



# Town of Plymouth

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## Fuel and Motor Oil Inventories and Procurement

2024M-16 | March 2025

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# Report Highlights

## Town of Plymouth

### Audit Objective

Determine whether Town of Plymouth (Town) officials adequately accounted for, secured and properly procured fuel and motor oil inventories.

### Key Findings

Officials did not adequately account for, secure or properly procure fuel and motor oil inventories. Had officials properly administered these inventories, taxpayers may have saved approximately \$128,600.

We identified:

- Unaccounted for diesel, gasoline and motor oil totaling \$81,980.
- Unreimbursed fuel usage by the Plymouth Fire District (District) totaling \$7,203.
- Potential cost savings on fuel purchases totaling \$39,435 had Town officials used an OGS contract.

### Key Recommendations

- Develop and adopt written policies and procedures that assign responsibilities to help ensure that fuel and motor oil inventories are used for Town purposes and properly accounted for.
- Maintain adequate inventory records, including purchase and inventory tracking, usage logs and periodic reconciliations.
- Ensure access points to fuel pumping systems are unaltered and properly secured.

Town officials generally agreed with our findings and recommendations and indicated they plan to initiate corrective action.

### Audit Period

January 1, 2018 – May 31, 2023

### Background

The Town is located in Chenango County and is governed by an elected five-member Town Board (Board), which includes the Town Supervisor (Supervisor) and four board members. The Board is responsible for managing and overseeing the Town's financial operations and maintaining sound financial condition.

The Supervisor is the Town's chief executive and chief fiscal officer and is responsible for the Town's day-to-day operations. The Town's elected Highway Superintendent (Superintendent) is responsible for procuring goods and services for the Highway Department (Department). The Superintendent is also responsible for maintaining perpetual inventories of consumable products, including diesel fuel, gasoline, fuel oil and motor oil, that are purchased for use by the Department.

#### Quick Facts

Total Diesel, Gasoline and Fuel Oil Purchased – Gallons	153,378
Total Diesel, Gasoline and Fuel Oil Cost	\$414,075
Department Appropriations	\$1 million
Number of Town Vehicles and Equipment	23

# Fuel and Motor Oil Inventories

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During our audit period, the Town had two Supervisors and three Superintendents who were elected and/or appointed. The Board appointed the current Supervisor on May 31, 2023, who was later elected on November 7, 2023. The former elected Supervisor served from January 1, 2016 through May 30, 2023.

The Board appointed the current Superintendent on June 21, 2023, who was later elected on November 7, 2023. The former interim Superintendent was also appointed by the Board and served from November 15, 2022 through May 31, 2023. Before the interim Superintendent, there was a former elected Superintendent who served from January 1, 2018 through November 3, 2022.

The Town maintains four above-ground fuel tanks: a 1,500-gallon diesel fuel tank, a 275-gallon gasoline tank and both a 1,000-gallon fuel oil tank and 275-gallon used motor oil tank used to heat the highway garage (garage). The District uses Town-purchased diesel and gasoline to fill the District's vehicles to conduct District operations. The District is a district corporation of the State, distinct and separate from the Town of Plymouth. The Town also has an 80-gallon fuel transfer tank that is used on the back of the Department pickup truck to fuel equipment offsite from the garage.

## **How Should Officials Adequately Account for Fuel and Motor Oil Inventories?**

A town board (board) and officials are responsible for adequately accounting for the purchase and use of fuel and motor oil inventories, and for securing them from waste and abuse. To ensure that diesel, gasoline, fuel oil and motor oil is used for its intended purpose and is properly accounted for, fuel inventory records should be properly maintained to account for the amount of fuel purchased, used and on hand. By having individuals sign for any fuel and motor oil that they use, officials can track the type, quantity and frequency of items used. Any fuel used by another municipality for other than town purposes should be accurately tracked and monitored so that the town can be reimbursed for the fuel used, particularly when the tax bases are different.

Accurately recording each type of inventoried fuel or motor oil establishes accountability that, in turn, provides a foundation for creating additional safeguards. A physical inventory is the only way to establish initial accountability when establishing a perpetual inventory accounting system, and a physical inventory should be conducted periodically thereafter to ensure the system's continued accuracy. Perpetual inventory records should be detailed and continually updated as items are added or removed from the supply. Conducting an inventory involves making a physical inspection or otherwise ascertaining the existence and quantity of the inventoried fuel and motor oil by using fuel level sticks or gauges and listing them in a systematic manner. When there is rapid turnover of inventory items, periodic inventories should be performed more frequently. Any discrepancies between actual and recorded inventories discovered during the reconciliation process should be fully investigated.

Officials should limit access to fuel and motor oil inventories and records to authorized individuals. Only those employees with a functional need for access should be given authorization. Access limits can range from locks and keys, usage logs and/or passwords to more elaborate systems that restrict access to fuel and motor oil inventories. Auxiliary points of access to inventories should also be avoided

since it bypasses typical security practices for inventories and subjects a town to significant risks that fuel could be used for inappropriate purposes.

### The Superintendents Did Not Adequately Account for Fuel and Motor Oil Inventories

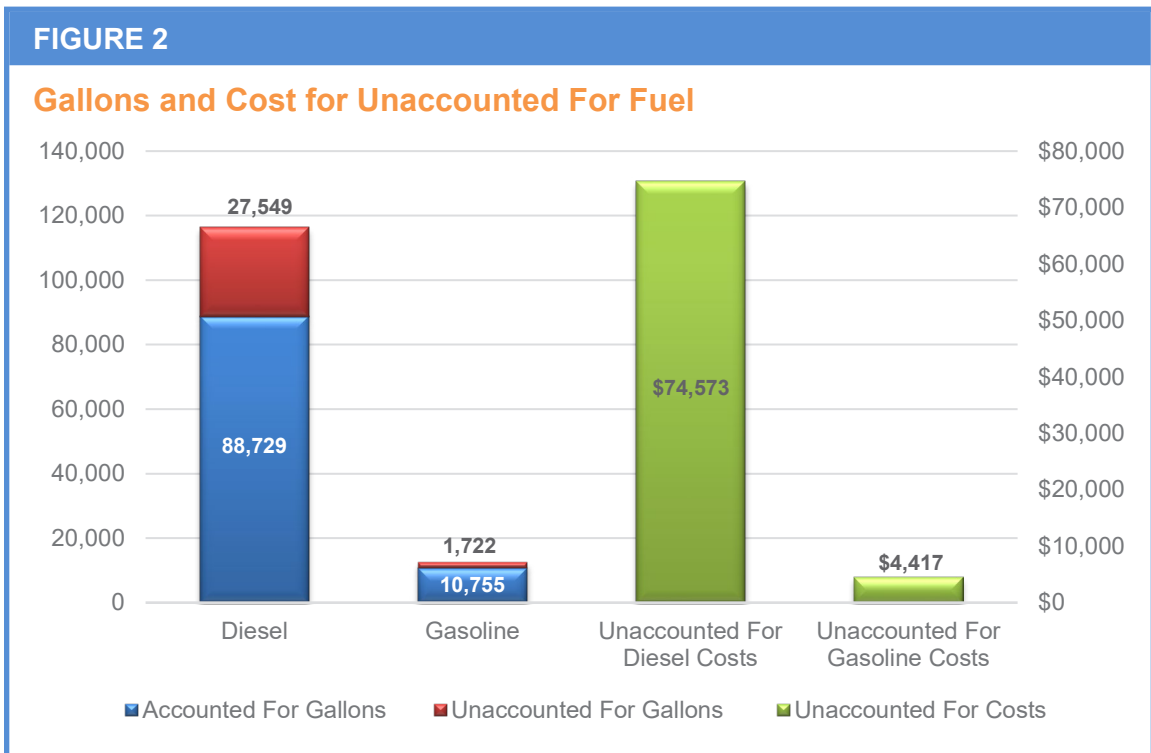
The Superintendents did not adequately account for fuel and motor oil inventories. The Board and Superintendents did not establish written policies or procedures to provide reasonable assurance that fuel and motor oil were used for their intended purpose and properly accounted for. Specifically, officials did not conduct physical inventories or ensure fuel and motor oil usage and delivery records were properly maintained, reviewed or reconciled. Furthermore, fuel and motor oil inventories were not properly secured because security passcodes were not regularly updated to limit access to inventories to authorized users. Lastly, the garage had an auxiliary fuel pumping system that increased the Town’s risk for theft or abuse of fuel oil.

Diesel and Gasoline Usage – Although Department employees maintained fuel usage records, the Superintendents did not compare fuel purchased or onsite to fuel usage. The Department and District used a total of 99,484 gallons of diesel and gasoline from January 1, 2018 through May 31, 2023 (Figure 1).

**Figure 1: Fuel Usage Summary (in Gallons)**

Department	Diesel	Gasoline	Total
<b>Department Vehicles</b>	76,302	10,461	86,763
<b>Department Equipment</b>	7,971	63	8,034
<b>Department Transfer Tank</b>	2,134	0	2,134
<b>Total Department Usage</b>	<b>86,407</b>	<b>10,524</b>	<b>96,931</b>
<b>District Usage</b>	2,322	231	2,553
<b>Total Fuel Usage</b>	<b>88,729</b>	<b>10,755</b>	<b>99,484</b>

We compared fuel usage records maintained by Department employees and the District with all fuel purchases to determine whether usage was reasonable. Of the 128,755 gallons of diesel and gasoline purchased during the audit period, Town officials were unable to account for 29,271 gallons (23 percent). Based on the average annual cost for each type of fuel, this resulted in \$78,990 in unaccounted for fuel purchases (Figure 2).



In addition, the District used 2,322 gallons of diesel and 231 gallons of gasoline without reimbursing the Town for the fuel. However, the District does not provide fire protection to the entire Town, where approximately 200 parcels, or 14 percent of the Town’s total parcels,<sup>1</sup> receive fire protection from another entity. Therefore, the District should have reimbursed the Town \$7,203 for the fuel.

Fuel Oil Usage – Fuel oil is stored in a 1,000-gallon tank outside of the garage. The Department has two furnaces which can burn fuel oil or waste oil to heat the garage. The Department generates waste oil from the regular maintenance of Town equipment or from used oil brought to the garage, which is stored inside the garage in a 275-gallon tank. The Superintendents did not reconcile fuel oil amounts purchased, used or onsite. They also did not ensure fuel oil was monitored and secured.

Furthermore, while onsite, OSC auditors noted an auxiliary fuel pumping system which was plumbed into the exterior fuel oil tank (Figures 3 and 4). This system was hooked into an existing, but no longer necessary, fuel oil supply system for the garage’s old heating system which was replaced prior to our audit period. This system allowed employees and other personnel with access to the garage the ability to pump fuel oil from the exterior tank into containers.

<sup>1</sup> Based on the taxable section of the 2023 Final Tax Roll total parcel count.

**FIGURE 3**

Auxiliary pump used to pump fuel oil from exterior tank after system dismantle.



Photo Taken on January 11, 2024 by OSC Examiners with Permission of Town Officials.

**FIGURE 4**

Fuel oil outlet hose used to fill containers.



Photo Taken on January 11, 2024 by OSC Examiners with Permission of Town Officials.

During the audit period, the Town purchased 24,622 gallons of fuel oil totaling \$67,317. We compared the Town's fuel oil usage to another town with a similar garage based on the date of construction, size and heating system to determine the reasonableness of fuel oil usage for heating (Figure 5).

**Figure 5: Garage Fuel Oil Usage Comparison**

	Town of Plymouth Garage	Other Town Garage
Age (Years)	55	73
Cubic Feet	108,000	108,000
Fuel Oil Purchased During Audit Period (Gallons)	24,622	17,838

The Town purchased approximately 6,800 more gallons of fuel oil (28 percent) during the audit period than the comparable town. Based on the average annual cost per gallon of fuel oil purchased, the Town spent almost \$19,000 more to heat the garage when compared to the other town garage, which based on this high-level comparison<sup>2</sup>, does not seem reasonable.

Additionally, we analyzed used waste oil generation and converted the British thermal units (BTUs)<sup>3</sup> per gallon of waste oil to a fuel oil equivalent. We determined that the Town's waste oil equated to at least

<sup>2</sup> There are other variables to consider, which we did not include in this comparison, such as different heating levels and building insulation which would affect a direct comparison.

<sup>3</sup> BTU is a measure of the heat content of fuel or energy sources.

349 gallons of additional fuel oil used by the Town during the audit period. Since the Town used waste oil as a supplemental heating supply, thus increasing the difference between the two towns to more than 7,000 gallons.

The current Superintendent stated there was no business need to access fuel oil from the auxiliary system since it was not necessary to run the current garage heaters and the Town did not need fuel oil in containers for any other use. When the Superintendent was appointed, he dismantled the system for this reason.

Motor Oil Usage – Department employees documented when motor oil changes were performed in Town vehicle maintenance records. However, motor oil changes for equipment were not tracked. The current Superintendent stated that motor oil changes should have been made to each piece of equipment twice a year. The Superintendents did not maintain inventory records for motor oil purchased, used or onsite and did not ensure it was monitored or secured. During the audit period, the Town purchased 650.75 gallons of motor oil totaling \$6,456 (Figure 6).

**Figure 6: Motor Oil Purchases**

Oil Type	Total Gallons	Total Amount
0W40	2.50	\$66
10W30 Synthetic	.25	3
10W30	1.50	20
15W40	605.00	5,797
5W20	<b>36.00</b>	<b>500</b>
5W30	5.50	70
<b>Total Purchases</b>	<b>650.75</b>	<b>\$6,456</b>

We compared the number of motor oil changes documented in the vehicle logbooks maintained by Department employees and used the current Superintendent’s assertion for equipment change intervals with purchase records to determine whether motor oil purchases were reasonable. We determined that 349 gallons of motor oil were used for Town vehicles and equipment. However, 46 percent of the Town’s total motor oil purchases were not accounted for, or 301 gallons of motor oil totaling \$2,990 (Figure 7).

**Figure 7: Unaccounted For Motor Oil**

Type	Gallons	Cost
<b>Total Motor Oil Purchased</b>	650.75	\$6,456
<b>Total Motor Oil Used</b>	349.41	3,466
<b>Unaccounted For Motor Oil</b>	<b>301.34</b>	<b>\$2,990</b>

Additionally, some of the motor oil purchased was not compatible with Town vehicles. The current Superintendent stated that the Town did not have any vehicles that used the 0W40 oil totaling \$66 because it was a European car oil formula, and the Town would not have used the 10W30 synthetic oil totaling \$3. While these amounts are not significant, Town officials should not be purchasing motor oil for an unclear or non-Town purpose.



Because inventories were not accounted for, Town officials could not know whether they were purchasing more fuel or motor oil than necessary or that these purchases were being used for appropriate purposes. The current Superintendent stated that reconciliations were not being performed because he did not know that they were required or how to perform them. In addition, because the Town did not have an agreement with the District for the reimbursement of fuel purchases, no procedures were in place to recoup the funds. Fuel and motor oil inventories were not properly monitored and secured because officials did not change the security passcode in several years, allowing anyone with the code to access the fuel pump controls and motor oil inventory. The current Superintendent stated that he updated the building security passcodes when he was appointed because he knew that it had not been done in several years. Had proper procedures been in place, unaccounted for fuel and motor oil could have been minimized and the financial impact on taxpayers could have been reduced.

**How Should Officials Properly Procure Goods and Services?**

A board is responsible for ensuring goods and services are procured competitively and in the best interests of taxpayers. New York State General Municipal Law (GML) Section 103 generally requires a board to advertise competitive bids for purchase contracts exceeding \$20,000, with some exceptions. In lieu of seeking competition, towns are also authorized to make purchases using other publicly awarded government contracts, such as those of a county, or the New York State Office of General Services (OGS). To determine whether competitive bidding is necessary, town officials must consider whether the aggregate cost of a good or service within a 12-month period will exceed competitive bidding thresholds.

**The Town Did Not Properly Procure Fuel Purchases**

We reviewed all Town fuel purchases subject to competitive bidding requirements totaling \$382,070 and determined that Town officials did not properly procure fuel purchases. The Town used a local vendor to purchase diesel and fuel oil. However, competitive bids were not solicited for diesel or fuel oil purchases. Town officials purchased a total of 140,900 gallons of diesel and fuel oil. We compared the cost of the fuel purchased to the OGS rate. To obtain the contract pricing offered through OGS, Town officials would need to submit the Town’s necessary fuel requirements for the upcoming contract period to OGS, prior to the awarding of such contracts, or reach an agreement with the OGS contract vendor. We determined that the Town may have saved \$30,054 on accounted for fuel inventories and an additional \$9,381 on all unaccounted for diesel and fuel oil purchases, as discussed in the previous section, had Town officials applied for the OGS contract pricing or reached an agreement with the OGS contract vendor (Figure 8).

**Figure 8: Total Fuel Purchases Summary**

Type	Total Gallons Purchased	Total Amount	Potential Savings
Diesel	116,278	\$314,753	\$35,061
Fuel Oil	24,622	67,317	4,374
<b>Total</b>	<b>140,900</b>	<b>\$382,070</b>	<b>\$39,435</b>

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The former interim Superintendent told us that he did not seek competition for fuel because he felt the Town had a good relationship with the current vendor and did not see a need to seek alternate sources. However, a good relationship with a vendor is not an appropriate exception from seeking competition in accordance with GML.

### **What Do We Recommend?**

The Board should:

1. Develop and adopt written policies and procedures that assign individual responsibilities to help ensure that diesel, gasoline, fuel oil and motor oil are used for Town purposes and properly accounted for.
2. Ensure that an individual who is independent of the inventory recordkeeping periodically reviews and verifies the support for Town inventory levels.
3. Implement a fuel usage agreement with the District and consult with the Town Attorney about recovering any past amounts due to the Town.
4. Ensure Town officials comply with Board policies requiring competition when procuring goods and services.

The Superintendent should:

5. Conduct a physical inventory to establish initial accountability and maintain proper inventory records for diesel, gasoline, fuel oil and motor oil, including purchase and inventory tracking, usage logs and periodic reconciliations.
6. Ensure access points to fuel pumping systems are unaltered and properly secured with a lock or power switch, as appropriate, and limit access to only authorized individuals.

# Appendix A: Response From Town Officials

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March 10, 2025

Office of the State Comptroller  
Division of Local Government & School Accountability  
RDU-CAP Submission  
110 State Street, 12<sup>th</sup> Floor  
Albany, NY 12236  
Attn: Mr. Lucas Armstrong

**Audit Period January 1, 2018-May 31, 2023**  
**Audit Period - Disbursements and Asset Inventory Management was extended to November 20, 2023**

**Response-For the Town of Plymouth Employee Benefits Report # 2023M-176**  
**Response- For the Town of Plymouth Fuel and Motor Oil Inventories and Procurement Report # 2024M-16**  
**Response -For the Town of Plymouth Highway Department Disbursements and Asset and Inventory Management Report # 2024M-121**

Dear Mr. Armstrong

The Town of Plymouth Supervisor and Highway Superintendent generally agree with the findings and recommendations in these draft audit reports.

We appreciate all of your time and guidance with the audit procedure. We also ask for your patience and understanding, as we go through the process of correcting these extensive findings.

Sincerely

Patricia A. Murray  
~~Town of Plymouth Supervisor~~

Louis D. Redenback  
Town of Plymouth Highway Superintendent

## 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 Town officials, reviewed the purchasing policy and fuel purchase invoices and toured the garage to observe the fuel tanks, pumps and shut-offs to gain an understanding of the fuel purchase process and the current security and fuel usage tracking practices.
- We reviewed all 384 fuel purchases totaling \$414,075 during the audit period from the fuel vendor and reviewed diesel, gasoline and fuel oil purchase invoices to record purchase date, delivery address, fuel type, gallons purchased and amount paid. We then compared prices paid to OGS rates and calculated potential savings.
- We reviewed diesel and gasoline usage logs and documented the dates fuel was used, vehicle/equipment the fuel was used for, fuel type used, gallons used and mileage on the vehicles at the time of each fill up to determine how much fuel was accounted for by the Town and District. We analyzed the count of parcels on the taxable portion of the 2023 Town tax roll by fire protection services to determine whether the District's boundaries were coterminous with Town boundaries.
- We compared the fuel purchases to the documented fuel usage logs to determine the diesel, gasoline, and fuel oil amounts that were unaccounted for.
- We compared fuel oil usage for a town that has a similar size and type garage to the Town's fuel oil usage to assess whether the heating costs were similar.
- We determined the amount of waste oil generated by the Town and calculated the amount used to supplement fuel oil to heat the garage.
- We reviewed diesel and gasoline usage logs that indicated oil changes of Town equipment, performed Internet searches and inquired with the Superintendent to determine engine oil capacities and oil change intervals for all vehicles and equipment. We then calculated the waste oil generated from these oil changes available to use for supplemental heating fuel.
- We compared the motor oil purchases to calculated waste oil generated to determine the amount of motor oil accounted for and discussed any improperly purchased motor oil with the Superintendent.
- We obtained all 26 motor oil purchases from the disbursements journal totaling \$6,456 and compared the motor oil type, quarts or gallons purchased and amount paid to determine whether purchases were properly accounted for and were proper Town purchases.

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.

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

## 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

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

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## Contact

Office of the New York State Comptroller  
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<https://www.osc.ny.gov/local-government>

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

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