COUNTY OF ERIE

MARK C. POLONCARZ

COUNTY EXECUTIVE

December 18, 2013

Honorable Members
Erie County Legislature
92 Franklin Street, 4th Floor
Buffalo, New York 14202

Re: Response to Comptroller Audit of Fleet Services – Gasboy Fuel System For the Period January 1, 2011 through December 31, 2012

Dear Honorable Members:

On October 9, 2013 the Office of the Erie County Comptroller ("Comptroller") issued a performance audit ("Audit") of the Gasboy fuel system maintained by the Department of Public Works' ("DPW") Division of Fleet Services ("Fleet"). This document is DPW's formal written response to the Audit report.

Gasboy Controls and the County is Using Less Fuel

DPW is pleased that the Audit found no evidence of misappropriation or abuse in the Gasboy system. The Audit also found that since taking office, fuel consumption has significantly decreased by over 16% under the Poloncarz Administration compared to fuel consumption in 2011. Finally, the Audit confirmed that the County is in compliance with New York State regulations for underground fuel tanks.

Department Heads are not Following Policy – Corrective Action Taken Immediately

The Audit found one area of concern, namely that some department heads, particularly independent offices, were not timely reporting (or at all) separated employees with Gasboy User ID's to Fleet Services. This was a violation of existing Fleet policies for Gasboy, and the Audit noted the same. The Audit found that the User ID's of thirty (30) former County employees were still active, and nine (9) of the User ID's were used by other County employees during the audit period. Twenty four (24) of the 30 User ID's were in the independent offices. During the audit fieldwork, upon notification by the Comptroller, Fleet took steps and canceled the 30 User ID's. In addition, the Audit found that 102 User ID's of active County employees had not been

used during 2013. While the Gasboy system automatically purges such inactive ID's annually, working with the Division of Budget and Management, Fleet also took steps before the audit exit conference to review the Gasboy logs and to terminate these inactive User ID's.

To address this violations of policy, on October 9, 2013, the Director of Budget and Management sent a memorandum to all County department heads, including the independent elected officials, the Board of Elections, Erie Community College, and Buffalo and Erie County Public Library, directing them to follow a new policy for monthly notification to Fleet Services of all separated employees. The Budget Director also directed all department heads to review their Gasboy access log, and to send a signed letter to Fleet by October 16th with a list of all employees for which continued Gasboy access is necessary. This will help reduce the inaccuracies in the Gasboy logs which are a direct consequence of department heads' failure to follow policy and timely notify Fleet of employee changes and moves. All of the departments except for one (an independent elected official) have complied with this request.

Finally, the Audit recommended that a locked office be provided for the fleet manager to provide additional security over keys. We concur. Before the Audit was completed, DPW constructed a new secure office for the fleet manager and he is occupying that space.

Segregation of Duties

The Audit reported that Fleet "does not have sufficient staff to allow for the proper segregation of duties." We concur. Two former county executives deleted positions in Fleet, severely reducing the manpower in the Division and forcing fewer staff (only two employees) to do more with less. The segregation control finding will remain until such time as funding for additional staff is made available.

DPW Operations Disrupted During Six Month Engagement Period

DPW acknowledges the Comptroller's prerogative to modify the scope of an audit and to adjust staffing levels assigned to an audit. However, after reducing the audit scope twice, the Comptroller decided to exclude the Sheriff's vehicles from testing, after initially agreeing to include the Sheriff's fleet. The audit engagement extended over a six-month period, even after reducing the audit scope and excluding the Sheriff's fleet.

DPW believes that the audit was poorly planned, resulting in changing audit objectives and inadequate staffing assigned to the engagement. DPW operations were disrupted repeatedly during the extended audit period. Professional standards require that audits be properly planned.

Auditor Comment - Gasboy System is Outdated

In the auditor comment section, the Comptroller stated that the County's current version of Gasboy is "outdated." We concur and the auditors accurately reported that the County is in the midst of a multi-year fuel system upgrade to Gasboy. The auditors recommended that "DPW continue to pursue capital funding for the Gasboy software upgrade."

Starting in 2012, after reviewing requests submitted by DPW, the Capital Projects Committee ("Committee") began recommending Gasboy upgrades. The 2013 and 2014 Capital Budgets include funds for the Gasboy upgrades and in 2013, with the approval of your Honorable Body, the County issued bonds for the first phase of the upgrades. Phase II of the Gasboy improvements is included in the Adopted 2014 Budget.

Comptroller Violates Government Auditing Standards

On October 7, 2013 DPW held an exit conference with the Comptroller's Office. DPW was informed in writing that we would be given until the close of business on October 8th to provide a formal written response to the Audit and the Comptroller would publish that response in the final Audit report. However, on October 8th, at around 2:00 pm, as DPW was writing our response, the administration was contacted by a reporter who had been given a copy of the audit report by the Comptroller. The Comptroller was seeking media attention of the Audit before it was supposed to be finalized and DPW's comments included. That is improper.

When the Comptroller's Office publicly issued the Audit on October 9th, the report incorrectly stated that DPW decided not to provide a written response to the Audit. The Audit stated: "DPW was provided the opportunity to have their response included with this report but has decided against such." That is not accurate.

Finally, and most importantly, once again, the Comptroller has violated Government Auditing Standards promulgated by the United States Government Accountability Office. Sections 7.32, 7.33 and 7.34 of the Auditing Standards require the auditors to "obtain and report the views of responsible officials of the audited entity," to obtain "the comments in writing," and to "include in their report a copy of the officials' written comments." The Comptroller's Office followed the Auditing Standards by offering DPW an opportunity to provide comments in writing by a set deadline, but then the Comptroller violated that deadline and released the audit to a media outlet before the comment deadline.

Comptroller's Press Release Contains Inaccurate Statements

In issuing the audit on October 9, 2013, the Comptroller personally sent a press release from his email address to media outlets (and posted the press release online) that falsely claimed that the County had "gas cards." Twenty four (24) times, the Comptroller's press release used the phrase "gas cards" in referring to the Gasboy system. The County has never maintained gas cards. The Comptroller's own audit report never once included the term "gas card," and the report clearly identified on page four that the system requires three things for fuel to be dispensed: (1) the entering of an active four digit User ID into the system; (2) the insertion of the vehicle's customized Gasboy computer chip/key into the system; and (3) the correct entering of the County vehicle's odometer reading into the system. The failure of any one of these controls renders the fuel pump inoperable.

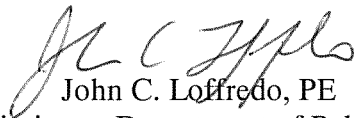
The Comptroller's audit report accurately describes the controls over Gasboy, noting that it is used by "many large organizations and municipalities" and "there are multiple safeguards in place to ensure that unauthorized individuals are not obtaining the county's fuel." However, the Comptroller inaccurately described the system to media outlets and created an insinuation in the media and public's minds that the County provides prepaid "gas cards" to employees who can use such cards at retail gas stations without any oversight.

Conclusion

DPW realizes that internal audits, properly planned and conducted, may highlight opportunities for improvement. There are several areas which the auditors identified as requiring action; we agreed, and we took steps prior to the exit conference to address those issues – which the Audit acknowledged.

Thank you for the opportunity to respond to the Gasboy Audit report.

Sincerely yours,



John C. Loffredo, PE
Commissioner, Department of Public Works

cc: Mark C. Poloncarz, County Executive
Stefan I. Mychajliw, County Comptroller
Robert W. Keating, Director of Budget and Management
Erie County Fiscal Stability Authority