

Town of Hamburg

Fuel Operations

JUNE 2019



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

Contents

- Report Highlights 1**

- Fuel Operations 2**
 - How Should Officials Account for and Safeguard Fuel? 2
 - Officials Did Not Properly Monitor or Account for Fuel. 3
 - Officials Did Not Adequately Safeguard Access to Fuel 3
 - The Superintendent Did Not Adequately Review Fuel Transactions 4
 - Department Officials Did Not Adequately Safeguard Fuel Inventory 5
 - What Do We Recommend? 5

- Appendix A – Responses From Town Officials 7**

- Appendix B – Audit Methodology and Standards 15**

- Appendix C – Resources and Services. 17**

Report Highlights

Town of Hamburg

Audit Objective

Determine whether Town officials properly accounted for and monitored fuel purchases.

Key Findings

- Fuel purchases made with equipment fuel cards (i.e., fobs) are not monitored or tracked.
- No inventory records are maintained for fuel in reserve tanks.

Key Recommendations

- Track fuel purchased with equipment fobs.
- Maintain perpetual inventory records for reserve tanks and perform periodic reconciliations.

Town officials agreed with our recommendations and indicated they planned to initiate corrective action.

Background

The Town of Hamburg (Town) is located in Erie County and has a population of approximately 58,000 residents. The Town is governed by an elected Town Board (Board), which is composed of four Board members and a Town Supervisor (Supervisor). The Board is responsible for managing operations.

The elected Highway Superintendent (Superintendent) and the Director of Buildings and Grounds (appointed by the Board in January 2019) are responsible for safeguarding fuel cards and tanks. Before January 7, 2019, the Superintendent was responsible for overseeing the Buildings and Grounds Department.

Quick Facts

2018 General and Highway Appropriations	\$37.5 million
Fuel Purchased	\$480,000
Gallons^a	224,000
Number of Fuel Cards (i.e., fobs)	120
Reserve Tanks	6

^a During the audit period, the majority of fuel was purchased at local gas stations; 27,000 gallons, costing approximately \$58,000, was for reserve tanks.

Audit Period

January 1, 2017 – January 22, 2019

Fuel Operations

The Town contracts with a local gas station chain to obtain the majority of fuel (unleaded gasoline and diesel) for its vehicles.¹ The Highway and Buildings and Grounds departments (departments) have 120 fuel cards (i.e., fobs²), provided by the gas station chain, which employees use to purchase fuel. The fobs are either assigned to a specific vehicle or are designated for fueling other pieces of equipment. In addition to the fobs, the employees who are authorized to obtain fuel are assigned a personal identification number (PIN).

To fuel a vehicle or piece of equipment, the fob is scanned at the fuel pump and the employee is prompted to enter their PIN and the vehicle's odometer reading, if applicable.³ The Superintendent maintains vehicle and equipment inventories. The Supervisor's secretary maintains and updates the fob inventory with the gas station chain, along with an authorized driver list showing the individuals authorized to obtain fuel at the gas stations.

In addition, the departments maintain six reserve tanks located at various locations.⁴ A foreman at each location is responsible for ordering, receiving and monitoring fuel.

How Should Officials Account for and Safeguard Fuel?

A board is responsible for establishing written policies and procedures to provide reasonable assurance that fuel is purchased only by authorized personnel and used exclusively for appropriate town purposes. Officials should periodically update the fuel records to eliminate fobs for vehicles that are not in use and deactivate the PINs of employees who are no longer employed by the Town or who no longer need access to fuel. Town officials should also regularly review fuel transactions for appropriateness.

Officials are responsible for designing controls over fuel to ensure inventory is safeguarded and protected against the risk of loss, waste and misuse. To accomplish this, the Superintendent and Director should maintain perpetual fuel inventory records that show the amount of beginning inventory, amount purchased, amount used and the balance remaining. In addition, they should periodically reconcile delivery and use records to measured fuel tank levels, review these records for reasonableness and investigate and resolve any material discrepancies.

1 The Highway, Buildings and Grounds and Police departments purchase fuel through a local gas station chain. Five fire departments within the Town also purchase fuel through the Town's fuel contract.

2 A tag that uses radio frequency identification to provide access.

3 For fobs assigned to vehicles

4 A 525 gallon diesel tank and an 800 gallon unleaded tank at the golf course; a 1,000 gallon unleaded tank and a 500 gallon diesel tank at the ice arena; a 2,000 gallon diesel tank at the highway department and a 450 gallon diesel tank at Woodlawn Beach State Park.

Officials Did Not Properly Monitor or Account for Fuel

The Board did not adopt written policies and procedures for purchasing fuel from gas stations and monitoring fuel held in reserve tanks. In addition, the Superintendent⁵ did not properly monitor gas station fuel purchases or reserve tank inventories.

The Superintendent told us that he performed a high-level review of the monthly transaction reports from the gas station chain to review the gallons and dollar amounts of the transactions. However, the Superintendent told us that he does not review odometer readings or investigate significant variances on these reports.

Without proper controls over fuel, officials cannot be certain that fuel purchased is used for appropriate purposes.

Officials Did Not Adequately Safeguard Access to Fuel

After removing active police and firefighters from the authorized driver list, 267 individuals remained. We compared these names with a list of active employees and found that 148 individuals were not current employees. One individual listed was a consultant for the Town and authorized to purchase fuel for Town related travel. The remaining 147 individuals should not have been on the list or have active PINs. Although 75 of these individuals were former employees, the remaining 72 were not.

This occurred because officials did not have procedures for identifying former employees assigned PINs who left Town employment, or those who should no longer have access to purchase fuel, and providing that information to the Supervisor's secretary to deactivate access. While there is a high probability some or many of these individuals could be former firefighters, we were unable to determine whether that was the case. We also compared the vehicle and equipment inventory maintained by the departments to the list of vehicle fobs. Other than minor discrepancies, which we discussed with officials, we found no exceptions.

Town officials told us that they are in the process of implementing new procedures for updating the authorized drivers list and the vehicle fob inventory. However, the individuals we identified had not been removed from the authorized driver list as of the end of our fieldwork.

⁵ The current Highway Superintendent took office on January 1, 2018.

In addition to requiring a PIN for employees purchasing fuel, fobs are required when making fuel purchases for both vehicles and equipment. The departments have 107 fobs that are assigned to specific vehicles and 13 fobs that are for equipment and not assigned to a specific vehicle or piece of machinery.

Vehicle fobs are kept on the key rings for each vehicle at the respective department offices when the vehicle is not in use. Equipment fobs are each attached to a clipboard and are given to employees working on specific projects. However, the Superintendent did not have a method to track which pieces of equipment or vehicles are fueled using an equipment fob.

We identified 153 transactions for 3,250 gallons of fuel totaling \$7,473, which were completed using equipment fobs. While the requirement to use both a PIN and a fob to obtain fuel helps to reduce some of the risks associated with not removing individuals from the authorized driver list, because equipment fobs are not properly monitored or tracked, there is still a risk of improper fuel purchases. As a result, officials cannot be sure that all purchased fuel is used for appropriate purposes.

The Superintendent Did Not Adequately Review Fuel Transactions

Monthly reports are provided by the gas station chain to the Supervisor's secretary and the Superintendent that document each fuel transaction including the gallons purchased, date, time, location, the employee, the vehicle fob used, the odometer reading entered (if applicable), and the change in odometer reading since the prior fueling.

We reviewed 1,405 fuel purchases by the departments,⁶ totaling \$70,900. We found 313 transactions (22 percent), totaling \$14,931, for which the odometer reading entered was unreasonable compared to prior odometer reading. For example, mileage entered for multiple vehicles were sometimes lower than previous odometer reading, ranging from 40 miles lower to 10,000 miles lower. In some instances, no odometer reading was entered for different vehicles. We discussed other minor discrepancies with Town officials.

The Superintendent told us that employees may forget the odometer reading after they exit the vehicle or may enter it incorrectly, and therefore the odometer readings on the monthly report may be inaccurate. However, because the Superintendent did not investigate discrepancies found on the monthly reports, there is an increased risk that fuel purchases may not be for appropriate Town purposes.

⁶ Refer to Appendix B for information on our sampling methodology.

Department Officials Did Not Adequately Safeguard Fuel Inventory

Department officials had limited safeguards in place to provide assurance the fuel maintained in the reserve tanks was properly safeguarded and used for appropriate purposes. The diesel tank located at Woodlawn Beach State Park was unsecured and did not have a fuel gauge. The two tanks located at the golf course were secured by a locked gate; however, the tanks are located in the middle of a public parking lot and the gate is left open when the course is open to the public. The ice arena and highway department both have a switch to turn on the fuel pumps, which are located inside of a locked building to which only certain employees (typically foremen) have access.

Department officials did not maintain fuel logs or perpetual inventory records for the reserve tanks to track fuel delivered, used or remaining in the tanks. Officials also did not monitor or take pump readings after fuel was delivered or periodically measure and record reserve tank fuel levels to provide assurance the Town is accurately billed for the amount of fuel received.

Officials told us that they maintained fuel logs in the past, but they did not review the logs or perform any reconciliations and decided to eliminate them. However, by not maintaining inventory records for fuel purchases and use, there is an increased risk that fuel could be stolen or used for inappropriate purposes.

What Do We Recommend?

The Board should:

1. Develop and adopt written policies and procedures for the proper accounting and safeguarding of fuel purchases and inventories.

The Superintendent and Director should:

2. Immediately deactivate PINs assigned to all individuals who should not have access to purchase fuel.
3. Notify the Supervisor's secretary of any individuals who leave Town employment or who no longer need fuel access, so that PINs may be deactivated in a timely manner.
4. Periodically review the authorized driver list to ensure it is accurate and up-to-date.
5. Regularly monitor monthly reports and investigate significant discrepancies.
6. Track fuel purchases made with equipment fobs to document the equipment or project for which fuel was purchased.

-
7. Ensure that reserve tanks are properly secured with a lock or power switch, as appropriate, in a cost-effective manner.
 8. Maintain perpetual inventory records for fuel in reserve tanks, periodically measure and record reserve tank fuel levels, and perform periodic reconciliations.

Appendix A: Responses From Town Officials⁷

TOWN OF HAMBURG

6100 SOUTH PARK AVENUE * HAMBURG, NEW YORK 14075 * (716) 649-6111 * FAX (716) 649-4087

Supervisor
JAMES M. SHAW

Councilmembers
THOMAS BEST, JR.
ELIZABETH FARRELL
MICHAEL K. MOSEY
MICHAEL R. PETRIE

Town Attorney
STEVEN J. WALTERS

Town Clerk
CATHERINE A. RYBCZYNSKI

Highway Superintendent
TED CASEY

June 17, 2019

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor
Albany, NY 142236

Attn.: Mr. Jeffrey D. Mazula, Chief Examiner

Re: Audit Reports for Fuel Operations and the Maintenance and Operation of the Woodlawn Beach State Park

Dear Mr. Mazula:

The Town Board of the Town of Hamburg must adopt comprehensive policies to ensure that gasoline fuel purchases and the maintenance of gasoline tanks are properly accounted for pursuant to a strict regime of specified controls.

The Town Board must also review and modify if necessary written procedures to adopt a comprehensive policy for the collecting and recording of park entrance fees and rental fees.

In the former instance, a lack of safeguards raised significant questions as to how well fuel usage was being monitored and whether those utilizing Town fuel pumps through the use of fobs and pin numbers were reflective of the true state of affairs.

The Town disperses fuel reports monthly to each Department that utilizes the Town fuel pumps. It is the responsibility of each Department Head to review these reports for accuracy. The Town has just begun a process of evaluating additional controls that may be enacted to further safeguard our fuel assets. This evaluation consists of balancing the costs associated with the further implementation of controls as opposed to the potential cost savings that these controls may realize. Clearly, the audit report reveals that there has been an inadequate security system which now requires a fundamental readjustment. The Town will create a written policy which clearly outlines the new procedures in place that should be followed to protect the integrity of our fuel supply and maintain costs.

"It's Great Living in Hamburg... The Town That Friendship Built"
www.townofhamburgny.com

⁷ The Supervisor's response also addresses the recommendations from our separate audit report *Town of Hamburg – Woodlawn Beach State Park Receipts (2019M-79)*. This audit report can be found at: <https://www.osc.state.ny.us/localgov/audits/index.htm>.

Within the past year the Town has begun the process of eliminating former employees, and vehicles from the online system referenced in this report so that only current, active employees have access to Town fueling stations.

With respect to reserve fuel tanks, thankfully authority for the operation of Woodlawn Beach State Park is being transferred back to New York State effective January 1, 2020. As a consequence the gasoline tank at the Woodlawn Beach will no longer be a Town liability. The Buildings and Grounds Department is in the process of determining the need for tighter security measures. Safeguarding the integrity of fuel tanks at the State Beach and at other locations will require the installation of locks, video surveillance and manual log entries for any depletion of gasoline contained in the tanks. The Supervisor and the Town Finance Department will continue to evaluate the monthly fuel bills by Department for reasonableness. As always, any significant fluctuations will be investigated.

With further respect to the Woodlawn Beach State Park, the Recreation Department of the Town of Hamburg has compiled written procedures for collecting and recording park entrance fees. A standard policy should not have been difficult to adopt and the Town Board will review the recently adopted procedures contained in the formal policy. Moreover, an accurate listing of rental fees, more detailed rental agreements, appropriate billing and follow up, must be implemented for the 2019 season. One standard rental fee schedule will be utilized for all events moving forward.

The Town will take all reasonable steps to insure that additional revenue is not lost to the taxpayers in the final year of the Town's operation of the Woodlawn Beach State Park.

Thank you very much for your thorough work, and your constructive suggestions which are sincerely appreciate.

Very truly yours,

James M. Shaw, Supervisor
Town of Hamburg

JMS/tcr

cc: Hamburg Town Board

HAMBURG TOWN HIGHWAY DEPT.



Ted Casey
Superintendent of Highways

Jeffery D. Mazula, Chief Examiner
295 Main Street, Suite 1032
Buffalo, NY 14203-2510
Tel: (716) 847-3647
Fax: (716) 847-3643
email: Muni-Buffalo@osc.ny.gov

HAMBURG HIGHWAY DEPARTMENT AUDIT RESPONSE LETTER / CAP
Unit Name: Town of Hamburg Highway Department
Audit Report Title: Town of Hamburg Fuel Operations Report of Examination
Audit Report Number: 2019M-75
Date: 06/14/19

RE: Hamburg Highway Department's Acknowledgement and Corrective Action Plan for the State Comptrollers Audit Report for the Town of Hamburg Fuel Operations Report of Examinations

Dear Mr. Mazula-

The following is the Hamburg Highway Department Audit Response Letter and CAP in response to the State of New York Office of the State Comptroller Audit of Hamburg Highway Department Fuel Inventory Management. The Hamburg Highway Department is in receipt of the draft Report of Examination (2019M-75) prepared by the office of the State Comptroller.

On behalf of the Town of Hamburg Highway Department, I would like to thank the Auditor's Office for the time invested reviewing the Town of Hamburg Fuel Operations. The key findings of the audit and the resulting key recommendations have provided concrete action items that will be implemented to improve our oversight of this mission-critical commodity. I would also like to personally thank the principle examiner, the senior examiner and the associate examiner for their professional and courteous demeanor throughout the audit process.

The Town of Hamburg Highway Department concurs with the audit findings and recommendations and we are committed to implementing the OSC audit recommendations. As the Hamburg Highway Superintendent, I have initiated an internal mandate to develop Department policies and procedures in response to the Town of Hamburg Fuel Operations Report of Examination audit. I see this as an opportunity to strengthen the current policies and procedures, to be more detailed regarding internal requirements for fuel operations reporting.

I agree that system controls can and should be improved to ensure that potential fraud or abuse related to fuel consumption is identified and addressed. The Highway Department has taken pro-active steps to work to identify and develop consistent, regular reporting policies and procedures after receiving the draft OSC report. Highway Department reporting will be monitored on a scheduled basis to ensure potential issues are identified and investigated. A specific area of focus will be odometer readings input by Highway Department fuel users given that this data was revealed in your findings to be one of the key areas defined in the OSC report. This will include collaboration with our support staff on implementing clearly defined responsibilities related to fuel operations. I have detailed our CAP to these findings with the corrective actions that I have taken or proposed presented below.

2720 Lakeview Road • Lake View, NY 14085 • 716-649-7700 • Fax: 716-649-7791



HAMBURG TOWN HIGHWAY DEPT.



Thank you again for the effort taken to provide this review and subsequent recommendations. We are fully committed to enhancing our Fuel Management Program to align with your findings and industry standards.

Stay safe -

Ted Casey
Town of Hamburg Highway Superintendent

FUEL IS A HIGHWAY DEPARTMENT ASSET:

The Hamburg Highway Department maintains a fleet of over 75 vehicles and heavy/specialized equipment including fleet trucks/vehicles, chippers, grapple, graders, vacall, bobcat, bulldozer, mowers, paving rollers, and compressors. The Highway Department depends on our fleet of vehicles and equipment to serve Town residents.

As fuel is a major expense for any highway department and a mission-critical asset, monitoring fuel usage and costs is essential. Fuel is a liquid asset at risk for fraud or abuse while fuel prices are volatile. Fuel management systems are vital to maintain, control, and monitor fuel consumption and stock. System controls are designed to detect and prevent potential fraud or abuse.

CORRECTIVE ACTION PLAN:

AUDIT FINDINGS AND RECOMMENDATIONS:

Town of Hamburg Fuel Operations Report of Examination 2019M-75

Audit Period:

January 1, 2017 – January 22, 2019

Audit Objective:

The audit objective was to determine whether Town officials properly accounted for and monitored fuel purchases.

Key Findings:

- Fuel purchases made with equipment fuel cards (i.e., fobs) are not monitored or tracked.
- No inventory records are maintained for fuel in reserve tanks.

Key Recommendations:

- Track fuel purchased with equipment fobs.
- Maintain perpetual inventory records for reserve tanks and perform periodic reconciliations.

HAMBURG TOWN HIGHWAY DEPT.



CORRECTIVE ACTION PLAN CHART:

KEY FINDINGS AND RECOMMENDATIONS	HWY DEPT RESPONSE / CORRECTIVE ACTION	PERSONS RESPONSIBLE FOR IMPLEMENTATION	DATE OF IMPLEMENTATION
Fuel purchases made with equipment fuel cards (i.e., fobs) are not adequately monitored or tracked.	Deputy Highway Superintendent and Senior Accounting Clerk to review fuel purchases on a weekly/monthly basis to ensure purchases are compared to gallons used to reconcile records	- Deputy Highway Superintendent - Senior Accounting Clerk	05/22/19
No inventory records are maintained for fuel in reserve tanks	Improved system controls to detect potential fraud or abuse. Ensure fuel inventory records are maintained through stick measured readings, verification of delivery and comparison of gallons pumped to measured tank levels for reasonableness	- Deputy Highway Superintendent - Head Mechanic - Department Foremen - Senior Accounting Clerk	07/01/19
Track fuel purchased with equipment fobs	- Deputy Superintendent receives all fuel purchased receipts for weekly review to ensure accuracy - Senior Accounting Clerk receives fuel purchased receipts from Deputy Superintendent to ensure all reports are reconciled with Monthly Account Statements from fuel delivery agent.	- Deputy Highway Superintendent - Senior Accounting Clerk	07/01/19
Maintain perpetual inventory records for reserve tanks and perform periodic reconciliations	- The Hwy Department has implemented the use of a checklist to record stick readings. Fuel tank will now be stuck before and after fuel deliveries to ensure our readings match the meter reading	- Deputy Highway Superintendent - Department Foremen - Head Mechanic - Senior Accounting Clerk	07/01/19

HAMBURG TOWN HIGHWAY DEPT.



IMPLEMENTATION OF FUEL USAGE REPORTS:

Highway Department Fuel Management Objectives:

- Establish controls that would reduce the risk of potential fraud or abuse.
- Review fuel purchasing for compliance with best practices and contract terms.

The Highway Department will enhance their monthly reconciliation process to include the following:

- Monitor weekly/monthly beginning and ending fuel balances to ensure they carry forward properly.
- Ensure that actual fuel purchases are included on the reconciliation.
- Investigate significant variances and maintain supporting documentation evidencing the investigation.

BULK FUEL INVENTORY – HAMBURG HIGHWAY DEPARTMENT RESERVE DIESEL FUEL TANK

Current preventive controls for Highway Department reserve fuel tank involve physical security of the Department fuel site including padlocks on fuel station and locked access to fuel pump breakers requiring key access to prevent unauthorized access to fuel. The Highway Department is in the process of implementing a manually-input paper Fuel Inventory Log of on-site fuel inventory dispensed that requires vehicle or equipment ID and driver identification when fuel is issued. Department fuel usage and tank level recording is currently a manual process. Highway Department officials have made improvements in monitoring fuel usage and will continue to develop and establish stronger controls to monitor fuel.



Photos: 2,000 gallon reserve fuel tank at Hamburg Highway Department

HAMBURG TOWN HIGHWAY DEPT.



PROCESS FOR FUEL ISSUED FROM HIGHWAY DEPARTMENT RESERVE DIESEL FUEL TANK:

In response to the OSC audit, Hamburg Highway Department officials developed a Fuel Inventory Log checklist to clearly define, document and ensure that all on-site fuel inventory purchases are inspected and reconciled and all reporting requirements are met. We developed a detailed checklist to document and maintain perpetual fuel inventory records for the reserve fuel tank at the Hamburg Highway Department location where none previously existed. This log and review process will ensure fuel volumes are transferred correctly and that fuel operations are recorded and calculated properly.

On-site fuel inventory reconciliation procedures have been developed and are being implemented within the Department to ensure proper fuel valuation and detect any errors or inconsistencies. These improvements have been made to Department fuel inventory systems in order to better detect potential fraud or abuse, and to obtain accurate odometer readings and complete fuel transaction details.

Department policy now requires that all employees must use manual log for all fuel dispensed from the Department fuel tank on-site. Fuel Inventory Log Data includes employee identification numbers, quantity of fuel issued, employee name, vehicle or equipment ID, and mileage odometer reading.

- Employees manually records the vehicle or equipment ID into Fuel Inventory Log.
- Employee manually inputs vehicle odometer readings.
- Pump electronically tracks fuel issued, but this is recorded manually in the Fuel Inventory Log.
- Fuel Inventory Logs will be reviewed and reconciled on a monthly basis to ensure reasonableness - first by the Deputy Highway Superintendent who then turns over logs to the Senior Accounting Clerk who will reconcile fuel usage with fuel purchased. Any variances in fuel inventory will be recorded and brought to the attention of the Highway Superintendent.

To prevent loss or diversion of vehicle fuel, the tanks will be stick measured on a monthly basis and immediately prior to and after fuel deliveries to verify delivery and comparison of gallons pumped to measured tank levels. Fuel purchases should be compared to total fuel dispensed. In addition, the tanks should be physically secured and inspected monthly for leaks to ensure they are in good working order.

HIGHWAY DEPARTMENT FUEL USAGE REPORTS FOR FUEL PURCHASED FROM OUTSIDE VENDOR:

New improvements to Highway Department system controls will help to more easily:

- Detect potential fraud or abuse.
- Verify accuracy of vendor fuel billings
- Track internal transaction details to compare with fuel vendor to verify invoices to agreement terms.
- Track daily OPIS prices to verify vendor invoices to contract terms.

Fuel operations policies and tracking documentation protocols for collecting and reporting fuel volumes have been modified and are being implemented within the Highway Department to improve system controls in order to detect potential fraud or abuse. The Department has developed and fully implemented an internal process for recording and monitoring fuel purchases made from outside fuel vendors.

HAMBURG TOWN HIGHWAY DEPT.



Each fleet vehicle has a vehicle fuel card with a unique ID that must be swiped at the pump to obtain fuel. Employee's must manually input employee ID number and odometer readings, which is where the OSC audit found inaccuracies. Department employees are responsible for accurately entering odometer readings.

PROCESS FOR FUEL ISSUED FROM OUTSIDE VENDOR:

Fuel Usage Reports:

- One credit card is assigned to each vehicle in the fleet. Includes Trucks, Chippers and a compressor.
- Mechanics are assigned one card for in shop fuel (Auxiliary Cans to be used to perform mechanical work)

At station:

- Operator will slide card and input their employee ID # (4 digit #)
- At completion of fueling receipt will be kept
- On the back of receipt, operator will print name, mileage odometer reading, gallons purchased and any amount of additional fuel obtained for auxiliary fuel cans for verification.
- At the end of each day, operators will return receipt to Foreman's office. (Place in Gas slip bin)
- Deputy Highway Superintendent will review all receipts for accuracy of recorded information.
- Once verification has been made, receipts will be turned over to Senior Accounting Clerk
- Senior Accounting Clerk will review and reconcile receipts with the monthly vendor statement.
- Any discrepancies will be reported and reviewed with the Highway Superintendent
- Gas receipts will be filed for future accounting on a monthly basis

The Deputy Highway Superintendent will ensure that accurate fuel inventory and delivery records are maintained on a weekly basis.

As the Hamburg Highway Superintendent I plan to:

- Continue to develop, implement, and communicate policies and procedures for key fuel operations.
- Ensure that Department staff report excessive inventory variances to the Deputy Highway Superintendent and the Senior Accounting Clerk in compliance with the departments new policies regarding reporting requirements.
- Continue to address critical site maintenance issues and formalize the internal inspection process by ensuring that department requirements, other relevant inspection criteria, and corrective actions are properly documented.

In developing this Corrective Action Plan (CAP), Highway Department personnel will also review, refine and implement a consolidated process for evaluating and managing fuel operations. While preliminary milestones have been established to address all findings, the Department will establish more detailed execution plans. The steps and timelines presented in this CAP are the Highway Departments best estimate for the time to complete the work outlined.

The Hamburg Town Board will separately address and consider implementing broader systemic processes town-wide to address the gaps identified to ensure organizational alignment and support. Once key corrective actions are implemented by the Town Board, an internal review within the Highway Department will be undertaken to determine adherence and effectiveness of new processes and procedures.

Appendix B: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective⁸ and obtain valid audit evidence, our audit procedures included the following:

- We interviewed Town officials and reviewed Board minutes and available policies to gain an understanding of the procedures in place regarding the purchase of fuel from local gas stations and reserve tank fuel use.
- We obtained the monthly fuel invoices and reports for purchases made from local gas stations for our audit period, totaling \$422,000, and judgmentally selected a sample of the three months with the highest dollar amount of purchases, totaling \$70,900. We also obtained the invoices for purchases for the reserve tanks for our audit period, totaling \$58,000.
- We reviewed the list of individuals authorized to purchase fuel from the local gas stations and compared it to a list of current employees to determine whether any individuals with fuel access were not current Town employees. We also reviewed the list of vehicle fobs and compared it to the highway and buildings and grounds vehicle inventory to determine whether only current Town vehicles and equipment had access to a fob.
- We reviewed all transactions for fuel and non-fuel purchases made during the three months in our audit sample from the local gas station chain. We reviewed odometer readings, miles driven, the type of fuel pumped, how often vehicles were fueled, whether fuel was purchased within Town boundaries and whether fuel purchases occurred during typical work days and hours.
- We identified vehicles and equipment that were fueled from the reserve tanks and obtained estimates of how much fuel each vehicle or piece of equipment used and how often fuel was used.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or relevant population size and the sample selected for examination.

⁸ We also issued a separate audit report, *Town of Hamburg – Woodlawn Beach State Park Cash Receipts (2019M-79)*.

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 Town Board to make the CAP available for public review in the Town Clerk's office.

Appendix C: Resources and Services

Regional Office Directory

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Contact

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

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

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

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

BUFFALO REGIONAL OFFICE – Jeffrey D. Mazula, Chief Examiner

295 Main Street, Suite 1032 • Buffalo, New York 14203-2510

Tel (716) 847-3647 • Fax (716) 847-3643 • Email: Muni-Bufferalo@osc.ny.gov

Serving: Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Niagara, Orleans, Wyoming counties



Like us on Facebook at facebook.com/nyscomptroller

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