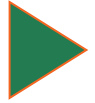


EFPR GROUP, CPA'S, PLLC

100 South Clinton Avenue, Suite 1500 • Rochester, NY 14604 • Ph: (585) 427-8900 • Fax: (585) 427-8947

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Control Cycle Audit of Fuel Usage for the 2023-24 Cycle

GENEVA CITY SCHOOL DISTRICT

**Geneva City School District
400 West North Street
Geneva, NY 14456**

August 9, 2024



To the Audit Committee
Geneva City School District
Geneva, New York

We have performed a review of the internal controls of the District's fuel usage. We obtained an understanding of these internal controls by inquiry, observation and the inspection of documents and records. Our review of fuel usage included examining financial reporting related to its budget and year to date expenditures for fuel deliveries. We also performed testing and analytical procedures on the fuel usage reports and the fuel reconciliation process.

This consulting engagement was conducted in accordance with Statements on Standards for Consulting Services as issued by the American Institute of Certified Public Accountants Management Consulting Services Executive Committee. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described either for the purpose for which this report has been requested or for any other purpose.

Our procedures consisted of a review of financial reports and documentation as well as interviews with pertinent District personnel. We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. It should be noted that the comments herein may be critical by nature and do not include the many strengths inherent within the District.

This report is intended solely for the information and use of the Geneva City School District and is not intended to be, and should not be used by anyone other than those specified parties.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Rochester, New York

BACKGROUND:

The Geneva City School District (District) is located in Ontario County and has a total enrollment of approximately 2,100 students. The District’s 2023-24 budget for fuel used by both the Transportation Department and Facilities Department was approximately \$299,000.

The District maintains a fuel depot at its Transportation facility located on Gambee Road. The depot is used to fuel all district vehicles, including buses and the fleet of vehicles operated by the Buildings and Grounds Department. There is no external use of the fuel depot by other municipalities or government agencies.

The District uses a computerized system (Fuelmaster) to control access to the pumps and for oversight of the fuel that has been dispensed. The Transportation Department maintains the Fuelmaster system. New users are authorized in the system and assigned a unique PIN number. Each vehicle also has a unique key FOB to identify the vehicle being fueled. Both the unique PIN number and the vehicle FOB are required to activate the pumps. In addition, the vehicle’s mileage is required to be entered for each transaction.

The Fuelmaster system creates a log of all fuel transactions. It can provide reporting of these transactions for oversight purposes. The report includes the date/time, type of fuel, vehicle ID, user ID, and gallons dispensed.

The fuel depot is secured within a locked fence at the Transportation facility during non-business hours. Surveillance cameras mounted to the building provide coverage of the pumps and the footage can be accessed by the Facilities Department who maintains the surveillance system.

OBJECTIVE:

The objective of our audit was to evaluate the internal controls over Transportation services and determine whether assets are adequately safeguarded by the Geneva City School District.

AUDIT SCOPE, PROCEDURES AND FINDINGS:

In performing our review of this area, we worked with personnel in the Business Office and the Transportation Department. We were provided with information on departmental policies and procedures and outlined the responsibilities of various departmental positions. We also obtained a variety of financial reports related to the Department’s operations for the current fiscal year and the two preceding fiscal years for comparative purposes.

AUDIT SCOPE, PROCEDURES AND FINDINGS (Continued):

Our examination included the following procedures:

Fuel Depot

- Evaluated the adequacy of existing internal controls related to the physical security over the fuel inventory.
- Evaluated the adequacy of existing internal controls used by the Transportation department in accounting for fuel transactions in the Fuelmaster fuel reporting system.
- Verified the accuracy/reasonableness of the current fuel inventory by reconciling the current year's net fuel usage (deliveries less fuel pumped) with fuel inventory at the beginning of the fiscal year.
- Analyzed the detail of fuel transactions to identify unusual transactions and/or patterns of transactions that may require further investigation and explanation.
- Verified the accuracy of all fuel pricing invoiced to the District by their vendor for related fuel deliveries. Amounts were confirmed to daily pricing that are published on the Internet to facilitate contract compliance and price checks.

FINDINGS:

The controls over the Fuel Depot are operating effectively with the following exceptions noted:

1. The District contracts with fuel vendors to periodically deliver diesel and gasoline fuel to the depot. We noted that it does not appear that the District is currently verifying the accuracy of its fuel vendor invoices to published state contract pricing and/or to other existing agreements with these vendors.
2. We performed testing to verify the accuracy of the District's diesel fuel vendor's invoices to published state contract pricing for the per gallon price of diesel fuel. Our testing found that the price charged by the vendor was not consistent with the published state contract pricing for all deliveries. In some cases the price per gallon charged was higher than the published price, while in some cases the price per gallon charged was lower than the published price. The amount of the discrepancy for each delivery was not materially different from the published price. However, it appears that District was overcharged by a total of approximately \$1,347 for all deliveries during the scope period.

AUDIT SCOPE, PROCEDURES AND FINDINGS (Continued):

Fuel Depot (Continued)

3. We were unable to perform testing to verify the accuracy of the District's gasoline vendor's invoices. No bid was awarded for the gasoline state contract for Ontario County during the scope period. Therefore, there is no published pricing for an Ontario County gasoline vendor. However, we learned that Ontario County performed its own independent bid solicitation for gasoline, which resulted in an award being made to Hometown Energy. The pricing outlined in the bid award documentation is based on the Oil Price Information Service (OPIS) commodity spot rate, plus a \$.20 per gallon markup. However, we could not complete our testing of this area because a subscription is needed to obtain access to this data.
4. We were unable to complete our audit procedures related to reconciling the District's fuel inventory. In order to complete this calculation we need a tank reading that establishes the beginning and ending inventory of fuel on hand for the scope period. However, Transportation has not established a process to record tank readings and determine the amount of fuel on hand (daily or otherwise).
5. We noted that the Transportation Department is not currently providing reporting to the Facilities Department of its fuel transactions related to its fleet of vehicles. While it appears that the Transportation Department is periodically reviewing reporting of all fuel dispensed, the Facilities Department is unable to perform oversight specific to its employees' fuel transactions.

RECOMMENDATIONS:

1. We recommend that the District implement a process to verify the accuracy of the fuel vendor pricing to published state contract pricing and/or to other existing agreements with these vendors.
2. We recommend that the District work with its fuel vendor to determine the nature of the discrepancies between the price per gallon charged and the published state contract pricing. The District should request a refund from the vendor if it is determined the District was billed in error.
3. We recommend that the District subscribe to a service that will provide them with access to the OPIS data in order to verify the accuracy of the price per gallon charged by its gasoline vendor.

AUDIT SCOPE, PROCEDURES AND FINDINGS (Continued):

Fuel Depot (Continued)

4. We recommend that the District consider establishing a process to periodically record the tank readings of fuel on hand. These tank readings are necessary to provide effective oversight of the fuel inventory and successfully reconcile fuel on hand with the amount of fuel purchased and dispensed over a period of time.
5. We suggest that the Transportation Department periodically provide the Facilities Department with reporting of its fuel usage. Facilities management should review the transactions (i.e. timing of transaction, gallons dispensed) to ensure that the fuel activity appears appropriate and business related.

Our testing also determined that:

- Our analytical procedures identified a number of transactions that occurred at unusual times and/or days (i.e. after 8p.m.and/or Saturdays). We inquired with the Transportation Department about the transactions that were identified and the department was able to provide supporting documentation and/or explanations that substantiated the appropriateness of the transactions.
- Our analytical procedures identified a number of drivers whose total fuel transactions were significantly above the average gallons of fuel pumped by each individual. We inquired with the Transportation Department about these employees and the nature of the routes that they have been assigned. Based on this information it appears that their elevated fuel usage was appropriate and substantiated by the length of their daily routes.

CLOSING REMARKS:

We would like to thank the staff of the Geneva City School District for their cooperation and hospitality during the audit.