

# Town of Hempstead

## Vehicles and Fuel Usage

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SEPTEMBER 2022

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

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# Report Highlights

## Town of Hempstead

### Audit Objective

Determine whether Town of Hempstead (Town) officials effectively monitored Town vehicles and fuel usage for loss, waste or misuse.

### Key Findings

Town officials did not adequately monitor Town vehicles and fuel usage. As a result, Town officials did not know if Town vehicles and fuel were only used for Town business. Officials did not:

- Maintain adequate and centralized vehicle inventory records and properly secure vehicle titles.
- Document eligibility procedures when authorizing take-home vehicles including the justification or rationale for assigning them.
- Review fuel usage to monitor and identify unusual usage.

### Key Recommendations

- Establish policies to ensure that Town vehicle inventory records are accurate and centrally maintained, vehicle titles are centrally and securely stored, and there is proper documentation of take-home usage.
- Ensure take-home vehicle usage is properly authorized, and fuel usage is properly monitored.

Town officials agreed with our recommendations and indicated they will take corrective action.

### Background

The Town is located in Nassau County. The Town provides services to its residents, including street maintenance and improvements, snow removal, street lighting, garbage disposal and general government support.

The Town is governed by an elected seven-member Board (Board), which is composed of six Council members and the Town Supervisor (Supervisor). The Board is responsible for the general oversight of the Town's operations and finances. The Supervisor serves as the Town's chief executive officer and is responsible for implementing the Town's budget. The Town Comptroller is responsible for maintaining the accounting records and auditing claims against the Town.

#### Quick Facts

Full-Time Employees 1,906

#### Town Vehicles During the Audit Period

Passenger Vehicles 553

Trucks 431

Heavy Machinery 127

Other 125

Total Vehicles 1236

2019 Fuel Expenditure \$2.2 million

### Audit Period

January 1, 2018 – September 30, 2019. We extended our audit period to February 2021 to obtain updated records.

# Town Vehicles and Fuel Usage

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## How Should a Board Monitor Town Vehicles?

To effectively monitor the use of town vehicles, a board should develop comprehensive written policies that set forth guidelines for using and disposing of vehicles. The policies should describe the records, eligibility authorization and procedures required to achieve management's objectives.

A vehicle title, the legal document that establishes ownership of a vehicle, should be centrally located, and stored in a secure location. Detailed records help establish accountability and allow for the development of additional controls and safeguards to monitor the vehicles. Vehicle inventory records should be centrally located and should identify the vehicle, including make, model and serial number; the assigned identification number (when appropriate); the purchase date, purchase price, date placed in service and useful life; the department having custody and the location within the department such as an assigned lot or storage yard, or if the vehicle is assigned as a take-home vehicle.

To ensure adequate segregation of duties, the person or department who has custody of the vehicle should not have custody of the title and generally should not be responsible for maintaining the inventory records. When the same person that has custody of an asset also maintains the inventory records and titles, an opportunity exists for falsifying the inventory to disguise theft or loss.

When an employee is authorized to use a take-home vehicle, there should be documentation of the authorization, including the name and title of the employee, reason for authorizing a take-home vehicle and the anticipated duration of the authorization. The employee should be provided guidelines for appropriate vehicle usage, and town officials should implement procedures for monitoring vehicle usage, such as reviewing vehicle logs, fuel usage and odometer readings to ensure vehicles are being used for town purposes.

Detailed policies and vehicle records help to protect vehicles from loss, waste or misuse, and demonstrate to employees that management is monitoring the vehicles.

## Town Officials Did Not Maintain Adequate Records To Effectively Monitor Vehicles

The Board did not adopt written policies or procedures to provide guidance to officials and employees to ensure vehicles are effectively monitored.

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When the same person that has custody of an asset also maintains the inventory records and titles, an opportunity exists for falsifying the inventory to disguise theft or loss.

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No one person or department within the Town was responsible for maintaining vehicle inventory records and titles. Instead, various departments maintain their own records and develop their own procedures resulting in inadequate monitoring and a lack of segregation of duties over vehicle records. While the Town Comptroller's office entered purchased vehicle information into a central inventory system for accounting purposes, purchases were entered under the general category of machinery and equipment. Therefore, the Town Comptroller's office could not provide an inventory report of all Town vehicles. Because an adequate centralized inventory list of town vehicles was not maintained, we obtained records from the departments that maintained inventory records for their assigned vehicles.

The parks and recreation, highway and sanitation departments each maintained their own inventory records and titles, serviced and disposed of their own vehicles. The general services department (DGS) maintained inventory records and provided maintenance services for their own vehicles, as well as other departments, such as security, animal shelter and the buildings department. DGS also maintained the titles for most of the other departments. Because parks and recreation, highway, sanitation and DGS have custody of vehicles and maintained their own inventory records and titles, there was not adequate segregation of duties to safeguard and monitor vehicles. Further, there was no adequate centralized vehicle inventory record, such as in the Town Comptroller's office, to compare to the department's inventory records.

Departmental inventory records included 1,236 vehicles as of February 2021. The vehicle inventory records included sedans, SUVs, various trucks, heavy equipment, trailers and golf carts. The parks and recreation department had 296 vehicles, highway department had 244 vehicles, and sanitation department had 224 vehicles. These three departments accounted for 764, or 62 percent, of all Town vehicles.

We selected 92 inventoried vehicles from five departments, (the four previously mentioned and the conservation and waterways department, which kept their own titles) to determine if the vehicles were still Town-owned vehicles, and if the titles were stored in a secure location. We found 83 vehicles were still active Town vehicles and in the departments for which they were listed on the inventory records. Nine vehicles had been disposed of but were still in the DGS inventory. To verify that these vehicles were not stolen, scraped or improperly sold, we obtained Board resolutions declaring seven of the nine vehicles obsolete, and documentation of disposal. We were told the other two vehicles (a 1987 van and a 1988 trailer) were declared obsolete more than nine years ago.

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No one person or department within the Town was responsible for maintaining vehicle inventory records and titles.

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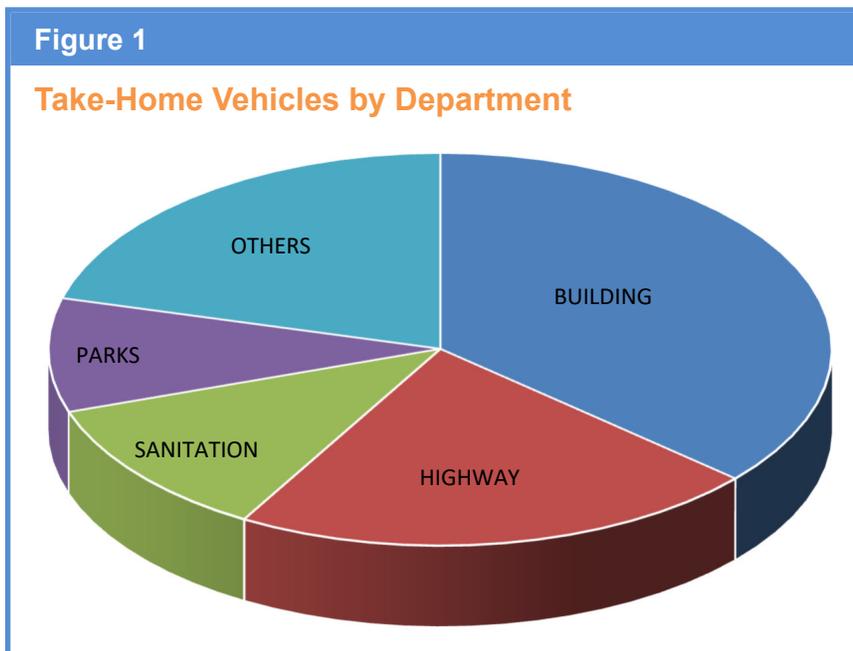
We also found 58 of the 83 titles located in three departments (parks and recreation, sanitation, and DGS) were securely stored, while the 23 titles at highway and conservation and waterways departments were stored in an unlocked cabinet or on a shelf. Additionally, Town officials could not locate two titles at the parks department. We were told one title was lost, and the other was a title for a new dump truck that was not received. After our fieldwork, officials applied to Department of Motor Vehicles for replacement titles.

Without complete and accurate centralized vehicle inventory records and titles, the ability to monitor vehicles is diminished. When vehicle titles are not maintained in a secured location, they are at risk for being lost, stolen or damaged. Further, when the same departments and officials that have custody of vehicles also maintain the vehicle inventory records and titles, there is an increased risk that records could be falsified and vehicles could be stolen, scrapped or sold without detection. In December 2021, at our end of fieldwork meeting, the Town Accountant told us the current inventory system does not have a vehicle inventory, but that they are in the process of upgrading their IT systems which should be able to be customized to better track vehicle inventory.

### The Town Did Not Document Eligibility and Authorization for Take-Home Vehicles

Certain Town employees are allowed to take home a Town vehicle. Town records indicate that 96 of the 553 passenger vehicles were assigned as take-home vehicles. Four departments account for 79 percent of the Town’s take-home vehicles. Figure 1 shows the breakdown by department.

We selected 20 vehicles that were listed as take-home vehicles in the inventory lists to determine if there was written documentation of how eligibility was determined, the reason a take home vehicle was necessary, and if there was written authorization for the employee to have a take-home vehicle. We further inquired if employees were provided guidance on how vehicles should be used and maintained.



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The procedures for determining eligibility for take-home vehicles and the justification or rationale for assigning them was not documented for any of the 20 vehicle users, and users were not required to maintain vehicle logs to help ensure usage is for appropriate Town purposes. We were told by officials in various departments that generally the vehicle user's job duties required them to go directly to their job site, or a vehicle was necessary based on the nature of their job. Two of the five vehicles selected in the parks and recreation department required two employees to sign a written authorization form, which also provided regulations for usage. However, there was no written documentation for the other 18 vehicle users, because the Board has not adopted any policies or procedures to provide guidance to officials. Eight of the 20 vehicles listed as take-home vehicles on the inventory list were no longer being assigned as take-home vehicles. At our end of fieldwork meeting in December 2021, the Town Comptroller told us that as a cost savings, the Supervisor is no longer issuing take home vehicles; officials use pooled vehicles if a vehicle is required for their work.

Without proper documentation of eligibility and authorization and usage, officials may not be effectively monitoring vehicles to ensure take home vehicles are necessary. Further, because the Board did not develop appropriate usage guidance, officials did not have guidance on how vehicles should be used and maintained.

### **How Should Town Officials Monitor Fuel Usage?**

Town officials should establish procedures to monitor fuel usage so that the town's fuel inventory is safeguarded against loss, waste and misuse. Monitoring fuel usage requires that accurate records be maintained and reviewed. One method to help monitor fuel usage is to use an automated fuel pump system. When an automated fuel pump system is used, individuals responsible for fueling town vehicles should be provided guidance on their responsibility to properly enter required information into the system so that the user, vehicle, and mileage readings are accurately recorded. Inaccurate mileage entries diminish the usefulness of fuel transaction reports. Fuel transaction reports generated by the system should be maintained and reviewed periodically for reasonableness. For example, officials should ensure fuel pumped is comparable to miles driven between each fueling. Any material discrepancies should be investigated and resolved. These types of measures help to monitor fuel usage to provide assurance that fuel usage is proper and only used in Town vehicles and equipment.

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## Town Officials Did Not Adequately Monitor Fuel Usage

The Town has 16 fuel sites that are operated by six departments. The Town uses an automated fuel pump system which requires vehicle operators to enter their user ID and use an assigned key to pump the fuel. Some vehicles are equipped with a device that automatically reads the mileage and enters it into the system. Others require the user to manually enter their vehicle mileages into the fuel system. Total volume of fuel, date and time of transaction, type of fuel (diesel or gas) and mileage data are electronically communicated to the automated fuel system database.

The Town did not have procedures to effectively monitor fuel usage. As a result, no Town officials were reviewing employee fuel usage to confirm the fuel was used for business purposes. The DGS Maintenance Supervisor and Administrators in the Highway and Parks and Recreation Departments responsible for the system stated that they only reviewed their departments fuel transaction reports to determine quantity of fuel used by other departments and to prepare chargeback reports to the Town Comptroller for internal billing purposes.

We reviewed the fuel usage for 20 vehicles<sup>1</sup> during the audit period to determine if fuel usage appeared reasonable. Fuel totaling 19,705 gallons was used by 18 of these vehicles for 226,437 miles driven during the audit period. No Town fuel usage was reported for two vehicles during the audit period. Based our review, we noted the following:

- One user entered vehicle mileage that was rounded to hundreds in nine of 17 entries reviewed (53 percent). Three of the entries were exactly 200 miles higher than the previous entry, and another was exactly 100 miles higher. For example, odometer readings of 90,500; 90,700; and 90,900 were entered on consecutive fill ups.
- One user entered “4” in seven instances, and in another instance “777,777” rather than the actual vehicle odometer readings during fuel transactions.
- One user’s vehicle had unusually low miles per gallon compared to the vehicle’s standard mileage per gallon. This user pumped 919 gallons, but odometer entries show the vehicle was driven only 1,413 miles, resulting in 1.54 miles per gallon during the audit period. The standard mileage per gallon for the vehicle is 16. The average mile per gallon of another user with the same make, model and year vehicle in the same department was 14.1.

When odometer readings are not entered accurately, and fuel usage reports are not monitored to identify unusual usage, officials cannot be sure that all fuel usage is reasonable and used only for Town vehicles and equipment. For

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<sup>1</sup> These were the same vehicles reviewed in the take home vehicle section of this report.

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example, as noted above, one vehicle averaged 1.54 miles per gallon. The standard miles per gallon should be around 16. Officials should have identified this anomaly and investigated to learn how the fuel is being used. This anomaly could indicate the employee was improperly reporting mileage, the vehicle has a significant mechanical issue that impacts fuel efficiency or that the fuel was not used to fill the Town's vehicle.

## **What Do We Recommend?**

The Board should:

1. Establish policies to ensure that vehicles are effectively monitored, vehicle titles are secure, central vehicle inventory records are established, maintained, complete and accurate, and duties are segregated to ensure responsibility for maintaining the records and custody of the vehicles is not assigned to the same individuals or departments.
2. Establish policies to properly authorize take-home vehicles and provide guidance to users on how vehicles should be used and maintained.

Town officials should:

3. Ensure that vehicle inventory records are centralized and maintained by the Town department that is independent of the departments that have custody of the vehicles, and ensure that any addition to, and/or disposal of, Town vehicles are timely updated and accounted for in the vehicle inventory records.
4. Store Town vehicle titles centrally in a department that is independent of the departments that have custody of the vehicles and ensure that the storage location is secured.
5. Properly document the procedures for determining users who are eligible for take-home vehicle privileges and why a take home vehicle is necessary.
6. Provide guidance to individuals responsible for fueling town vehicles to ensure they are familiar with their responsibility to properly use the fuel system.
7. Review fuel transaction reports to detect misuse or unusual activities to ensure fuel usage is properly monitored against the risk of loss, waste and misuse.

# Appendix A: Response From Town Officials

Council Members  
DOROTHY L. GOOSBY  
ANTHONY P. D'ESPOSITO  
DENNIS DUNNE, SR.  
THOMAS E. MUSCARELLA  
CHRISTOPHER CARINI  
MELISSA MILLER

KATE MURRAY  
Town Clerk

JEANINE C. DRISCOLL  
Receiver of Taxes

GERALD C. MARINO Commissioner

ROBERT GIES  
Deputy Commissioner

ANTHONY LOBELLO  
Deputy Commissioner

CRAIG MOLLO  
Deputy Commissioner

## Town of Hempstead

### Department of General Services

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DONALD X. CLAVIN, JR.  
Supervisor

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Ira McCracken, Chief Examiner  
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250 Veterans Memorial Highway  
Hauppauge, NY 11788

August 11, 2022

Dear Mr. McCracken,

We appreciate your comments discussed in your audit which focused on the Town's vehicle and fuel usage policies and procedures that were in effect during the report of examination period from 2018-2019. We would like to note that since 2020, the Town has proactively taken steps to mitigate the concerns raised in the report and we will continue to review your recommendations, take them under advisement and implement them, where necessary. Specifically, we will implement the following:

- The Town of Hempstead has a Vehicle Use Policy that we are currently reviewing and updating. As part of this update, we will take your recommendation to include specific procedures for determining eligibility of take-home vehicles as well as stating why it is necessary that the vehicle be taken home under advisement.
- Since 2020, the Town has taken steps to centralize vehicle inventory records. Specifically, the Department of General Services has been tasked with that responsibility. The Town will expound upon our efforts to centralize keeping of the titles of the vehicles so that it is devoid of any possible conflict. The Town will continue to update in a timely manner the records with respect to any addition or disposal of Town vehicles for inventory purposes.
- Since 2020, the Town has essentially eliminated the use of take-home vehicles, except in very limited circumstances whereby the Employee would need to respond to an emergency or on-site directly from home. The Town will continue to take all steps necessary to monitor the use of take-home vehicles and provide guidance to users on how vehicles should be used and maintained.
- The Town will provide guidance for the individuals responsible for fueling town vehicles to insure proper use.
- The Town has a centralized fuel management system which enables us to generate fuel transaction reports. The Town will review said reports to closely monitor the use of fuel.

The Town thanks you for your recommendations. As noted above, since 2020, that Town has proactively made changes to strengthen our system of internal controls and will expound upon those efforts.

Sincerely,

  
Gerald C. Marino

## Appendix B: Audit Methodology and Standards

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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 Town officials to gain an understanding of the process for usage of Town vehicles and fuel.
- We obtained the vehicle inventory records from general services department and the three Town departments that maintained their own inventory records to obtain a complete inventory list of Town vehicles and equipment. We combined the four inventory records to determine total number of Town vehicles. We compared all four lists to determine if there were discrepancies among the records.
- To arrive at our sample for testing, we selected the four departments with highest number of take-home vehicles and the four departments with highest number of non-take home vehicles resulting in a total of five departments. Our sample of 92 vehicles, included 20 take-home vehicles, 36 non-take-home vehicles and 36 vehicles not included on general services department vehicle inventory record.
- We inspected title storage locations at the Town departments and sighted vehicle titles to determine if the titles were on file, and that vehicles listed in inventory were still owned by the Town. We interviewed Town officials about vehicles that their titles could not be provided. We determined if vehicles were declared obsolete, and if disposal was authorized and documented.
- We requested documentation of authorization for employees with the 20 take home vehicles to determine if authorizations were properly documented. We inquired as to any policies and procedures for monitoring appropriate usage of vehicles.
- We obtained and reviewed fuel transaction reports for our sample of take-home vehicles for differences between fuel transaction dates, irregular odometer entries and unusual fuel usage by Town officials.
- We obtained standard mileage per gallon (MPG) of sample vehicles from [www.fueleconomy.gov](http://www.fueleconomy.gov) and we calculated sample vehicles average mileage per gallon (MPG) using mileage driven and gallons of gas used during the audit period. We compared the standard MPG with average MPG to determine reasonableness of fuel usage.

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.

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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 should be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law. 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 Town Clerk's office.

## Appendix C: Resources and Services

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### **Regional Office Directory**

[www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf](http://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](http://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](http://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](http://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](http://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](http://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](http://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](http://www.osc.state.ny.us/local-government/publications)

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

[www.osc.state.ny.us/local-government/academy](http://www.osc.state.ny.us/local-government/academy)

## Contact

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