Highway
Hauppauge, NY 11788-5333

RE: Manorville Fire District, Report #2016M-411, Period January 1, 2015 – July 31, 2016

Dear Mr. McCracken,

The Board of Fire Commissioners has carefully reviewed the draft of the above examination entitled "Board Oversight and Fuel" and offers the following response and corrective action plan to address the findings in the report.

Board Oversight, Segregation of Duties:

The Board feels confident that they have been monitoring the Secretary-Treasurer's work and are assured that the records and reports are complete and accurate. Each month the Commissioner assigned to that responsibility opens and reviews the Bank Statements prior to the Secretary-Treasurer's reconciliation. This process includes viewing each cleared check and its endorsement. In addition, after the Reconciliation the entire Board reviews this information. At least once each month the Board is provided with reports on Cash Receipts, Checking Account activity, Profit and Loss Reports and Bank Balance reports. The Board signs each claim for payment that is prepared by the Secretary-Treasurer and a Board member signs each check that the Secretary-Treasurer signs as part of our two-signature policy on disbursements.

While reviewing the cash receipts of the District and our failure to issue receipts for monies received, your audit states "Using the check dates as the date of the receipt for 22 receipts, we found that 10 receipts (38%) were deposited between 11 and 45 days after they were received". The Board finds this assumption to be flawed as it leaves no time frame for the processing and handling of a check that is mailed to the District. Perhaps a better assumption would be 4-5 days' lead time from the date the check is written to the time it is received. (An example of this is a check we received this week on 2/15 from the Riverhead IDA which is dated 1/26.)

See
Note 1
Page 17

BOARD OF FIRE COMMISSIONERS
THOMAS COSTELLO, *Chairman* · JAMES NEWTON, *Vice-Chairman*
DENNIS M. HENDRICKSON, *Commissioner* · WILLIAM C. HILLE, *Commissioner* · THOMAS J. CAMPANARO, *Commissioner*
DONNA LEOTTA, *District Secretary/Treasurer*

The Board thanks you for your findings regarding the segregation of duties and have already implemented the following as our corrective action plan:

The Part-time District Clerk position at the Fire District has been upgraded from 8 hours a week to 20 hours a week to help segregate the duties of the Secretary-Treasurer. The District Clerk is entrusted with the receipt of all funds and records this in a cash receipt journal, which will be reviewed monthly and compared against deposits by a Board member to ensure the 10 day best-practice rule is followed.

In addition, the Board has implemented a rotation of an "on-duty" Commissioner each week who will frequent the District Office and immerse themselves in the daily operations of the office to ensure a complete oversight.

Board Oversight, Employee Compensation:

The Board thanks you for the clarity on the "Christmas Bonus" and had immediately ceased this practice upon your notification. No "Christmas Bonuses" were paid out in 2016 nor will they be paid out in the future.

Fuel, Fuel Inventory Records:

The audit states that the District did not maintain complete and accurate fuel inventory records of an above ground diesel storage tank located at Headquarters that 13 people have keys for. The fuel tanks inventory is conveyed back to the District office via a remote fuel monitoring system. Deliveries are noted on this device and the gallons received are shown on the vendors invoiced ticket via their computerized monitoring system. The diesel fuel tank is under 24 hour recorded video surveillance. Based on the inventory conducted by your office it states that approximately 2000 gallons of diesel fuel in a 19-month period (or 105 gallons a month) have been unaccounted for due to our lack of utilization of our own fuel usage log.

The Board thanks you for your findings regarding the fuel inventory records and have implemented the following as our corrective action plan:

The Chiefs, Officers and Houseman who have access to and utilize the diesel fuel tank have been instructed to always record their usage in the fuel usage log. The District is working on establishing a policy governing this. The District Clerk has been given the responsibility of reconciling the diesel fuel tank monthly and it will in turn be reviewed by the Board. Any discrepancies will be conveyed to the Board immediately.

In the future, the Board would like to consider Grant opportunities for Fuel management and dispensing systems which seem to be a costly alternative but will also prove to be a reliable and secure way to manage inventories.

Fuel, Gasoline Credit Cards:

The audit questioned the monitoring of 5 gasoline credit cards that are issued one to each of three Chiefs, one to the District Houseman and in January of 2016 one to the Commissioner's office. The Board appreciates the time spent evaluating the gasoline credit card usage but feels that the interpretation of what was reviewed is flawed due to lack of communication during the audit process. The District utilizes the [REDACTED] gasoline credit card system which provides detailed reports regarding mileage usage (when entered correctly) for each vehicle it corresponds to. This system works well for our Chiefs who fill one car with the same card each time. Chiefs also submit monthly mileage reports separate from this report and note any out of district trips. The [REDACTED] gasoline credit card system does not work well when utilizing one card to fill multiple vehicles and gas cans, as is the case for the District houseman.

See
Note 2
Page 17

The Board thanks you for your findings regarding the gasoline credit cards and has implemented the following as our corrective action plan:

The District houseman is now required to note on each receipt which vehicle is being fueled and the mileage of said vehicle. We are currently working to strengthen the District policy on gasoline credit cards. The District is contemplating one card for each vehicle to maintain clearer records but are weighing this against the security of having additional cards in circulation.

In closing, the Board and staff of the Manorville Fire District would like to thank the staff of the OSC for their insight, courtesy and professionalism in conducting this audit. We will always be grateful for your offices advice.

Respectfully,

Thomas J. Campanaro, Commissioner
Board of Fire Commissioners

APPENDIX B

OSC COMMENTS ON THE DISTRICT'S RESPONSE

Note 1

Town Law requires the Treasurer to deposit all moneys within 10 days of receipt. Since the District does not maintain a log or other record of when moneys are actually received, the check date was the best information available to us for use in estimating the time until deposit.

Note 2

Throughout the audit process, we communicated with District officials daily regarding our audit procedures and findings. As detailed in our report, gasoline credit card users did not consistently adhere to the District's policy of attaching receipts for each purchase, nor did they consistently and correctly enter odometer readings.

APPENDIX C

AUDIT METHODOLOGY AND STANDARDS

To accomplish our audit objective and obtain valid audit evidence, we performed the following procedures:

- We interviewed District officials and staff to obtain an understanding of the policies and procedures used to control, record and monitor financial assets and transactions, including the audit of claims and credit card use. We also gained an understanding of the fuel use and inventory records maintained and physical controls over fuel inventory.
- We judgmentally selected 25 cash receipts received from January 1, 2015 through July 31, 2016 and traced these receipts from source documentation to the bank statements to determine whether they were properly accounted for and deposited in a timely fashion. Our sample was selected based on the collection sources.
- We reviewed selected disbursements for accuracy and reviewed abstracts (lists of claims) and compared them for completeness.
- We reviewed bank statements and canceled check images.
- We obtained the fuel delivery records from January 1, 2015 through July 31, 2016 to calculate the gallons delivered and price per gallon to derive the total cost. We compared our calculations to the invoices to determine whether they matched the delivery records.
- We documented all the entries from the diesel fuel tank distribution log from January 1, 2015 through July 31, 2016 to determine the total fuel recorded.
- We performed a fuel reconciliation by comparing amounts purchased from fuel delivery records to amounts consumed per the diesel fuel tank distribution log over the period January 1, 2015 through July 31, 2016.
- We identified the two gasoline credit cards with the highest expenditures for our audit period (the houseman and a chief). We judgmentally selected six months during our period (March, June, September and December 2015 and March and June 2016) and reviewed all 82 gasoline purchases made by these two individuals in those selected months to verify whether supporting documentation was attached to the statements and whether the purchases otherwise complied with the District's credit card policy.

We conducted this performance audit in accordance with 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.

APPENDIX D

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