



TOWN OF CLARENCE

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PSU – CAP Submission
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Audit Report Title: Controls Over Fuel & Fleet Management
Audit Report Number: 2013M-312

On behalf of the Town of Clarence, we would like to thank your office for the time and effort put forth in assisting us with improving controls over fuel usage and fleet maintenance. For each recommendation included in the audit report, the following is our corrective action(s) taken or proposed. For recommendations where corrective action has not been taken or proposed we have included the following explanations.

Audit Recommendation: The Parks Crew Chief should require parks employees dispensing fuel to document each transaction in a log. The Parks Crew Chief should regularly compare documented amounts to the master meter readings to ensure fuel dispensed according to the log agrees with meter readings. Any discrepancies should be immediately investigated and resolved.

Implementation Plan of Action(s): The Town Board is actively getting prices for an electronic fuel system at the Parks Department. In the meantime, two Parks Department employees document the odometer readings of all Parks vehicles on alternating Fridays. The Parks Crew Chief is then reviewing those readings for all vehicles and is monitoring the fuel tanks for any abnormalities or unusual trends in usage. In addition, there is a security camera in place at the fuel pump and access is limited to those with fuel keys.

Audit Recommendation: The Parks Crew Chief should consider contacting the Erie County Department of Weights and Measures and request a calibration test of the fuel pump meters to ensure their accuracy.

Implementation Plan of Action(s): If a new electronic gas system is put in place, the pumps will be calibrated as part of that process. If it is determined that a new fuel system is not cost effective, the Parks Crew Chief will contact Erie County and will have the pumps calibrated.

Audit Recommendation: The Parks Crew Chief should periodically compare physical tank measurements to his inventory records. Any discrepancies should be immediately investigated and resolved.

Implementation Plan of Action(s): The Parks Crew Chief will implement a reconciliation if a new electronic gas system is put in place. In the meantime, he is monitoring tank levels for any abnormalities or unusual trends in usage.



Audit Recommendation: The Parks Crew Chief should make use of meter reading and odometer reading data recorded by the mechanic to analyze fuel use activity for reasonableness.

Implementation Plan of Action(s): As noted above, the Parks Crew Chief continues to monitor tank levels for any abnormalities or unusual trends in usage.

Audit Recommendation: Town officials should ensure that all fuel keys are properly associated with one Town vehicle. Town officials should locate any unmatched fuel keys and remove them from the system.

Implementation Plan of Action(s): In the Parks Department, the addition of fuel slots as noted below has ensured that each vehicle has its own fuel key. In the Highway Department, all fuel keys have now been matched to their corresponding vehicles, and any unused or unnecessary keys have been deactivated in the system.

Audit Recommendation: The Board should consider alternatives to the current limitation of available unleaded fuel slots in the Parks department system.

Implementation Plan of Action(s): The original fuel system at the Parks department had slots for only 50 vehicle keys. The Town has since added a new box with 10 slots and the ability to add 40 more if necessary in the future.

Audit Recommendation: Town officials should combine the fuel needs of the highway and parks departments, and purchase all fuel from the vendor providing the best total price.

Implementation Plan of Action(s): At the present time, although the departments are using two different vendors, they are receiving fuel at the State contract price from each vendor. In the future, the departments will consider bidding fuel or purchasing all fuel from one vendor.

Audit Recommendation: Highway department officials should ensure that the fuel monitoring system contains complete and accurate information to properly identify fuel dispensed by vehicle and employee.

Implementation Plan of Action(s): Employee names, rather than just employee numbers, are now included within the fuel system to more easily identify the person responsible for fueling. In addition, Highway personnel have reviewed and reconciled their listing of vehicles and corresponding fuel keys.

Audit Recommendation: Highway department officials should adjust the fuel monitoring system specifications to require that a valid odometer reading is entered before fueling is allowed.

Implementation Plan of Action(s): The highway department continues to work with its fuel system software consultant to ensure these procedures are put in place and will be implementing a system upgrade as part of this process. In the meantime, it has been communicated to all employees that odometer readings should be input when fueling, and the Highway Superintendent is reviewing the usage detail to ensure this is in fact happening. Signage is also being made to be put up at the fuel farm with instructions on proper fueling procedures.

Audit Recommendation: Highway department officials should identify the vehicles associated with the 12 unidentified fuel keys.

Implementation Plan of Action(s): The unidentified fuel keys have since been matched to their corresponding vehicles, however this must be kept updated on an ongoing basis as there appears to be a switching of keys occurring. To help prevent this going forward, the Highway department is looking into a more permanent way to affix a number to each fuel key.



Audit Recommendation: Highway department officials should periodically review fuel use reports for appropriateness and reasonability.

Implementation Plan of Action(s): The Highway Superintendent is now reviewing the Activity Detail Report by Account for Driver on a monthly basis. Billings to other departments and municipalities are reviewed on a quarterly basis when billed.

Vehicle Fleet Management

Audit Recommendation: The Board should establish a comprehensive vehicle fleet policy.

Implementation Plan of Action(s): The Highway Superintendent is in the process of reviewing and updating the Town's previous fleet policy in coordination with recommendations of the Town Council, including reviewing the Comptroller's pamphlet, "Establishing an Effective Fleet Management System," and inquiring of other similar-sized towns as to the policies they have in place.

Audit Recommendation: The Board should ensure that a needs assessment is prepared for its consideration prior to authorizing the purchase of vehicles or equipment.

Implementation Plan of Action(s): These procedures will be put in place as part of the Town's comprehensive vehicle fleet policy.

Audit Recommendation: The Board should evaluate the 10 highway heavy equipment vehicles that reflected no fuel usage in 2013 to determine if they are necessary for highway department operations.

Implementation Plan of Action(s): The Highway Department maintains two trucks with 90-gallon tanks bolted to them; any vehicles or equipment fueled by these tanks would not be reflected on the fuel usage reports. These tanks are used to fuel various equipment, including the 1987 Barber Greene payer, the John Deere excavator, the Hyster roller, the 1995 Bandit brush chipper and the 1996 Vermeer stump grinder. A log book is being created to document fuel usage on these vehicles going forward. One of the other listed vehicles, the 1983 BOMAG roller, is being traded in 2014 as it is in fact no longer in use. The 2007 International 7600 SFA is a plow truck and was not used significantly during the months selected for testing (January through August 2013) and therefore no fuel usage was necessary. In addition, the 1989 International packer and 1994 Crane carrier packer are used in the fall for leaf pickup and were not in service during the selected months. Finally, the 1989 Ford garbage truck is in fact no longer in use but is being kept for spare parts. Vehicle keys for all vehicles no longer in service, as well as vehicle keys for those vehicles who fuel almost exclusively from the 90-gallon tanks, are being removed and deactivated.

Audit Recommendation: The Board should evaluate the 12 passenger vehicles and trucks that reflected nominal fuel use to determine if they are necessary for Town operations.

Implementation Plan of Action(s): Several of these vehicles are being sold in 2014 and one of the vehicles was sold in late 2013. Of the remaining vehicles, the Town Board is actively reviewing usage to determine whether the vehicles are in fact necessary for Town operations.

Audit Recommendation: The Board should examine other alternatives to reducing the fleet, such as sharing vehicles between departments or reimbursing employees for business use of their personal vehicles.

Implementation Plan of Action(s): The Board is actively reviewing its current fleet and will reduce the number of vehicles once it is determined whether it is reasonable to do so.

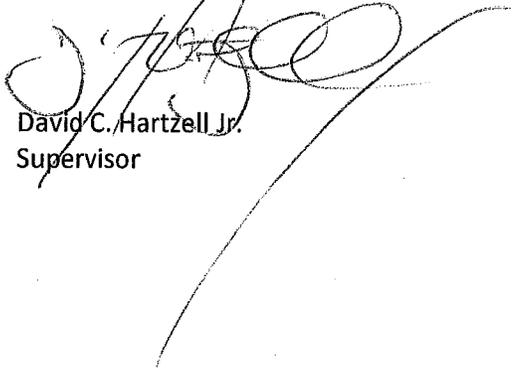


Audit Recommendation: The Board should revisit the number of vehicles designated as "take home" vehicles to ensure that there is an identifiable benefit to the Town.

Implementation Plan of Action(s): The Board is actively reviewing the allowed "take home" vehicles and will adjust its policy as necessary based on the outcome of this review.

We appreciate the time the staff from the Comptroller's office spent reviewing our Town's procedures and believe that our implementation of the recommendations made above will continue to improve our internal controls and strengthen our operations.

Most Sincerely,



David C. Hartzell Jr.
Supervisor