



QUESTAR III
PUTTING STUDENTS FIRST

Scotia-Glenville Central School District:
FY 2021/22 Fuel Usage Audit

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June 1, 2022

Board of Education
Scotia-Glenville Central School District
900 Preddice Parkway
Schenectady, NY 12302

We have completed the review of controls for the Scotia-Glenville Central School District. Our engagement was designed to evaluate the adequacy of internal controls over fuel usage to ensure they are appropriately designed and operating effectively and efficiently. And, to provide a report with recommended changes for strengthening controls and reducing identified risks.

The purpose of the review was to evaluate the internal controls that the District has in place to prevent errors, detect fraud, and ensure that financial reporting is accurate and that the District assets are safeguarded.

RELIABILITY OF INFORMATION

In performing our engagement, we obtained a sample from the population of fuel transactions to test the accuracy and reliability of information provided by District personnel.

As noted, the purpose of our engagement was to assist you in improving the process by which you monitor and manage the risks that face the District. Any comments and recommendations in the attached report are the responsibility of the district to implement, accept the risk as identified, or implement alternative controls that will mitigate the risk to a level that is acceptable by the District. Ultimately, it is your responsibility to assess the adequacy of your risk management system.

DISTRIBUTION OF THE REPORT

This report is intended solely for the information and use of the Board of Education and management of Scotia-Glenville Central School District and should not be used for any other purpose.

We appreciate the opportunity to serve you and thank the individuals in your organization for their cooperation. Over time, it will be necessary to reassess your risks to ensure that they have not changed and to ensure that your risk management system is functioning properly. Through our ongoing involvement with you as a client and our knowledge of your district and its processes, we are in a unique position to assist you with that process. Please contact us at any time should you desire such services.

Sincerely,

Mark Beaudette

Mark Beaudette
Internal Audit Manager
Questar III

Executive Summary

Objectives and Scope

The Scotia-Glenville Central School District asked us to examine the District's fuel usage process. Key objectives included evaluating if the District is being billed correctly by fuel vendors and assessing if the District is appropriately tracking the fuel usage.





The audit covered fuel purchases and usage from July 1, 2020 to June 30, 2021. Our fieldwork concluded on September 17, 2021.

Acknowledgements

We would like to thank the staff of the Scotia-Glenville Central School District for their courteous and prompt assistance during our audit.

Conclusion

Four observations were noted and are summarized below. Our recommendations are detailed in the report.

Reference	Observation	Risk
1	Buildings and grounds co-supervisors are not reviewing fuel usage reports for accuracy	 Medium
2	Vehicle mileage logs are not being maintained by buildings and grounds department	 Medium
3	Buildings and grounds vehicles have not been configured to only allow a specific amount of fuel to be pumped at one time	 Medium
4	Not all transportation staff are prompted to enter an odometer reading when fueling their vehicle	 Low

ENTITY NAME	Scotia-Glenville Central School District
REPORT DATE	September 17, 2021
PROCESS REVIEWED	Fuel Usage
PERSONNEL INTERVIEWED	Clara Bisailon, Head Bus Driver Pete Zwack, Co-Supervisor for Buildings & Grounds James McCullough, Co-Supervisor for Buildings & Grounds Christine Carusone, Accounts Payable/Assistant Payroll Clerk
SCOPE OF WORK	<p>We reviewed the fuel usage policies and procedures and conducted interviews with key personnel to obtain an understanding of the processes used by the District for fuel usage. In addition, we performed the following test work:</p> <ul style="list-style-type: none"> • We judgmentally selected a sample of 20 from a population of 61 fuel purchases from July 1, 2020 – June 30, 2021; and performed testing procedures to determine if the District was being billed appropriately from the vendors for both diesel and gasoline fuel. • We judgmentally selected a sample of 8 employees whose civil service title was “bus driver” from a population of 25 to review their fuel usage for the months of October 2020 and April 2021 for reasonableness. • We judgmentally selected a sample of 4 from a population of 9 buildings & grounds staff who have the ability to fuel vehicles to review their fuel usage for the months of October 2020 and April 2021 for reasonableness.
SCOPE RESTRICTIONS	None were noted.
AUDIT OBJECTIVES	<ul style="list-style-type: none"> • Evaluate the internal controls for safeguarding and controlling fuel to ensure they are operating effectively and efficiently. • Evaluate the process for tracking, reporting, and accounting for the fuel inventory and usage. • Evaluate the procurement and payment process for fuel.
KEY PROGRAM CONTROLS	<p>The District has created the following key program controls designed to meet business obligations, provide accountability, and promote operational effectiveness & efficiency:</p> <ul style="list-style-type: none"> • The District purchases both diesel and gasoline fuel through state contract. The accounts payable (AP) clerk reviews each invoice to ensure each vendor charged the correct rate and compares pricing to the Office of General Services (OGS) fuel pricing. The accounts payable (AP) clerk prints out a copy of the OGS fuel pricing and attaches it to the AP packets for the claims auditor to review. • The District uses the Phoenix Fuel Management software to track and account for fuel usage. The head bus driver reviews monthly usage reports

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	<p>for reasonableness from bus drivers. In addition, the head bus driver reviews daily reports to monitor fuel levels.</p> <ul style="list-style-type: none"> • Each fuel delivery receipt is reviewed and approved by the head bus driver for accuracy. The delivery receipt is signed by the head bus driver and is forwarded to the business office accounts payable clerk to support invoice payments. • The transportation building is fenced and kept locked during non-business hours. Additionally, there is camera surveillance at the fuel pumps. Camera footage is reviewed weekly by a co-supervisor for buildings & grounds. • To allow a bus driver or buildings & grounds staff to be able to fuel their vehicle, they must use a specific key fob that is unique to the vehicle and a key fob that is unique to the driver. Drivers must also enter a unique pin code and the odometer of the vehicle to fuel their vehicle.
ADDITIONAL INFORMATION	<p>The fueling station recently moved back from the Niskayuna CSD's bus garage to the District's transportation area. The Phoenix Fuel Management software was installed and put into operation since July 2020 to provide fuel usage and accountability. The department is still working to learn how to optimize the features available with this new program.</p>
OBSERVATIONS AND RECOMMENDATIONS	<p><u>Observation 1:</u> The buildings & grounds department is not receiving fuel usage reports to review for reasonableness. In addition, the head bus driver reviews the transportation's staff fuel usage reports monthly only for instances with large transactions of fuel at one time.</p> <p><i>Recommendation: The head bus driver on a monthly basis should provide the co-supervisors for buildings & grounds a copy of all department staff detailed fuel usage report from the Phoenix Fuel Management software. A co-supervisor should review the usage report for reasonableness. In addition, the head bus driver should perform a more formal review of the fuel usage report on a monthly basis to review for anomalies to ensure fuel usage is for district purpose.</i></p> <p><u>Observation 2:</u> During our review of the buildings & grounds department documentation, we noted the department does not maintain a mileage log requiring vehicle users to fill out whenever utilizing a district vehicle. The department does not have a formal method to track driver mileage whenever a staff member uses a district vehicle to provide reasonable assurance that the vehicles are being used for business purposes only.</p> <p><i>Recommendation: The buildings & grounds department should consider institute a mileage log that all drivers must fill out when using a district vehicle. The log should state the drivers name, starting and ending mileage of the vehicle, and the purpose for utilizing a vehicle. The logs should be reviewed each month by a department supervisor and be reconciled to the fuel usage reports.</i></p>

	<p><u>Observation 3:</u> The thresholds used to control fuel usage by vehicle does not reasonably align to the vehicles' tank size. We noted each of the building & grounds vehicles (11) have a different configuration established in Phoenix Fuel Management as to how many gallons that can be fueled in a vehicle at one time. According to the head bus driver, each vehicle can fuel between 80-160 gallons of fuel at one time before the pump will automatically shut off. The limits were set by a previous buildings & grounds supervisor.</p> <p><i>Recommendation: The buildings & grounds co-supervisors should review the fueling limits for each vehicle to ensure the limit is appropriate based on vehicle's tank size.</i></p> <p><u>Observation 4:</u> The internal controls designed by the Phoenix Fuel Management system has not been configured to identify the entered mileage to be reasonable or not. During our testing of fuel usage reports, we noted a bus driver entered an odometer reading of 3 miles for a bus which was not accurate, however, the system still allowed the driver to operate the fuel pump. Additionally, the drivers for both transportation and buildings & grounds departments were not always required to enter the vehicles odometer for fueling operation. The transportation staff indicated that not all users are prompted to enter the vehicles odometer to fuel their vehicle.</p> <p><i>Recommendation: The District should ensure that their fueling software requires each user to enter the vehicle odometer in order to fuel the vehicle. Additionally, the fuel system should disallow fuel operations if the person did not enter an accurate or bogus vehicle odometer reading.</i></p>
SUBMITTED BY:	Alexa Schaefer Internal Auditor - Questar III BOCES
DATED:	September 17, 2021

Scotia - Glenville



Central Schools

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November 30, 2021

Alexa Schaefer
Internal Auditor
Questar III BOCES
10 Empire State Boulevard
Castleton, NY 12033

RE: Fuel Usage Audit – 2021-22

Dear Ms. Schaefer:

I am in receipt of your draft report on the District's 2021-22 Fuel Usage Audit.

Below are the corrective action plans regarding the observations in your report.

Observation #1

Corrective Action Plan:

Going forward the Head Bus Driver will print out monthly reports and make comments on any variances for the Building and Grounds Supervisor(s) to review.

Observation #2

Corrective Action Plan:

Effective mid-September, each vehicle in the Building and Grounds Department have clipboards to record mileage in and mileage out. The Supervisor(s) sign off on the reports.

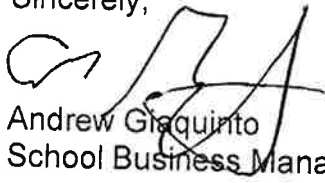
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Observation #3 and #4

Corrective Action:

Clara Bisaillon, Head Bus Driver, is working on reprogramming the Phoenix Fuel Management System. The new database will track mileage and the fuel usage of each vehicle. It will take the remainder of the school year to reprogram the system. Clara anticipates that the reprogrammed system for the 58 vehicles will be implemented on July 1, 2022.

Sincerely,


Andrew Giaquinto
School Business Manager

pc: Susan Swartz
Clara Bisaillon
Pete Zwack

