



# **Dolgeville Central School District**

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## **Fuel Monitoring**

**2023M-175 | February 2024**

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# Report Highlights

## Dolgeville Central School District

### Audit Objective

Determine whether the Dolgeville Central School District (District) officials adequately accounted for and monitored fuel usage.

### Key Findings

District officials did not adequately account for or monitor fuel usage. As a result, 690 gallons of diesel fuel valued at \$2,064 (23 percent) were not properly accounted for during our 50-day test period. Officials did not:

- Maintain perpetual inventory records or take a periodic physical inventory of diesel fuel on hand. Consequently, no fuel reconciliations were performed. A periodic reconciliation of purchases, usage and fuel on hand can determine whether significant amounts of fuel are unaccounted for.
- Maintain fuel use logs to determine whether gasoline purchases made with District credit cards were reasonable.

### Key Recommendations

- Maintain diesel fuel perpetual inventory records, perform periodic reconciliations to the fuel in the tank and investigate and resolve any material differences.
- Perform measured readings immediately before and after diesel fuel deliveries.
- Review diesel and gasoline fuel usage to help ensure fuel usage is reasonable.

District officials generally agreed with our findings and recommendations and indicated they would take corrective action.

### Audit Period

July 1, 2022 – September 11, 2023

### Background

The District serves the Towns of Ephratah, Oppenheim and Stratford in Fulton County and the Towns of Fairfield, Manheim and Salisbury in Herkimer County.

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

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

The Transportation Supervisor oversees the transportation department, and the Facilities Director oversees the facilities and maintenance department. Employees in these two departments are the primary users of fuel purchased by the District.

#### Quick Facts

##### 2022–23 Fuel Purchases

Fuel Type	Gallons	Cost
Diesel	25,089	\$89,066
Gasoline	1,713	6,718
<b>Total</b>	<b>26,802</b>	<b>\$95,784</b>

# Fuel Monitoring

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The District's 2,000-gallon diesel fuel storage tank is used to fuel 16 buses and other vehicles and equipment. In addition, employees use three District credit cards to purchase gasoline to fuel two minivans, a driver's education car, a facilities truck and maintenance equipment.

## How Should District Officials Account For and Monitor Fuel?

School district officials are responsible for designing controls over fuel to help ensure fuel is safeguarded and protected against loss, waste and misuse. To accomplish this, school district officials should maintain perpetual fuel inventory records that show the amount of beginning inventory, amount of fuel purchased, amount of fuel used and the balance remaining. Each time an employee pumps fuel, the date, vehicle, gallons pumped and who pumped the fuel should be recorded. School district officials should ensure fuel tank levels are measured immediately prior to and after fuel deliveries to verify the fuel added to the tank agrees with the delivery record. In addition, they should periodically reconcile fuel inventory records to physical fuel inventories to confirm fuel is properly accounted for. Material discrepancies should be promptly investigated and resolved.

When fuel is purchased using school district credit cards, employees should obtain and provide a receipt for the purchase. Officials should also ensure they maintain usage logs that document each fuel purchase, vehicle fueled and its odometer reading, or the reason for the purchase (e.g., filling a portable tank to fuel lawn mowers, trimmers, etc.). These records should be periodically reviewed to help ensure fuel purchases are for school district purposes and amounts purchased are reasonable.

Lastly, a school board is responsible for establishing written policies to safeguard and account for a school district's fuel inventory and usage. School district officials should have procedures in place that assign individual responsibilities to help ensure that fuel is used for its intended purpose and is properly accounted for and monitored.

## Fuel Was Not Properly Accounted For and Monitored

The Board and District officials did not establish written policies or procedures to provide guidance on employees' responsibilities to account for and monitor fuel inventory and usage. In addition, District officials did not require employees to maintain perpetual diesel fuel inventory records or department heads to periodically reconcile the amount of fuel on hand. District officials also did not ensure fuel logs were kept to track all gasoline purchases and did not assess the reasonableness of gasoline purchases compared to usage.

Diesel Fuel: The District's diesel fuel tank, located at the bus garage, has one pump with two meters: a main meter that takes a continuous reading of all fuel

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School district officials are responsible for designing controls over fuel to help ensure fuel is safeguarded and protected against loss, waste and misuse.

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dispensed, and a meter that records the amount of fuel dispensed each time the pump is used. The fuel supplier normally delivers diesel fuel two to three times a month.

The Transportation Supervisor maintained a delivery log to record fuel deliveries noting the delivery date, number of gallons delivered and the main meter reading. However, he did not keep perpetual inventory records showing how much fuel was on hand and did not take periodic measurements of fuel in the tank. As a result, he has not confirmed that the District received the fuel the District purchased and no reconciliation between a perpetual inventory record and the amount of fuel on hand could be done.

Bus drivers fuel the buses and record the fuel dispensed on a daily Driver Vehicle Inspection Report (DVIR) that also includes the destination (to and from) the bus travels, and lists the number of miles traveled. The facilities department employees began recording their diesel fuel usage on a separate log sheet located inside the bus garage in January 2023. Prior to this, facilities department employees did not record the amount of fuel dispensed for vehicles and equipment.

We reviewed the recorded diesel fuel usage between deliveries for three time periods (a total of 50 days) when the District received some of its highest deliveries. We calculated the total fuel used according to DVIRs and facilities department usage logs and compared it to the total fuel dispensed, based on the change in the main meter readings recorded for each delivery (see Figure 1).

**Figure 1: Diesel Fuel Analysis (Gallons)**

	12/1/22- 12/14/22	2/6/23- 2/21/23	5/11/23- 5/30/23
<b>Fuel Usage Per Change in Main Meter Reading</b>	1,390	1,557	1,499
<b>Recorded Fuel Usage in DVIRs and Logs</b>	1,404	1,186	1,180
<b>Difference (Unaccounted for Fuel)</b>	(14)	371	319

For the February and May 2023 testing periods combined, the main meter readings indicated 690 (23 percent) more gallons were used than was recorded in the usage records. The value of this unaccounted for fuel was \$2,064.

The Transportation Supervisor told us that he did not always record the main meter reading when fuel was delivered and there were times when he recorded the meter reading at the end of the day or the following day. Therefore, the main meter readings on his delivery log may not always precisely correlate with the usage recorded by employees between deliveries. The Transportation Supervisor also told us that the unaccounted for fuel in February and May 2023 could be due to employees not recording all fuel usage on the DVIRs and logs.

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After our fieldwork, the Transportation Supervisor showed us changes he made to the delivery log, which now includes the main meter reading at the time of delivery and the physical inventory taken after the delivery by “sticking the tank” to measure how many gallons of fuel are on hand. While these are positive steps, it is also important to maintain perpetual inventory records to compare with the fuel on hand, so variances can be identified and investigated. In addition, it is a good internal control procedure to stick the tank both before and after fuel is delivered. This will allow the Transportation Supervisor to confirm the District received the amount of fuel purchased as indicated on the delivery ticket.

Without periodic physical inventories of fuel on hand, and proper inventory records and reconciliations, there is an increased risk that fuel could be purchased but not delivered or stolen without detection.

Gasoline: Employees use District credit cards to purchase gasoline for vehicles and equipment. Bus drivers and driver’s education employees record the purchases and mileage driven on a log similar to the DVIR used for diesel school buses. The facilities department did not maintain similar logs for gasoline purchased for its vehicles and equipment. Additionally, the Transportation Supervisor and Facilities Director did not review or monitor gasoline usage for reasonableness such as comparing purchases and miles driven to expected miles per gallon.

From July 1, 2022 through June 30, 2023, the District purchased 1,713 gallons of gasoline (119 individual purchases) totaling \$6,718. We reviewed 50 purchases, totaling 821 gallons of gasoline costing \$3,226, to determine whether fuel usage was reasonable.<sup>1</sup> We traced the credit card purchases to the supporting gas receipts and we used the available fuel logs to compute vehicle miles per gallon for each purchase and compared it to the vehicle manufacturers’ expected fuel economy (miles per gallon).

Because the facilities department did not maintain fuel logs, record mileage or odometer readings or other records documenting fuel usage, we were unable to determine whether 24 purchases of 504 gallons costing \$1,981 were reasonable. We determined that, except for minor discrepancies which we discussed with officials, 26 purchases of 317 gallons costing \$1,245 for the District’s driver’s education vehicle and two minivans were reasonable.

When District officials do not account for all gasoline usage and do not monitor such usage, there is an increased risk that fuel purchases could be used for non-District purposes, and it would not be detected.

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...[W]e were unable to determine whether 24 purchases of 504 gallons costing \$1,981 were reasonable.

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<sup>1</sup> See Appendix B for our sampling methodology.

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## What Do We Recommend?

The Board and officials should:

1. Develop written policies and procedures to help provide guidance to employees and ensure fuel inventories and usage are adequately managed.

The Transportation Supervisor should:

2. Maintain perpetual inventory records for diesel fuel and perform periodic reconciliations comparing the records to the amount of fuel in the tank. Investigate and resolve any material differences.
3. Perform measured readings immediately before and after diesel fuel deliveries to ensure delivery amounts and billings are accurate.
4. Review fuel records to ensure fuel usage is reasonable.

The Facilities Director should:

5. Ensure usage logs are maintained that document gasoline purchases including the vehicle fueled and its odometer reading for the District's gasoline vehicles and equipment; and periodically review usage for reasonableness.

# Appendix A: Response From District Officials



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February 6, 2024

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

Dear Office of the NYS Comptroller:

Please be advised that this memo is in response to the district's Comptroller's Audit Exit Conference draft report, which was held on January 11, 2024, at Dolgeville Central School. The January 11th meeting between [REDACTED] (State Comptroller's Office), Scott Hongo (Dolgeville School Board President), Jessica Radley (Dolgeville Business Official), and myself, Joseph Gilfus (Superintendent of Schools), took place at the district office and included the hand delivery and review of our district's draft report, entitled: Dolgeville Central School District, Fuel Monitoring, Report of Examination, 2023M-175. During this meeting and review [REDACTED] reviewed the draft report in full; including the report highlights and recommendations.

After reviewing the Audit Objective of whether the Dolgeville School District adequately accounted for and monitored fuel usage, [REDACTED] reviewed in detail the key findings and key recommendation found in the draft report. Please know that following the meeting and deeper review of the draft report, the district accepts the noted findings and is grateful for the key recommendations. Please know that the district intends to fully respond to the (OSC) audit with a detailed corrective action plan (CAP). We at Dolgeville are very appreciative of the Comptroller's Office findings and recommendations, as we want nothing short of best practices in our district. In short, we welcome your findings and recommendations, and look forward to providing the (OSC) with our corrective action plan.

Finally, your office representatives have been highly professional throughout, and we look forward to our continued work with [REDACTED] and the Office of the NYS Comptroller.

Sincerely,

Joseph J. Gilfus  
Superintendent of Schools



## Appendix B: Audit Methodology and Standards

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We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. 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 and employees, reviewed available fuel records, and observed the fuel facility to gain an understanding of the procedures and controls in place regarding the District's fuel inventory and operations.
- We compared a sample of recorded fuel usage per DVIRs and diesel fuel logs to the amount of fuel dispensed according to the main meter readings on the diesel fuel pumps to determine whether fuel was accounted for. We selected date ranges that included time frames throughout our audit period (December 2022, February 2023, and May 2023) and which had higher fuel deliveries. We calculated the approximate cost of the unaccounted for fuel and interviewed District officials about the potential causes for the identified variances.
- We compared the amount of gasoline purchased on District credit cards to the fuel and mileage logged for gasoline engine vehicles and equipment (if available) to determine whether purchases were reasonable. We included all 2022-23 school year gasoline purchases for the driver's education vehicle and the facilities department vehicles and equipment. We sampled the gasoline purchases for the transportation department minivans using the same date ranges as the diesel testing. If the purchase was recorded in the fuel log, we divided the miles driven for the vehicle by the number of gallons purchased to determine the vehicle's mileage per gallon. We then compared this to the manufacturer's average miles per gallon.

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.

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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 C: Resources and Services

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### **Regional Office Directory**

[www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf](http://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](http://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](http://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

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

[www.osc.ny.gov/local-government/resources/planning-resources](http://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](http://www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf)

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[www.osc.ny.gov/local-government/required-reporting](http://www.osc.ny.gov/local-government/required-reporting)

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## Contact

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