



Town of Clarence

Controls Over Fuel and Vehicle Fleet Management

Report of Examination

Period Covered:

January 1, 2012 — September 18, 2013

2013M-312



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

February 2014

Dear Town 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 Town 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 Town of Clarence, entitled Controls Over Fuel and Vehicle Fleet Management. 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 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 Town of Clarence (Town) is located in Erie County and has a population of approximately 30,000 residents. The Town is governed by a five-member elected Town Board (Board) comprised of a Supervisor and four Council members. The Board is responsible for the general management and control of the Town's financial affairs and for safeguarding Town assets.

The Town provides various services to its residents, including street maintenance, parks and recreation, sewer, fire protection and general government support. For the 2013 fiscal year, budgeted appropriations totaled approximately \$21.3 million. Expenditures are funded primarily by property taxes, sales taxes, State aid and user fees.

Scope and Objective

The objective of our audit was to evaluate controls over fuel and the management of the Town's vehicle fleet for the period January 1, 2012 through September 18, 2013. Our audit addressed the following related questions:

- Are Town officials adequately monitoring the purchase and use of fuel?
- Is the Board managing its fleet of vehicles in a cost effective and efficient manner?

Audit Results

The Board does not ensure that fuel supplies in the parks department are adequately safeguarded and properly accounted for. Employees are not required to log their fuel use, and, consequently, there is no accounting for how much fuel was dispensed or the current tank inventory. The Town also paid approximately \$1,870 more than necessary for unleaded fuel purchased by the parks department because Town officials did not obtain competition when making these purchases. In addition, highway department officials do not review reports generated by the system to ensure that highway department fuel activity is appropriate and reasonable. While we found no evidence of inappropriate fuel use in either department, this lack of controls increases the risk that inappropriate fuel use could occur and not be detected.

The Board has not established a fleet management policy or conducted a needs assessment to determine if the vehicles in the Town's fleet are being utilized effectively. We found that not all vehicles are being fully utilized and the Town may achieve savings using alternatives to providing individual employees

with Town vehicles, such as reimbursing employees for mileage on their personal vehicles or establishing a pool of vehicles to be shared by multiple departments. The Board also allows employees in certain job titles to take a Town vehicle home after work hours. For the 11 Town vehicles assigned to, and driven home by, individuals, we estimate that approximately 23,000 miles were for personal commuting purposes, at an annual cost of approximately \$4,000 for fuel alone. In addition, the Town is incurring maintenance, depreciation and insurance costs by providing these vehicles to employees. Moreover, there is the risk of unauthorized personal use of these vehicles, as well as the Town's increased exposure to possible insurance claims. Vehicles designated for this type of use should result in an identifiable benefit to the Town; however, Town officials did not provide us with documentation to verify that they thoroughly evaluated the decision to allow Town vehicles to be used for commuting purposes.

Comments of Local Officials

The results of our audit and recommendations have been discussed with Town officials and their comments, which appear in Appendix B, have been considered in preparing this report. Town officials generally agreed with our findings and recommendations and indicated they are in the process of preparing a corrective action plan.

Introduction

Background

The Town of Clarence (Town) is located in Erie County and has a population of approximately 30,000 residents. The Town provides various services to its residents, including street maintenance, parks and recreation, sewer, fire protection and general government support. For the 2013 fiscal year, budgeted appropriations totaled approximately \$21.3 million. Expenditures are funded primarily by property taxes, sales taxes, State aid and user fees.

The Town is governed by a five-member elected Town Board (Board) comprised of a Supervisor and four Council members. The Board is responsible for the general management and control of the Town's financial affairs and for safeguarding Town assets. The Town owns approximately 130¹ vehicles, trucks and heavy equipment that use either unleaded gasoline or diesel fuel. Town employees obtain fuel from two Town-operated fuel farms located at the highway and parks departments; these fuel farms are located approximately five miles apart from each other. In 2012, the Town purchased² 53,551 gallons of unleaded fuel costing \$160,480 and 41,382 gallons of diesel fuel costing \$133,816.

Objective

The objective of our audit was to evaluate controls over fuel and the management of the Town's vehicle fleet. Our audit addressed the following related questions:

- Are Town officials adequately monitoring the purchase and use of fuel?
- Is the Board managing its fleet of vehicles in a cost-effective and efficient manner?

Scope and Methodology

We examined fuel records and transactions for the period January 1, 2012 through September 18, 2013. 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.

Comments of Local Officials and Corrective Action

The results of our audit and recommendations have been discussed with Town officials and their comments, which appear in Appendix B, have been considered in preparing this report. Town officials generally

¹ The total value of these 130 vehicles, trucks, and heavy equipment is approximately \$6.4 million.

² Other organizations use the highway's fuel farm and are subsequently billed by the Town. Therefore, not all of the fuel purchased was used by the Town.

agreed with our findings and recommendations and indicated they are in the process of preparing a corrective action plan.

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 forwarded to our office within 90 days, pursuant to Section 35 of the 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 this plan available for public review in the Town Clerk's office.

Controls Over Fuel

The Board is responsible for establishing policies and procedures to safeguard and account for the Town's fuel inventory and provide reasonable assurance that fuel supplies will be protected from waste and abuse. A good system of internal controls includes perpetual inventory records that identify quantities delivered, consumed and on hand. Periodic reconciliations of fuel inventory records to physical fuel inventories should be performed to help identify fuel loss due to leaks or unauthorized use. It is also important for Town officials to review fuel usage reports to ensure that fuel is used only for Town purposes and that all fuel is accounted for. In addition, the Board should ensure that the Town obtains fuel supplies at competitive prices in accordance with General Municipal Law (GML) and the Town's purchasing policy. This provides reasonable assurance to residents that the Board is using Town resources economically.

The Town maintains two fuel farms – one located at the highway department and the other at the parks department. In 2012, the highway department³ purchased 28,940 gallons of unleaded fuel and 37,637 gallons of diesel fuel, at a total cost of \$207,863. In 2012, the parks department purchased 24,611 gallons of unleaded fuel and 3,745 gallons of diesel fuel, at a total cost of \$86,433. Despite having comparable unleaded fuel consumption requirements, the method of monitoring and controlling fuel use is substantially different between the two departments. The highway department uses a computerized fuel monitoring system which tracks and records all fuel transactions and monitors storage tank levels. The parks department fuel farm does not have this same technology or a process in place to monitor daily fuel use.

The Board did not ensure that fuel supplies in the parks department were adequately safeguarded and properly accounted for. Employees are not required to log their fuel use, and, consequently, there is no accounting for how much fuel was dispensed or the current tank inventory. In addition, the fuel monitoring system in the highway department is not being used to its fullest capabilities. Employee and vehicle information are not identified within the system and the odometer reading is not a required entry when dispensing fuel. Also, highway department officials do not review reports generated by the system to ensure that fuel activity is appropriate and reasonable. Lastly, the Town paid approximately \$1,870 more than necessary

³ Not all fuel purchased by the highway department is used by the Town. The highway department bills several other agencies for their fuel use.

for unleaded fuel purchased by the parks department because Town officials did not obtain competition when making these purchases. While we found no evidence of inappropriate fuel use in either department, this lack of controls increases the risk that inappropriate fuel use could occur and not be detected.

Parks Department — Access to fuel at the parks department⁴ is available to individuals with a valid fuel key.⁵ Fuel is dispensed by inserting the fuel key into one of 50 meter slots⁶ that are connected to the diesel⁷ and unleaded⁸ tanks. These 50 meters independently register fuel pumped when using the key associated with each meter. Generally, only one vehicle or piece of equipment is assigned to each fuel key. However, the current parks department fleet⁹ exceeds the total number of slots available for unleaded fuel. For example, at least one vehicle does not have its own vehicle key slot and there are no available fuel key slots to assign to two newly purchased vehicles. Town officials also told us that employees do not always adhere to fuel key rules and sometimes use one fuel key to dispense fuel into more than one vehicle or into gas cans. Because of these limitations, fuel use data by vehicle cannot be relied upon.

Employees are not required to record their fuel use. If this were required, the information could be compared to meter amounts, which may help identify exceptions. On a weekly basis, a mechanic records the odometer reading for all parks department vehicles and, on a monthly basis, records the reading for each of the 50 meters. The Parks Crew Chief does not regularly review or analyze any of this information to determine if fuel use by each vehicle is reasonable.

The parks department has two master meters that register the total number of gallons pumped from each of the tanks. We calculated fuel use as measured by the 50 individual meters, two master meters and physical tank measurement¹⁰ over the course of one week. The master meter for the unleaded tank indicated 64 gallons less fuel was dispensed than indicated by the 30 individual meters and the physical

⁴ There is no locked gate to prevent access to the pumps; however, there is a security camera pointed directly at them.

⁵ At the end of each work day, the fuel meter slot box and the pump's power switch are locked. Town officials told us that all full-time employees have a key to both of these locks.

⁶ Twenty meters are connected to the diesel tank and 30 meters are connected to the unleaded tank.

⁷ Diesel – 500 gallon above-ground tank

⁸ Unleaded – 1,000 gallon above-ground tank

⁹ According to inventory records, 34 vehicles and heavy equipment are assigned to the parks department.

¹⁰ Tank stick reading

tank measurements.¹¹ Therefore, the unleaded master meter may not be measuring accurately, which warrants further investigation.

Finally, the parks department purchases fuel from a local vendor without the use of competition. Although the vendor matched New York State (NYS) contract bid price, the vendor included an additional 4.5 cents per gallon ethanol blending fee to all purchases of unleaded fuel. This resulted in the Town paying approximately \$1,870¹² more for fuel than the NYS contract vendor used by the highway department.

Highway Department — The highway department¹³ uses a computerized fuel monitoring system that records and reports fuel use by employee, vehicle and department. Every vehicle¹⁴ is assigned a fuel key¹⁵ that registers a unique four-digit number in the system. Town employees are assigned a four-digit user id¹⁶ to access and operate the fuel pumps. The fuel monitoring system also provides for the entry of descriptive information to identify the vehicle or employee associated with the four-digit numbers.

We reviewed reports produced by the fuel monitoring system from January 1, 2013 through August 29, 2013 and found that department officials did not enter any information to readily identify the vehicle or user who pumped the fuel. The only means by which to establish the individual who fueled a vehicle is through the use of a conversion chart. To determine the vehicle being fueled, two charts are necessary: one to determine the inventory number from the fuel key number, and another to identify the vehicle from the inventory number. This lack of descriptive information in the fuel monitoring system makes the examination of fuel usage reports much more time-consuming than necessary and may be enough of an impediment to dissuade Town officials from using the system to more appropriately monitor fuel use.

Because vehicle identifying information was not entered in the system, we found 12 fuel key numbers that were not associated with a vehicle. Fuel¹⁷ was dispensed with all of these keys; however, it was difficult to determine which vehicle was fueled because these

¹¹ The discrepancy could also be a result of inaccurate reading or documentation of the master meter readings.

¹² For fuel deliveries from January 6, 2012 through August 28, 2013.

¹³ The highway department's fuel farm is surrounded by a gate that is kept locked except during working hours.

¹⁴ According to inventory records, 97 vehicles and heavy equipment are assigned to the highway and Town departments using these pumps.

¹⁵ Identified 104 fuel keys associated with highway and Town vehicles

¹⁶ Identified 64 unique user ids

¹⁷ During the period January 1, 2013 through August 28, 2013

fuel key numbers were not listed on the conversion chart. When a fuel key does not have a corresponding vehicle associated with it, there is a risk that fuel could be inappropriately dispensed into other than an authorized vehicle. Furthermore, the number¹⁸ on many of the fuel keys was unreadable or missing. For example, while attempting to identify one of the 12 unidentified fuel keys, a crew chief discovered that one vehicle was using two fuel keys, neither of which was labeled.

The highway department maintains a perpetual inventory of its fuel supplies. The fuel monitoring system has sensors that automatically measure tank levels which are then compared to inventory records. Variances are listed on a tank reconciliation report. We reviewed a recent 10-day tank reconciliation report dated September 8, 2013 and found variances to be minimal. A highway mechanic stated that they no longer check the physical tank balance because the fuel monitoring system does this automatically. We requested that a highway mechanic take a tank measurement by dipping the tanks with a measurement stick. We then compared this value to the readings taken by the sensors. We found that the unleaded tank stick measurement was 45 gallons less than indicated by the sensors and the diesel tank stick measurement was 102 gallons more than indicated by the sensors. Therefore, the physical tank stick readings varied enough from the sensor reading to warrant a periodic comparison to ensure the sensors are reading accurately.

While we found no evidence of inappropriate fuel use in either department, this lack of controls increases the risk that inappropriate fuel use could occur and not be detected.

Recommendations

1. The Parks Crew Chief should require parks employees dispensing fuel to document each transaction in a log. The Parks Crew Chief should regularly compare documented amounts to the master meter readings to ensure fuel dispensed according to the log agrees with meter readings. Any discrepancies should be immediately investigated and resolved.
2. The Parks Crew Chief should consider contacting the Erie County Department of Weights and Measures and request a calibration test of the fuel pump meters to ensure their accuracy.
3. The Parks Crew Chief should periodically compare physical tank measurements to his inventory records. Any discrepancies should be immediately investigated and resolved.

¹⁸ The fuel key number was initially on a small sticker attached to the key. Apparently, most or all of these stickers have worn off.

4. The Parks Crew Chief should make use of meter reading and odometer reading data recorded by the mechanic to analyze fuel use activity for reasonableness.
5. Town officials should ensure that all fuel keys are properly associated with one Town vehicle. Town officials should locate any unmatched fuel keys and remove them from the system.
6. The Board should consider alternatives to the current limitation of available unleaded fuel slots in the parks department system.
7. Town officials should combine the fuel needs of the highway and parks departments and purchase all fuel from the vendor providing the best total price.
8. Highway department officials should ensure that the fuel monitoring system contains complete and accurate information to properly identify fuel dispensed by vehicle and employee.
9. Highway department officials should adjust the fuel monitoring system specifications to require that a valid odometer reading is entered before fueling is allowed.
8. Highway department officials should identify the vehicles associated with the 12 unidentified fuel keys.
10. Highway department officials should periodically review fuel use reports for appropriateness and reasonability.

Vehicle Fleet Management

Good business practices recommend the adoption of a fleet management policy¹⁹ to establish guidelines for the acquisition, use, replacement and disposal of Town vehicles. The policy should require a needs assessment – prior to acquiring vehicles in addition to the existing fleet – specifying the proposed use of the new vehicle and requiring a periodic review of its utilization. Also, the policy should require that Town officials consider alternatives to purchasing vehicles, such as reimbursing employees for mileage when they use their personal vehicles for Town business. The policy should also specify the process for determining when a vehicle must be replaced and how it will be disposed of. Pertinent records could include daily use logs, fuel usage records and the costs of parts and labor to maintain and repair each vehicle over its service life. These records form the basis for establishing overall cost and help determine whether the vehicle is needed in the future.

The Board has not established a fleet management policy²⁰ or conducted a needs assessment to determine if the vehicles in the Town's fleet are being utilized effectively. We found that not all vehicles are being fully utilized, and the Town may achieve savings by considering other alternatives, such as reimbursing employees for mileage or establishing a pool of vehicles to be shared by multiple departments rather than assigning vehicles to individual employees.

The Town's vehicle fleet includes approximately 130 vehicles, trucks and heavy equipment located throughout the Town. In 1998, the Board adopted a resolution which specified that automobiles would be replaced every three years and four wheel-drive vehicles would be replaced every four years. The Board's intent with this resolution was to replace vehicles once they were no longer covered by the manufacturer's warranty, thereby reducing repair costs. The Board also allows employees in certain job titles²¹ to take a Town vehicle

¹⁹ Refer to OSC publication *Establishing an Effective Fleet Management System*

²⁰ The Board adopted a policy and two resolutions; however, these guidelines do not address all relevant aspects of fleet management. For example, the guidelines do not include criteria to determine if a vehicle purchase is necessary or require periodic evaluation of vehicle utilization and evaluation of the Town's benefit for each take-home vehicle.

²¹ Town Supervisor, Parks Crew Chief, Highway Superintendent, Highway Deputy Superintendent, Parks General Crew Chiefs, Highway General Crew Chiefs, Town Engineer, Civil Engineer, Dog Control Officer, Dog Control Officer RPT, Director of Community Development, Assistant Planner, Code Enforcement Officers and Plumbing Inspector

home after work hours. Eleven individuals²² use a Town vehicle in that manner; in addition to providing these vehicles, the Town pays for their fuel. Further, an employee who uses a personal vehicle for Town business is reimbursed at the Internal Revenue Service (IRS) standard mileage rate.

We reviewed fuel use records and odometer readings for vehicles, trucks and heavy equipment from January 1, 2013 through September 3, 2013 and identified 10 heavy equipment vehicles and 12 passenger vehicles and pickup trucks with low to moderate fuel use. Town officials stated that certain heavy equipment vehicles are used only at certain times of the year and, therefore, minimal fuel use may be acceptable for this type of equipment. Nevertheless, ten²³ heavy equipment vehicles from the highway department indicated no fuel use during the first eight months of 2013. Further, five of these ten vehicles reflected no fuel use at all in 2012. Equipment that shows minimal or no fuel use over the span of 20 months may not be necessary for Town operations.

Examples of the 12 passenger vehicles and pickup trucks²⁴ that reflected low to moderate fuel use from January 1, 2013 through September 3, 2013 are included below.

- The vehicle assigned to the assessor had only been fueled twice and driven 575 miles during the first eight months of 2013. During all of 2012, this vehicle was driven approximately 1,545 miles, or a total of 2,120 miles over a 20-month span. This level of use suggests that this vehicle is not being used routinely.
- The engineering department has vehicles assigned to each of the three engineers. One of these vehicles had only been driven approximately 1,610 miles during the first eight months of 2013. The employee assigned to this vehicle also takes this vehicle home and, therefore, part of this mileage is commuting. Based upon 2012 data,²⁵ we estimate that approximately 550 of the 1,610 miles were for commuting

²² The value of this fringe benefit is calculated by multiplying the annual miles driven for personal commuting purposes by the Internal Revenue Service's standard mileage rate. This amount is added to the employee's taxable income.

²³ Heavy equipment vehicles that showed no fuel use from January 1, 2013 through August 28, 2013, based on the fuel keys assigned to the vehicles, were a 2007 International 7600 SFA, 1987 Barber Greene paver, 1983 BOMAG roller, John Deere excavator, 1989 International packer, Hyster roller, 1989 Ford garbage truck, 1994 Crane carrier packer, 1995 Bandit brush chipper and 1996 Vermeer stump grinder.

²⁴ See Appendix A for further details

²⁵ Commuting mileage was provided to us by the Town's Finance Department.

purposes. This level of use suggests that this vehicle is not being regularly used for business purposes.

- The zoning department has two vehicles, one of which traveled approximately 4,100 miles during the first eight months of 2013. This suggests a level of use that may be satisfied by sharing the other vehicle assigned to the department.
- The Town Supervisor is provided with a vehicle that was driven 3,370 miles during the first eight months of 2013. As the Supervisor used this vehicle to drive to and from his home, we estimate²⁶ that approximately 550 miles of this total mileage was for commuting purposes. Savings may be achieved by reimbursing the Supervisor for business mileage using his personal vehicle rather than providing him with a Town vehicle.
- Two vehicles in the parks department and one vehicle in the highway department reflected no fuel use during the first eight months of 2013. However, all three continue to be covered under the Town's insurance policy, for a total annual insurance cost of more than \$1,300.²⁷

For the 11 Town vehicles assigned to, and driven home by, individuals, we estimate that approximately 23,000 miles were for personal commuting purposes, at an annual cost of approximately \$4,000 for fuel alone. In addition, the Town is incurring maintenance, depreciation and insurance costs by providing these vehicles to employees. Moreover, there is the risk of unauthorized personal use of these vehicles, as well as the Town's increased exposure to possible insurance claims. Vehicles designated for this type of use should result in an identifiable benefit to the Town; however, Town officials did not provide us with documentation to verify that they thoroughly evaluated the decision to allow Town vehicles to be used for commuting purposes.

Town vehicles that have minimal use may not be necessary and could be eliminated to reduce the number of vehicles in the fleet. Reducing the number of vehicles will save the Town money in initial purchase, maintenance and insurance costs. Rather than assigning vehicles to an individual, the Board could consider establishing a pool of vehicles for use by multiple departments. For example, in 2012 the Town purchased 13 cars, trucks and heavy equipment at a cost of \$914,782. Included were a 2013 Ford Escape assigned to the engineering department and a 2012 Ford Fusion assigned to the

²⁶ Ibid

²⁷ As of the insurance schedule dated May 21, 2013

zoning department. Vehicles in both of these departments reflected minimal use. If the Board had performed a needs assessment and explored alternatives, such as sharing vehicles, the Town could have saved approximately \$28,750.²⁸ Selling the two vehicles for the \$11,000 received for the trade-in on these purchases would have resulted in even greater savings.

In addition, it is important to weigh the cost of owning and operating a Town vehicle against other alternatives, such as reimbursing employees for using personal vehicles. For example, based on the Supervisor's 2012 use of his assigned vehicle, we calculated²⁹ the Town's cost at approximately \$5,490 for the year. If the Supervisor were to use his personal vehicle and request reimbursement for 3,000 miles of business travel, the annual cost would be \$1,695, which equates to an annual savings of approximately \$3,795.

Recommendations

11. The Board should establish a comprehensive vehicle fleet policy.
12. The Board should ensure that a needs assessment is prepared for its consideration prior to authorizing the purchase of vehicles or equipment.
13. The Board should evaluate the 10 highway heavy equipment vehicles that reflected no fuel usage in 2013 to determine if they are necessary for highway department operations.
14. The Board should evaluate the 12 passenger vehicles and trucks that reflected minimal fuel use to determine if they are necessary for Town operations.
15. The Board should examine other alternatives for reducing the fleet, such as sharing vehicles between departments or reimbursing employees for business use of their personal vehicles.
16. The Board should revisit the number of vehicles designated as "take-home" vehicles to ensure that there is an identifiable benefit to the Town.

²⁸ This includes the cost of the vehicle (reduced by the amount allotted for trade-in) and the annual insurance premium.

²⁹ Assuming the vehicle will be replaced in three years, the annual cost of owning the vehicle, assuming a trade-in value of \$7,000, will be $(\$13,035/3)$ plus insurance (\$421) and the cost of fuel (250 gallons x \$2.89/gallon) = \$5,489. The IRS standard mileage rate in 2013 is 56.5 cents per mile.

APPENDIX A

VEHICLES WITH MINIMAL FUEL USE

Table 1: Vehicles With Minimal Fuel Use					
		January 1, 2013 through Sept. 3, 2013		May 21, 2013	
Department	Vehicle	Gallons Dispensed	Miles Driven	Vehicle Purchase Price	Annual Insurance Premium
Assessor	2012 Ford Fusion	28	575	\$16,863	\$436
Engineering	2012 Ford Escape	112	1,610	\$20,035	\$421
Zoning	2012 Ford Fusion	159	4,109	\$15,262	\$340
Supervisor	2012 Ford Escape	186	3,368	\$20,035	\$421
Animal Control	2005 Dodge Caravan	110	*	\$14,849	\$394
Parks	1995 F350 Truck	0	0	\$25,668	\$474
Parks	1996 Crew Cab Truck	219	1,724	\$20,199	\$428
Parks	1999 Van	87	770	\$14,976	\$394
Parks	1999 F250 Truck	0	0	\$18,490	\$413
Highway	1999 Truck	0	0	\$20,883	\$427
Highway	2012 F250 Truck	133	*	\$26,234	\$453
Highway	2012 F350 Truck	156	1,017	\$45,160	\$453
Total				\$258,654	\$5,054
*Lack of adequate documentation to determine the miles driven					

APPENDIX B

RESPONSE FROM LOCAL OFFICIALS

The local officials' response to this audit can be found on the following page.



TOWN OF CLARENCE

David C. Hartzell Jr.

Supervisor

Lawrence Meckler

Deputy Supervisor

February 7, 2014

Councilmember:

Bernard J. Kolber

Patrick Casilio

Peter DiCostanzo

Robert A. Geiger

716-741-8929

Office of the State Comptroller
Buffalo Regional Office
ATTN: Robert Meller, Chief Examiner
295 Main St. Suite 1032
Buffalo, NY 14203-2510

Dear Robert,

The Town of Clarence has reviewed the draft findings related to the audit of the Town of Clarence's Controls over Fuel and Vehicle Fleet Management for the audit period January 1, 2012 – September 18, 2013.

The Town of Clarence would like to thank you for the opportunity to respond to the Office of the State Comptrollers report. The Town of Clarence believes that there are valid points made in the report that will result in some savings of tax dollars. The Town of Clarence is taking a hard look at the recommendations made in the report to incorporate them in a corrective action plan.

We are preparing and implementing a corrective action plan and will file the written plan no later than April 9, 2014 to the Office of the State Comptroller, 110 State St. 12 Floor, Albany, NY 12236.

Most Sincerely,


Supervisor

APPENDIX C

AUDIT METHODOLOGY AND STANDARDS

Our overall goal was to determine whether there were adequate controls over the use of fuel and the management of the Town's vehicle fleet. To accomplish the objective of the audit and obtain valid audit evidence, we interviewed Town officials, tested selected fuel transactions, analyzed fuel use and examined pertinent documents for the period January 1, 2012 through September 18, 2013. Our procedures included the following steps:

- We interviewed appropriate officials to gain an understanding of the procedures and controls in place over the use of fuel and the management of the Town's vehicle fleet.
- We examined policies and Board resolutions related to Town vehicles and fuel use.
- We examined all invoices and documented fuel purchases in the parks department from January 6, 2012 through August 28, 2013.
- We examined all invoices and documented fuel purchases in the highway department from January 9, 2013 through July 8, 2013.
- We examined the parks department's monthly meter reading records from April 30, 2012 through September 3, 2013 and weekly odometer reading records from January 4, 2013 through August 30, 2013, as documented by the parks department's mechanic. We analyzed fuel use by parks vehicles and equipment based upon these records.
- We compared fuel use in the parks department over the period August 23, 2013 through September 3, 2013, as measured by the 50 individual meters and two master meters, and by taking a physical measurement of the diesel and unleaded tanks. We documented any discrepancies identified.
- We viewed the parks department's security camera surveillance tapes from July 18, 2013 through August 9, 2013 to determine whether there was any evidence of inappropriate fuel use.
- We examined various reports generated from the highway department's fuel monitoring system from January 1, 2012 through August 29, 2013. We analyzed fuel use by highway vehicles and vehicles assigned to other Town departments during this period based on these reports.
- We examined conversion charts to identify employees by fuel user id and identify vehicles using fuel key numbers.
- We reviewed recorded tank levels for the highway department on August 29, 2013, as measured by the fuel monitoring system's sensors and by taking a physical measurement of the diesel and unleaded tanks. We documented any discrepancies identified.

- We examined vehicle and equipment inventory reports from the parks and highway departments.
- We examined the Town’s vehicle insurance policy and schedule of vehicles to determine the level of coverage and premiums per vehicle.
- We examined the estimated annual mileage from commuting for 11 employees who are allowed to use a Town vehicle as a take-home vehicle. We also calculated the approximate cost of fuel used for commuting purposes for these 11 vehicles.

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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