



Deer Park Union Free School District

Fuel and Vehicle Inventory

2023M-152 | March 2024

Contents

- Report Highlights 1**

- District Vehicle Inventory and Fuel Usage 2**
 - How Should District Officials Maintain Vehicle Inventory Records? 2

 - District Officials Did Not Maintain Accurate Vehicle Inventory Records 3

 - How Should District Officials Monitor Fuel Usage and User Access? 4

 - District Officials Did Not Adequately Monitor Fuel Usage 5

 - Fobs and PINs Were Not Appropriately Assigned and Managed 6

 - What Do We Recommend? 8

- Appendix A – Response From District Officials 9**

- 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

Deer Park Union Free School District

Audit Objective

Determine whether Deer Park Union Free School District (District) officials adequately maintained vehicle inventory records and monitored fuel usage.

Key Findings

District officials did not adequately maintain vehicle inventory or monitor fuel usage. As a result, vehicles and fuel were not properly accounted for. Officials did not:

- Maintain accurate inventory records of vehicle additions and disposals. There were discrepancies with 19 vehicle inventory records.
- Obtain Board of Education (Board) approval prior to disposing of vehicles and promptly remove vehicles from insurance resulting in \$17,237 of unnecessary insurance costs.
- Review fuel reports to identify discrepancies in fuel usage. We found 44,976 gallons of fuel was dispensed without identifying the individual pumping fuel. This increases the risk that fuel could be used that is not for appropriate District purposes.

Key Recommendations

- Develop written procedures for adding, tracking and disposing of District vehicles to ensure inventory reports are accurate and up to date.
- Review fuel transaction reports to ensure fuel users are authorized and accurately report information needed to monitor fuel usage.

District officials generally agreed with our recommendations and indicated they would take corrective action. Appendix B includes our comment on the District's response to the report.

Audit Period

July 1, 2021 – October 31, 2022

Background

The District serves the Town of Babylon in Suffolk County. The District is governed by the elected seven-member Board which is responsible for managing the District's financial and educational affairs.

The Superintendent of Schools is the District's chief executive officer and is responsible along with other administrative staff for the District's day-to-day management.

The Assistant School Transportation Supervisor (Assistant Supervisor) oversees all District vehicles and the fuel pumps under the direction of the Assistant Superintendent for Business and Operations (ASBO).

Quick Facts

Employees	774
District Vehicles	115
Gallons Dispensed in Audit Period	
Gasoline	81,557
Diesel	60,308
Total	141,865

District Vehicle Inventory and Fuel Usage

The District's business office and Transportation Department are each responsible for maintaining inventory records of all District vehicles. The District has 115 vehicles including 84 buses used to transport students, and various trucks, vans and SUVs used by the maintenance, Buildings and Grounds and security departments. The District owns another 10 vehicles which were out of service but still in District possession.

The District's 10,000-gallon diesel and 6,000-gallon gasoline tanks are used to fill bus, vehicle and equipment fuel tanks. An electronic system tracks fuel usage for vehicles and some equipment. Key fobs (fobs) are assigned to vehicles, equipment and the fuel cans used to fill small equipment. Individuals are assigned a unique personal identification number (PIN) to identify the user. To fuel a vehicle, the fob is scanned at the pump and the user is prompted to enter their PIN, fuel type (diesel or gasoline) and odometer reading. Zero is entered as the odometer reading for equipment and fuel cans.

How Should District Officials Maintain Vehicle Inventory Records?

School district officials are responsible for maintaining accurate, complete, up-to-date, perpetual vehicle inventory records, and ensuring that vehicles are protected from loss and can be easily located. Perpetual inventory records are detailed records that district staff update when they purchase or dispose of vehicles. Written policies and procedures should require all vehicle identification numbers (VIN) to be recorded and vehicles to be tagged at the point they become the property of the district. Detailed records help officials to safeguard and monitor the vehicles.

School district managers should schedule and conduct periodic physical inventories to ensure all vehicles listed on the inventory records are still in their possession. To ensure adequate segregation of duties, the person or department who has custody of the vehicle should not have custody of the title and generally should not be responsible for maintaining inventory records. When the same person that has custody of an asset also maintains the inventory records and titles, an opportunity exists for falsifying the inventory to disguise theft or loss.

When a vehicle is identified as obsolete, officials should provide this information to the board to approve it for disposal. The inventory records should also be updated with appropriate disposal information, such as date of disposal, method of disposal, purchaser and amount received. In addition, insurance coverage should be promptly removed from disposed vehicles.

District Officials Did Not Maintain Accurate Vehicle Inventory Records

District officials contract with a vendor to maintain an inventory database to account for capital assets. Business office staff is responsible for sending updates of additions and deletions to the vendor annually. Assets entered into the database are assigned an asset ID number. A physical inventory was performed in April 2022 by the same vendor. In addition, the Transportation Department maintains a vehicle inventory record that contains the assigned vehicle number, year, capacity, make, model, fuel type, plate number, year placed in service and VIN. In addition to maintaining an inventory record, the Transportation Department has custody of the vehicle titles and insurance cards.

We compared the Transportation Department's vehicle inventory record to the list of insured vehicles and the outside vendor's inventory reports. We also performed a physical inventory to compare with the inventory reports and found the following discrepancies:

- The vendor inventory report listed five vehicle VINs twice with different asset ID numbers, three other vehicles owned by the District were not listed in the report and one vehicle was listed without a VIN. When we inquired about the missing VIN we were told the vehicle was never acquired and should not have been added to the inventory. The corresponding purchase order was cancelled in September 2019; therefore, the vehicle should not have been added to the inventory report. The errors in the inventory records of these nine vehicles should have been identified during the 2022 inventory, or if officials had reconciled the vendor inventory report and Transportation Department records.
- A maintenance vehicle that was listed on the Transportation Department's inventory, the vendor's inventory report and the insurance list could not be located when we performed our physical inventory. Subsequently, we found the vehicle was included on a bid for scrap metal with 10 other vehicles, which the Board accepted on February 28, 2017. However, District officials could not provide evidence of sale/scrap or receipt of payment for these scrapped vehicles. Over the last six years, officials unnecessarily paid \$11,420 to insure a vehicle the District no longer had.
- A security vehicle that was listed on the Transportation Department's inventory, the vendor's inventory report and insurance list could not be located. After further inquiry we found the vehicle had been in an accident on July 13, 2019, and declared a total loss. The District was reimbursed \$7,893 by the insurance company in September 2019, but the vehicle was still insured. The District had paid \$5,817 to insure this vehicle since 2019. After we brought this to her attention, the ASBO removed insurance from the vehicle.

-
- In addition, the Transportation Department inventory contained five vehicles that were disposed of in May and June of 2021, prior to our audit period. There was no Board resolution authorizing the disposal of the vehicles. The Assistant Supervisor told us due to staff shortages, disposed vehicles were not removed from the record in a timely manner.
 - Three vehicles' tags were mislabeled, and their ID number did not match the number listed for each vehicle on the inventory record. The Assistant Supervisor told us this was due to miscommunication between the Buildings and Grounds Department and the Transportation Department.

In addition, the District's external audit report for 2019 found the third-party physical inventory reports were not reconciled to the internal records. It was recommended that a detailed capital asset list be maintained on a current basis and periodically reconciled to annual activity and that a physical inventory be done. In the 2020, 2021 and 2022 audit reports, this issue remained, and the District's status stated that the recommendation was in the process of being implemented. However, considering the number of issues found during our audit, these recommendations were not implemented.

We found that although the Board adopted policies providing guidelines for inventory, accounting, recording and disposing of vehicles, and that property records were to be maintained for each asset (contain date of acquisition, description, cost, location, responsible official, estimated useful life and date and method of disposition), District officials did not develop written procedures to manage vehicle inventory and did not comply with the policy when disposing of vehicles. This resulted in inaccurate vehicle inventory records and vehicle disposals that were not approved by the Board.

Without complete and accurate vehicle inventory records, the District paid more than was necessary for insurance and the ability to monitor vehicles was diminished. In addition, when the same department and officials that have custody of vehicles also maintain the vehicle inventory records and titles, there is an increased risk that records could be falsified and vehicles could be stolen, scrapped or sold without detection.

How Should District Officials Monitor Fuel Usage and User Access?

District officials should establish procedures to monitor fuel usage to safeguard fuel inventory against loss, waste and misuse. Monitoring fuel usage requires that accurate records are maintained and reviewed. When an automated fuel pump system is used, individuals responsible for fueling district vehicles should be provided guidance on their responsibility to accurately record the user, vehicle and mileage information into the system so that usage can be monitored. Inaccurate mileage entries diminish the usefulness of fuel transaction reports

(transaction reports). Transaction reports generated by the system should be maintained and reviewed periodically for reasonableness. For example, officials should ensure the gallons of fuel pumped is comparable to miles driven between each fueling. Any material discrepancies should be investigated and resolved. These types of measures help to monitor fuel usage to provide assurance that fuel usage is accounted for and only used in district vehicles and equipment.

In addition, officials should ensure PINs and fobs are actively managed to minimize the risk of misuse. Officials should maintain complete and accurate lists of authorized users and fobs assigned to vehicles and equipment. Officials should periodically review these records to ensure the users still need fuel access and fobs are needed for the assigned vehicle or equipment. To minimize the risk of unauthorized access, officials should deactivate the PINs or fobs as soon as there is no longer a need for them. If not properly managed, unauthorized access to fuel could occur and go undetected.

District Officials Did Not Adequately Monitor Fuel Usage

To pump fuel, drivers are required to place the fob at the fuel pump sensor, enter their individual 4-digit PIN code, current odometer reading from the vehicle and the fuel type (gas/diesel). The fuel pump system setting is supposed to be programmed to dispense fuel when the fob is identified, odometer reading entered is more than the previous transaction and 4-digit PIN code identifying the user is entered. If any of these steps are invalid, the system is not supposed to allow the user to fuel.

The transaction reports document each fuel transaction by date, time, assigned vehicle number, gas type, gallons pumped, user that pumped fuel and the odometer reading at the time of fueling. We reviewed transaction reports for 7,498 fuel transactions totaling 141,865 gallons fuel usage from July 1, 2021 through October 31, 2022 and found fuel users were not entering required information when pumping fuel and usage was not adequately monitored as follows:

- Fuel users were supposed to enter their assigned PIN to identify who is pumping fuel, but 2,271 transactions totaling 44,976 gallons or 32 percent of fuel pumped did not identify the user. This included 40,069 gallons using fobs assigned to 22 buses, 3,910 gallons using fobs assigned to seven building and grounds vehicles and 997 gallons using the two fobs assigned to supervisors in the Buildings and Grounds Department as detailed below. After we brought this to her attention, the Assistant Supervisor told us there were problems with the fobs programming, in which some fobs allowed users to fuel without entering a PIN.
- Fuel users are supposed to enter an accurate odometer reading when pumping fuel, however, 312 transactions totaling 5,950 gallons (not including the fuel can and equipment fobs) did not have a reasonable odometer

reading. Instead, odometer readings such as zero, one, two, seven or 46 were entered. For example, a fob assigned to a Buildings and Grounds Department vehicle was used 44 times to pump 1,043 gallons of fuel. For each transaction an odometer reading of 46 was entered, in addition, the employee PIN was not entered, so the employee was not identified. Another Buildings and Grounds Department vehicle fob was used eight times to pump 87 gallons and each time the odometer entry was input as seven and the employee PIN was not entered, so the employee was not identified. Because odometer readings were not entered, officials cannot determine if usage is reasonable and only used in District vehicles. The Assistant Supervisor told us the fobs that allowed transactions to be completed without entering proper information were not properly programmed.

We reviewed fuel usage for six Buildings and Grounds Department vehicles and the 845 associated transactions from July 1, 2021, through October 31, 2022, to determine if fuel consumption was reasonable. To determine this, we compared the standard miles per gallon¹ (MPG) to the calculated MPG² and found the consumption for all six vehicles was between five and 18 miles less than the standard MPG. For example, a security vehicle has a standard 29 MPG rate, but the calculated MPG for this vehicle was 11, which is 18 MPG less than the standard for this vehicle. The Assistant Supervisor told us she had not reviewed MPG in the past but with the new system that will be installed she was hopeful discrepancies like these will be flagged and she would be better able to monitor usage.

Many of these discrepancies could be identified in a timely manner by monitoring and reviewing fuel transaction reports on a regular basis. Although the ASBO received weekly reports from the Transportation Department, these discrepancies were not identified and corrected. When there is no review of transaction reports to identify and follow up on identified variances, District officials cannot be reasonably assured that fuel is being used for proper District purposes.

Fobs and PINs Were Not Appropriately Assigned and Managed

The Transportation Department assigns fobs to all District vehicles and each driver is assigned a 4-digit PIN code to access fuel pumps. The District's fuel pump system had 129 users assigned PINs to access the fuel pumps, and 118 fobs assigned to vehicles and equipment, two fobs assigned to fill gasoline and diesel fuel cans, two fobs assigned to individuals and a master fob. We found fobs were not always appropriately assigned and user PINs and fobs were not deactivated in a timely manner, as follows:

1 The standard miles per gallon as established by the car maker.

2 Divided the number of miles traveled by the number of gallons used to refill.

-
- There were no logs kept to monitor the usage of fobs that were assigned to two individuals and the master fob. Therefore, during the audit period there was no record of which vehicles were filled using these fobs including:
 - The dispatcher had a master fob for emergency use that was not assigned to a particular vehicle. The dispatcher told us this fob was used when a vehicle's fob was not working or could not be located. However, he did not maintain a record of which vehicle was fueled, or why it was necessary to use the emergency fob. In addition, although user PINs were generally entered into the system, odometer readings were not entered into the system. The fob was used 73 times to dispense 1,713 gallons of fuel.
 - The facilities manager's fob had 44 transactions totaling 520 gallons. The vehicle he regularly uses is assigned a separate fob. His fob is kept outside his office in an unlocked box, where other employees have access to use it. No user PINs or odometer readings were entered in the system for these transactions.
 - The night custodial supervisor had a fob assigned to him that can be used for any vehicle; however, the vehicle he regularly used did not have a fob assigned. The night custodial supervisor fob had 45 transactions totaling 477 gallons without entering a user PIN or odometer reading.

The Assistant Supervisor told us the facilities manager and custodial supervisor fobs would be assigned to a vehicle and the Transportation Department would monitor and manually record the use of the master fob.

- Two active vehicles including the vehicle used by the night custodial supervisor did not have fobs assigned. Therefore, there was no record of fuel used and odometer readings for these vehicles. After we brought this to the Assistant Supervisor's attention a fob was assigned to each vehicle.
- Seven fobs were assigned to disposed vehicles, and six fobs were assigned to vehicles that had been taken out of service. While there was no activity on these fobs, they were not disabled or reassigned in the system. The Assistant Supervisor told us because the department was very short staffed, they were not updated.
- 15 former employees were still shown as active having active PINs that should be disabled. While no fuel was pumped using these PINs, they should have been disabled when no longer needed. We found two of these employees resigned in October 2017 and March 2019. The Assistant Supervisor told us she was newly appointed to her role as Supervisor in December 2021. She indicated that the department was short staffed, so many things were not updated.

Because District officials did not properly manage the assignment of fob access to the fuel system and did not institute additional controls such as keeping a log, there is a greater risk that fuel could be used that is not for appropriate District purposes.

What Do We Recommend?

District Officials should:

1. Ensure vehicle inventory records and titles are maintained by a department independent of those with custody of the vehicles and inventory records are updated in a timely manner to reflect additions and/or disposals of vehicles.
2. Ensure Board approval is received prior to disposing vehicles.
3. Remove insurance from vehicles once it is no longer needed.
4. Develop written procedures for adding, tracking and disposing of District vehicles to ensure inventory reports are accurate and up to date.
5. Conduct periodic physical inventories to ensure inventory reports are consistent and accurate.
6. Investigate recouping money paid for insurance premiums on vehicles after they were disposed.
7. Develop written procedures and instruct fuel users of the importance of entering accurate information into the fuel system when pumping fuel and ensure the fob programming is updated to require a user PIN and accurate odometer reading.
8. Ensure that all fobs are properly associated with the correct vehicle, equipment and are promptly deactivated when no longer needed.
9. Periodically review the authorized user list to help ensure fuel access is only provided to employees who need it.
10. Maintain fuel usage logs for use of the emergency master key to provide accountability.
11. Review transaction reports to ensure users are authorized and accurately report information needed to monitor fuel usage.

Appendix A: Response From District Officials



Deer Park Union Free School District

Board of Education

1881 DEER PARK AVENUE
DEER PARK, NEW YORK 11729
(631) 274-4010 Fax (631) 242-6762

Donna Marie Elliott, *President*
Kristine Rosales, *Vice President*

TRUSTEES

Al Centamore
Donna Gulli Grunseich
Anthony Henkel
Jerry D. Jean-Pierre
Robert Marino

February 28, 2024

James Cummings
Superintendent of Schools

Lisa Brennan
District Clerk

Mr. Ira McCracken, Chief Examiner
Office of the New York State Comptroller
NYS Office Building, Room 3A10
250 Veterans Memorial Highway
Hauppauge, NY 11788

Dear Mr. McCracken,

The Deer Park Union Free School District has received and reviewed the draft of the NYS Comptroller's Audit Report (2023M-152) on the district's fuel and vehicle inventory for the period of July 1, 2021 through October 31, 2022. We consider the recommendations made in the report to be opportunities for strengthening internal controls and operating efficiency. The district will issue a Corrective Action Plan to address them and follow up to ensure compliance. We would like to note the following measures that have taken place either during or since the audit field work:

Recognizing the need for an upgrade of the fueling system that was examined, the Deer Park Union Free School District was already in the process of changing the fuel dispensing system and computer program to track the fuel inventory before the audit took place. Additionally, the District installed new security cameras to have a better view of the entire bus yard where the fuel pumps are located. Although there were instances where fuel was dispensed without identifying the individual pumping fuel, at no time was there ever a concern, either by the district or the auditors, that fuel was dispensed into a non-district vehicle or by an unauthorized person. Finally, the review of the fuel usage for reasonableness by the security vehicles did not take into consideration the fact that these vehicles are only driven on local streets and spend a large amount of time idling at the buildings being monitored. These factors drastically affect the miles per gallon each vehicle achieves compared to the standard.

Because of the change in personnel just before the audit period, the inventory tracking of district vehicles was not kept up to date with the proper documentation. The District has since developed a process for tracking all district vehicles and ensuring the inventory matches the insurance schedules. We will be requesting the insurance premiums paid on total loss vehicles to be refunded to the district.

See
Note 1
Page 11

*May Moore Primary - John Quincy Adams Primary
John F. Kennedy Intermediate - Robert Frost Middle School - Deer Park High School*

On behalf of the Deer Park Union Free School District's Board of Education and administrative team, we appreciate the hard work and professionalism exhibited by the audit team while they were in Deer Park.

Sincerely,

Donna Marie Elliott
President, Board of Education

James Cummings
Superintendent of Schools

Appendix B: OSC Comment on the District's Response

Note 1

Our report identified numerous instances in which the individual pumping fuel and/or the vehicle being fueled could not be identified. As a result, District officials and we could not determine if fuel usage was reasonable and only used in District vehicles.

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. We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed District officials to gain an understanding of the vehicle inventory process and fuel operations.
- We obtained the 2021-22 vendor inventory report, the current insured vehicle list and Transportation Department vehicle inventory list and compared each to determine the total number of District vehicles and discussed discrepancies with the purchasing agent.
- We did a physical inventory of all District vehicles to compare to District vehicle reports to determine if reports were accurate.
- We obtained and analyzed the transaction reports for the audit period to determine fuel usage and user access was properly documented.
- We selected six vehicles to compare our calculated MPG to the standard MPG taken from www.fueleconomy.gov and www.fuelly.com to determine reasonableness of fuel usage.
- We identified all 107 District users who accessed the pumps between July 1, 2021 and October 31, 2022 and compared the users to the authorized user list. We also compared the users on the authorized user list to payroll records to determine whether there were any District users who were not current employees. We followed up on differences.
- We compared the 105 vehicles and equipment on the usage reports to the vehicle inventory list to determine whether the vehicles and equipment with recorded fuel usage were District vehicles and equipment.

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.ny.gov/files/local-government/pdf/regional-directory.pdf

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/fiscal-monitoring

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/resources/planning-resources

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

www.osc.ny.gov/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.ny.gov/local-government/required-reporting

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/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

<https://www.osc.ny.gov/local-government>

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

HAUPPAUGE REGIONAL OFFICE – Ira McCracken, Chief of Municipal Audits

NYS Office Building, Room 3A10 • 250 Veterans Memorial Highway • Hauppauge, New York
11788-5533

Tel (631) 952-6534 • Fax (631) 952-6091 • Email: Muni-Hauppauge@osc.ny.gov

Serving: Nassau, Suffolk counties

[osc.ny.gov](https://www.osc.ny.gov)

