

Windsor Central School District

Fuel Controls

NOVEMBER 2022



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

Contents

- Report Highlights 1**

- Fuel Controls 2**
 - How Should School District Officials Safeguard and Account for Fuel Purchases and Inventories? 2
 - Fuel Was Not Adequately Safeguarded or Accounted For. 2
 - What Do We Recommend? 4

- Appendix A – Response From District Officials 6**

- Appendix B – OSC Comment on the District’s Response. 11**

- Appendix C – Audit Methodology and Standards 12**

- Appendix D – Resources and Services. 14**

Report Highlights

Windsor Central School District

Audit Objective

Determine whether Windsor Central School District (District) officials established adequate internal controls over fuel credit card purchases and fuel inventory to help ensure fuel was used for District purposes and properly accounted for.

Key Findings

District officials did not have adequate internal controls over fuel credit card purchases and fuel inventory, such as written policies and procedures. As a result, 18,369 gallons of fuel costing approximately \$38,300 are not accounted for.

- Employees used District credit cards to purchase fuel, but records were not always maintained to report who used the credit cards or what District vehicle or equipment was fueled.
- Officials did not confirm the District received the fuel it purchased when it was delivered.
- Officials did not establish adequate controls to safeguard diesel fuel stored in the District's 10,000-gallon storage tank.

Without adequate controls over fuel, the District's risk of loss, theft and leaks is increased and could go undetected.

Key Recommendations

- Develop and adopt written policies and procedures for fuel usage.
- Reconcile fuel inventories and purchases and secure fuel credit cards and diesel fuel tank.

District officials generally agreed with the findings and recommendations and indicated they would take corrective action. Appendix B includes our comment to an issue raised in the District's response.

Background

The District serves the Towns of Colesville, Kirkwood, Sanford and Windsor in Broome County.

The District is governed by an elected seven-member Board of Education (Board), which is responsible for the general management and control of the District's financial affairs.

School district officials are responsible for safeguarding and accounting for fuel purchases and inventories to make sure they are safe from loss, waste and misuse.

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.

The Director of Operations is responsible for the supervision of the Transportation Department. In addition, there is a route coordinator and transportation/maintenance clerk that assist with the Department's day-to-day operations.

Quick Facts

2020-21 Fuel Expenditures \$182,599

Fuel Type	Gallons	Cost
Gasoline	26,477	\$51,313
Diesel	67,496	\$131,286

Audit Period

July 1, 2020 – April 30, 2022

Fuel Controls

The District has 27 buses and other vehicles and equipment that use diesel fuel and nine buses, plus other vehicles, including six vehicles that can transport up to seven students and maintenance equipment that use gasoline. The District's 10,000-gallon diesel tank located at the District's bus garage and fuel credit cards are used to fill bus, vehicle and equipment fuel tanks.

How Should School District Officials Safeguard and Account for Fuel Purchases and Inventories?

A school board should ensure that written policies and procedures are in place that assign individual responsibilities to help ensure that fuel is used for its intended purpose and is properly accounted for. This should include a fuel credit card policy that addresses who is authorized to use the cards, procedures for safeguarding and providing accountability for the cards and the documentation required to support each purchase. This policy should also include procedures for monitoring and assessing fuel credit card usage and the reasonableness of the charges and for promoting responsibility by outlining the risks, such as liability for damage, loss and/or inappropriate use. Each authorized user should acknowledge they have reviewed the policy.

Fuel logs, credit card purchases and delivery records for both gasoline and diesel should be periodically reviewed and reconciled for reasonableness. Any material discrepancies disclosed in the review and reconciliation process should be investigated and resolved.

Furthermore, school district officials should assign individual responsibility to ensure diesel pumps are shut off each day, all keys to pumps are returned and all cards are accounted for. Finally, fuel tanks should be adequately secured and the volume measured on a regular basis, as well as immediately prior to and after fuel deliveries to verify the delivery amount.

Fuel Was Not Adequately Safeguarded or Accounted For

The Board and District officials did not establish written policies or procedures to provide reasonable assurance that fuel was used for its intended purpose and properly accounted for. There were inadequate procedures in place to ensure fuel usage, credit card purchase and diesel delivery records were properly maintained, reviewed and reconciled.

Gasoline – The District had 26 fuel credit cards with four different vendors. Of the 26 cards, 11 cards were used during the months that we reviewed. Of the 11 cards, four cards were assigned to departments that did not track usage, and the other seven cards were maintained by the route coordinator and not assigned to a particular individual or bus. Of the seven unassigned cards, six cards were used

Fuel logs, credit card purchases and delivery records for both gasoline and diesel should be periodically reviewed and reconciled for reasonableness.

primarily by the bus drivers who logged their fuel, and the other card was used primarily for out-of-district travel for staff attending trainings or conferences, where fuel was not logged.

The bus drivers obtained these cards from the route coordinator's office. The route coordinator's workday ended before all cards were returned, so the bus drivers left the cards on the route coordinator's office window or desk, along with their receipts. Although each card had a different number, they had the same personal identification number (PIN) and there was no tracking of who was using the cards. Furthermore, three cards were canceled and replaced during our audit period because they could not be located.

Although the route coordinator compared the gallons pumped from the receipts to the fuel credit card statements monthly, she did not assess them for reasonableness of usage. In addition, bus drivers maintained daily fuel and mileage logs, but the remaining departments' staff did not. Furthermore, although the transportation/maintenance clerk entered fuel and mileage log data into a software system, no one reconciled the gallons used to the purchases or reviewed the miles-per-gallon for each vehicle for reasonableness.

Because of the lack of safeguarding, accounting for and monitoring of the fuel credit cards and gasoline usage, we compared the fuel dispensed per the fuel usage logs maintained by the bus drivers (15,320 gallons) to the fuel purchased (17,370 gallons) from August 2021 through January 2022 on the cards used by the bus drivers, and found 2,050 more gallons of gasoline costing approximately \$5,600 were purchased than recorded as used. Additionally, during this same period, 1,759 gallons of gasoline costing almost \$4,700 were purchased with no way to verify what equipment or vehicles it was used for because the staff did not record fuel usage for departmental use or out-of-district travel.

Additionally, we reviewed the times and dates of the fuel credit card transactions for the same six-month period and found 59 questionable purchases. Of these, 45 transactions were for fuel purchases that occurred on the same fuel credit card and date at close to the same time. The Director of Operations told us that bus drivers routinely passed the same fuel credit card around at the gas station to fuel each of the buses for the day. The remaining 14 purchases were for fuel purchased at an unusual time or day of the week – such as outside of normal business hours or on weekends. The transportation/maintenance clerk provided support that the buses were being used for appropriate District purposes during these purchase dates for 12 of these purchases. However, the purchase time did not align with the expected refueling time for one of these purchases (an out-of-district trip). For the remaining two purchases, the transportation/maintenance clerk told us they were for late night sports practice runs. However, District officials did not maintain sufficient records to determine whether the purchases correlated to those runs.

...[N]o one reconciled the gallons used to the purchases or reviewed the miles-per-gallon for each vehicle for reasonableness.

Diesel Fuel – The District’s 10,000-gallon diesel tank at the bus garage has two pumps. The main shut off-switch is turned on in the morning and shut off at night. However, this duty is not assigned to a specific person and no log is maintained to verify when the switch is turned on and off. Each bus driver has a key to start the pumps. Bus drivers are required to return the keys to the bus garage each night.

Although a mechanic is assigned to record the diesel tank and pump gauge readings each morning, no one reconciled the readings to the fuel usage. Additionally, cameras installed at the bus garage did not provide coverage of the diesel tank or pumps. Furthermore, no one took measured readings to confirm fuel delivery amounts.

Because of these weaknesses, we attempted to compare pump readings to the gallons logged by the bus drivers from July 1, 2020 through June 30, 2021. However, readings for certain time periods were not consistently recorded and due to the lack of oversight, went undetected. Therefore, we limited the comparison to September 10, 2020 through June 3, 2021 because there were recordings each month between these dates, which were more consistently recorded.

Pump readings indicated there were 59,158 gallons pumped during this time, while the bus drivers logged 44,598 gallons used. Therefore, there was an unreconcilable diesel fuel variance of 14,560 gallons costing approximately \$28,000. Although the District had six other diesel engine vehicles and equipment,¹ we were unable to determine how much fuel they used, if any, because District officials did not log the fuel usage for these vehicles and equipment.

Without adequate controls over gasoline and diesel fuel, such as periodic reconciliations and reviews of fuel usage, purchases and deliveries, the District’s risk of loss, theft and leaks is increased and could go undetected.

What Do We Recommend?

The Board and District officials should:

1. Develop and adopt policies and procedures that include assigning individuals responsible to manage fuel usage and inventories.
2. Develop and adopt a fuel credit card policy that establishes who is authorized to use the fuel credit cards, procedures to safeguard and allow for accountability over the cards, the documentation required to support

¹ Vehicles and equipment included two plow trucks, a dump truck, a skid steer and two mowers.

Without adequate controls over gasoline and diesel fuel...the District’s risk of loss, theft and leaks is increased. ...

each purchase and the liability for damage, loss and/or inappropriate use. Each authorized card user should acknowledge they have read the policy.

District officials should:

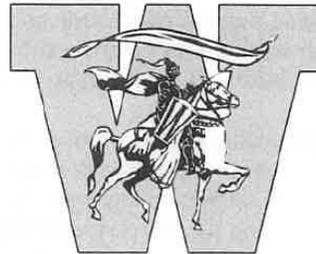
3. Ensure accurate fuel inventory, delivery and usage records are maintained.
4. Assign the fuel pump shut off and on to a specific person and maintain a log of when the fuel pump is turned on and off.
5. Perform periodic reconciliations to ensure fuel usage is reasonable and appropriate for District purposes and investigate and document any material discrepancies.
6. Develop procedures to ensure that fuel credit cards and the diesel tank are adequately secured and protected from unauthorized access.
7. Assess whether it would be beneficial to install cameras or re-position the existing cameras at the bus garage to provide coverage of the tank and pumps.
8. Perform measured readings immediately before and after fuel deliveries to ensure delivery amounts and billings are accurate.

Appendix A: Response From District Officials

Windsor Central School District

Dr. Jason A. Andrews
Superintendent of Schools

1191 NY Route 79
Windsor, New York 13865
607- 655-8216
607- 655-3553 (fax)
Email: jandrews@windsor-csd.org



November 17, 2022

Unit Name: Windsor Central School District
Audit Report Title: Fuel Controls
Audit Report Number: 2022M-133

Ms. Ann E. Singer, Chief Examiner
Office of the State Comptroller, Binghamton Regional Office
State Office Building, Room 1702
44 Hawley Street
Binghamton, New York 13901-4417

Dear Ms. Ann E. Singer:

Enclosed is the Windsor Central School District's response to the Office of the State Comptroller's audit covering the period of July 1, 2022 through January 22, 2022. The Windsor Central School District is appreciative of the time spent by the Principal Examiner and her team for the time spent explaining and discussing findings of the audit during the exit meetings with the Windsor Central School District Board of Education and school administrators. We thank them for their efforts and professionalism in reviewing our procedures.

Key Findings as indicated in the "Reports Highlights" are as follows:

- "Employees used District credits cards to purchase fuel, but records were not always maintained to report who used the credits cards or what District vehicle or equipment was fueled.
- Officials did not confirm the District received the fuel it purchased when it was delivered.
- Officials did not establish adequate controls to safeguard diesel fuel stored in the District's 10,000 gallon storage tank."

Recommendations as indicated in the "Reports Highlights" are as follows:

- "Develop and adopt written policies and procedures for fuel usage."
 - *See detailed responses to OSC recommendations below*
- "Reconcile fuel inventories and purchases and secure fuel credit cards and diesel fuel tank"
 - *See detailed responses to OSC recommendations below*

We are largely in agreement with their findings and recommendations for improvement. **Please accept this letter as both our response to the audit and corrective action plan which was approved by the Windsor Central School District Board of Education on November 15, 2022.**

Triangulating the amount of fuel with who used the credit card and which vehicle or equipment was fueled is needed. It is the district's understanding that the Comptroller's office is not indicating theft has occurred, However, this lack of control makes reconciling the purchase nearly impossible and does put the district at an increased risk of loss due to theft or undetected leak in a tank. Additionally, proper recordkeeping will provide more reliable data. Fuel consumption can more readily be compared, analyzed and contrasted by driver, vehicle or season thus allowing better data for budgeting purposes.

See Note 1 Page 11

For each recommendation included in this audit report, the following is our corrective action that has been taken. We have also included the following explanations.

FUEL CONTROLS

Recommendation #1

"The Board and District officials should develop and adopt policies and procedures that include assigning individuals responsible to manage fuel usage and inventories."

Implementation Plan of Action(s): The Windsor Central School District has made adjustments and additions to policy # 5420. This policy includes that the Director of Operations and his designees shall manage fuel usage and inventories associated with usage.

Implementation Date: 11/15/22

- Board of Education approved amendment of Credit Card Policy #5420

Person Responsible for Implementation:

- Superintendent of Schools
- Assistant Superintendent of Business and Administrative Services
- Windsor Board of Education

Recommendation #2

"The Board and District officials should develop and adopt a fuel credit card policy that establishes who is authorized to use the fuel credit cards, procedures to safeguard and allow for accountability over the cards, the documentation required to support each purchase and the liability for damage, loss and/or inappropriate use. Each authorized card user should acknowledge they have read the policy."

Implementation Plan of Action(s): District administration shall determine which employees are authorized to use fuel credit cards. Each card will be secured at the end of the business day in a lock box. Each gasoline vehicle will be assigned a specific fuel credit card and unique PIN for that card. With any fuel credit card

purchases, the employee must log mileage, gallons, and cost into a vehicle log book. All receipts must be submitted to the Director of Operations. All employees must annually sign an acknowledgement of policy and procedures. The policy now includes language reflective of district fuel credit cards. Including employee responsibilities, authorizations, and consequences for unauthorized purchases.

Implementation Date: November 15, 2022

- Board of Education approved amendment of Credit Card Policy #5420

Person Responsible for Implementation:

- Windsor Board of Education
- Superintendent of Schools
- Assistant Superintendent of Business and Administrative Services
- Director of Operations

Recommendation #3

“District officials should ensure accurate fuel inventory, delivery and usage records are maintained.”

Implementation Plan of Action(s): Diesel tank pump calibration will occur multiple times throughout the year. A daily consumption rate log is updated by the chief mechanic. It is reconciled with the bus fuel logs by the Director of Operations before and after fuel deliveries.

Implementation Date: August 31, 2022

Person Responsible for Implementation

- Director of Operations
- Head Mechanic

Recommendation #4

“District officials should assign the fuel pump shut off and on to a specific person and maintain a log of when the fuel pump is turned on and off.”

Implementation Plan of Action(s): A key lock has been installed in the transportation building for the diesel tank pump. A schedule is posted for regular fueling times. The on/off usage log requires authorized signatures approved by the Director of Operations.

Implementation Date: August 22, 2022

Person Responsible for Implementation

- Director of Operations

Recommendation #5

“District officials should perform periodic reconciliations to ensure fuel usage is reasonable and appropriate for District purposes and investigate and document any material discrepancies.”

Implementation Plan of Action(s): Each vehicle has a driver log book that must be recorded whenever fuel is put into a vehicle. These logs require the driver to enter mileage, gallons pumped, and receipts for gasoline. Logs are reconciled by cross referencing fuel credit card receipts, with Driver Daily Report Cards, and monthly bank credit card statements. The Driver Daily Report Cards are entered into the [REDACTED] by the District Office Clerk for Department of Transportation requirements.

Implementation Date:

- Driver Logs: September 7, 2022
- Log Reconciliation: November 8, 2022
(New fueling credit cards arrived & assigned to individual vehicles)

Person Responsible for Implementation

- Director of Operations
- District Office Clerk
- Authorized vehicle operators

Recommendation #6

“District officials should develop procedures to ensure that fuel credit cards and the diesel tank are adequately secured and protected from unauthorized access.”

Implementation Plan of Action(s): Fuel credit cards are secured daily by being deposited into a lock box. Each card is assigned to a specific vehicle. Each card has its own unique PIN. The PIN must be entered in order to activate the gasoline fuel pump. A 100 gallon portable gas tank has been installed on an assigned maintenance vehicle to be used to fuel district machines. Gasoline purchases for this portable tank must be entered into the fuel credit card log book. The diesel pump lock is located in the interior of the transportation building. Access to this building is monitored through the [REDACTED]. Only authorized persons may use their badge to obtain access to that particular building. Day Automation has installed a camera to monitor the diesel fuel pump.

Implementation Date: October 1, 2022

Person Responsible for Implementation

- Director of Operations
- Superintendent of Schools Secretary

Recommendation #7

"District officials should assess whether it would be beneficial to install cameras or re-position the existing cameras at the bus garage to provide coverage of the tank and pumps."

Implementation Plan of Action(s): Day Automation has installed a 270 degree pendant corner mount security camera positioned to monitor the diesel fuel tank and pump. The district has invested \$16,639.82 to complete this project which includes wireless point to point connection from pump house to transportation building, programming, network switches, and field terminations.

Implementation Date: October 28, 2022

Person Responsible for Implementation

- Assistant Superintendent of Business and Administrative Services

Recommendation #8

"District officials should perform measured readings immediately before and after fuel deliveries to ensure delivery amounts and billings are accurate."

Implementation Plan of Action(s): Daily diesel fuel pump readings are recorded by the bus mechanic. These logs are reconciled by the Director of Operations before and after fuel deliveries. Traditional dippings cannot occur as a result of the tank building configuration.

Implementation Date: September 1, 2022

Person Responsible for Implementation

- Director of Operations

The District appreciates the work of the Comptroller's Office and we will continue to implement the items described in the corrective action plan to ensure appropriate controls and safeguard fuel usage more fully.

Sincerely,

[Redacted Signature]

Peter Nowacki,
President, Board of Education

11/17/22
Date

[Redacted Signature]

Jason A. Andrews, Ed.D.
Superintendent of Schools

11/16/22
Date

Appendix B: OSC Comment on the District's Response

Note 1

Due to the lack of adequate fuel records being available, we were unable to determine whether the variances were a result of theft or insufficient recordkeeping.

Appendix C: 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 to gain an understanding of the District's fueling processes and procedures for both gasoline and diesel fuel and the use of fuel credit cards.
- We observed the District's transportation facility including the enclosed above-ground diesel fuel storage tank with an electronic level meter and two outside pumps with rolling meters. We observed how bus drivers used their keys to activate the pumps. We also observed the main power button located in the break room of the transportation building.
- We compared the gasoline credit card statement purchases from August 2021 through January 2022 to the fuel and mileage logged for the gasoline engine buses to determine whether there was unaccounted for gasoline. We also calculated the approximate cost of the unaccounted-for gallons of gasoline using the average price per gallon during the same period. We also reviewed these gasoline purchases for unusual times and days and requested support from District officials for these purchases.
- We attempted to compare the diesel tank and pump reading logs for the period July 1, 2020 through June 30, 2021 to the fuel and mileage logged for the diesel engine buses. However, the diesel tank and pump readings were only available for the period September 10, 2020 through June 3, 2021, so we used the logs available for this time period for the comparison to determine whether there was unaccounted for diesel fuel. We also calculated the approximate cost of the unaccounted-for diesel fuel using the average price per gallon during the same period.

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 D: 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

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

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/local-government

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

BINGHAMTON REGIONAL OFFICE – Ann C. Singer, Chief of Municipal Audits

State Office Building, Suite 1702 • 44 Hawley Street • Binghamton, New York 13901-4417

Tel (607) 721-8306 • Fax (607) 721-8313 • Email: Muni-Binghamton@osc.ny.gov

Serving: Broome, Chemung, Chenango, Cortland, Delaware, Otsego, Schoharie, Tioga,
Tompkins counties



Like us on Facebook at facebook.com/nyscomptroller

Follow us on Twitter [@nyscomptroller](https://twitter.com/nyscomptroller)