



# Town of Butler

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## Highway Asset Accountability

**2024M-115 | December 2024**

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# Report Highlights

## Town of Butler

### Audit Objective

Determine whether the Town of Butler (Town) officials adequately safeguarded and accounted for Highway Department (Department) assets.

### Key Findings

Town officials did not adequately safeguard and account for Department assets. As a result, there is an increased risk that Department assets could be lost, stolen or sold without detection. Specifically:

- The Highway Superintendent (Superintendent) did not complete an inventory list of highway machinery, tools and equipment or provide one to the Town Board (Board) since 2018.
- Town officials did not maintain or review adequate fuel records to safeguard and account for the Town’s fuel. We noted at least 278 gallons of unleaded gasoline and diesel fuel, valued at \$853 could not be accounted for. However, due to the limited records and lack of proper controls, more fuel may be unaccounted for.
- The diesel fuel log, maintained by the Superintendent was not accurate and up to date. Because the records are not complete, accurate or reliable, officials cannot determine whether the unaccounted-for diesel fuel was used properly, stolen or caused by a leak in the in-ground storage tank.

### Key Recommendations

- Develop, adopt and periodically review written policies and procedures for capital assets and fuel inventory to ensure they are properly accounted for and safeguarded by maintaining detailed records, conducting periodic physical inventories and reconciliations.
- Maintain a Department inventory that includes all machinery, tools and equipment and prepare periodic fuel reconciliations.

Town officials generally agreed with our recommendations and have initiated or indicated they planned to initiate corrective action.

### Audit Period

January 1, 2023 – July 30, 2024

### Background

The Town is located in Wayne County and the village of Wolcott is partially located within the Town. The Town is governed by an elected five-member Board, which is composed of four Board members and the Town Supervisor (Supervisor). The Board is responsible for general oversight of the Town’s operations and finances.

The elected Superintendent oversees Department operations, including purchasing, safeguarding, maintaining and recording of highway assets.

### Quick Facts

2024 Total Town Appropriations	\$1.56 million
2024 Highway Appropriations	\$906,533
Total Value of Highway Machinery, Tools and Equipment	Unknown
Total Fuel Purchased During Audit Period	\$41,969
Road Miles Maintained	108
Highway Employees	4

# Highway Asset Accountability

## How Should Officials Account For and Adequately Safeguard Department Assets?

A town board (board) and highway superintendent (superintendent) have a shared responsibility for instituting controls over highway department assets to ensure they are protected against the risk of loss, waste and misuse. A good way to accomplish this is through the development of a comprehensive policy that addresses this issue. Such a policy could also address capital asset maintenance and performance.

A board should establish a written capital asset<sup>1</sup> policy that communicates management's objectives and should spell out the duties, records and procedures required to achieve these objectives. The policy should:

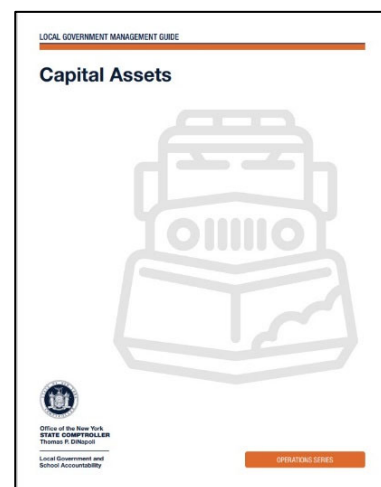
- Define what is considered a capital asset,
- Establish the minimum dollar value of assets to be tracked for the various types of assets, including highway department assets. For higher-risk assets such as hand tools, which are portable, a lower-dollar threshold might be desirable,
- Describe procedures for inventory recordkeeping, including specific information for identification of department assets (e.g., serial number, make and model), and
- State the recommended periodic physical inventory process that involves comparing actual assets onsite to those recorded in the inventory and investigating any discrepancies.

Officials can help maximize the value received from their government's investment in capital assets and safeguard these assets by referring to implementing controls detailed in the Office of the State Comptroller's *Capital Assets* Local Government Management Guide (Figure 1).

Officials must comply with New York State Highway Law Section 142 (Highway Law) that requires the superintendent to annually submit to the board (by September 30th) a written inventory of all highway machinery, tools and equipment. This includes the value of the asset; estimated cost of all necessary repairs needed and recommendations as to what machinery, tools, implements and equipment should be purchased; plus the probable cost of each item.

FIGURE 1

### OSC Publication *Local Government Management Guide – Capital Assets*



Access this publication at: <https://www.osc.ny.gov/files/local-government/publications/pdf/capital-assets.pdf>

<sup>1</sup> Capital assets have a useful life of more than one year.

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To safeguard fuel inventories, the board should develop comprehensive written policies and procedures that assign staff individual responsibilities to ensure that fuel is used for its intended purpose and properly accounted for. The superintendent should maintain fuel inventory records showing the amount of fuel delivered, usage and balance on hand and periodically reconcile the balance to physical inventories by conducting fuel tank level readings. Any material discrepancies should be investigated and resolved. In addition, vehicle and equipment fuel usage records should be periodically reviewed for reasonableness.

### **Town Officials Did Not Adequately Safeguard Department Assets**

The Board did not adopt a written capital asset policy, establishing a minimum dollar value for capital assets that should be recorded, or procedures for recording those assets or conducting periodic physical inventories. Therefore, there is an increased risk that Department assets could be lost, stolen or sold without detection.

The Superintendent did not annually submit an inventory to the Board, as required by Highway Law or periodically conduct a physical inventory since May 2018.

The Town's highway facility generally lacked safeguards to protect Department assets. We observed on multiple occasions: the facility was left unattended with bay doors open and the fuel pump switch turned on. Also, in July 2024, during the Department's annual two-week vacation shutdown, a highway truck was left unlocked with a garage door opener inside granting access to the facility and all Department assets, including the fuel pump switch. As a result, anyone accessing the facility could steal highway assets, such as tools and fuel without notice.

Without an up-to-date inventory list and mitigating controls to safeguard Department assets, such as fencing or security cameras, there is an increased risk of loss, misuse and theft.

### **Town Officials Did Not Monitor Highway Fuel Usage**

The Board did not establish a written policy for safeguarding and accounting for fuel inventories to make sure they were safe from the risk of loss, waste and misuse. In addition, the Board and Superintendent did not design procedures to ensure the maintenance of fuel usage and inventory records and periodic reconciliations.

The Department facility lacked physical safeguards, such as fencing and cameras monitoring access to the fuel inventories, and the fuel pumps did not have an electronic authentication system to record pumped amounts to ensure only authorized personnel had access and could pump fuel. The Town relied solely on a power switch inside the Department's facility to restrict access to the fuel inventories. Additionally, the Superintendent did not require the maintenance of a log to record the amount of fuel pumped by Department personnel from the Town's in-ground 4,000-gallon diesel and above ground 500-gallon unleaded gasoline tanks until January 2024 after a Town resident submitted a Freedom of Information Law (FOIL) request<sup>2</sup> for all Department fuel records in November 2023.

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<sup>2</sup> Article 6 of the New York State Public Officers Law is known as the Freedom of Information Law (FOIL). This law allows members of the public to request records from New York State or local government agencies.

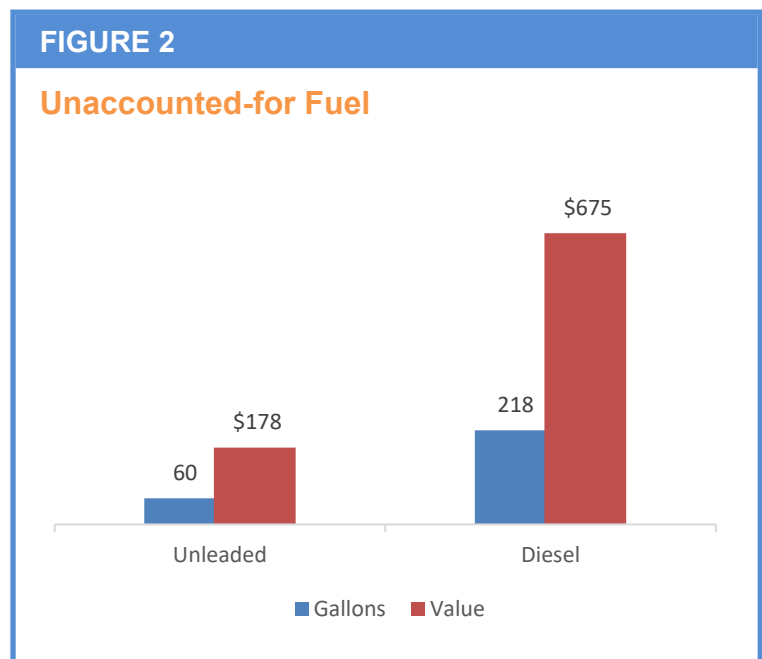
Although the Superintendent stated that he purchased an automated fuel pump for the unleaded gasoline tank that would require Department personnel to enter the vehicle’s mileage and a code identifying themselves when fueling, the corresponding software to use the pump was not purchased. The Superintendent also stated that he did not prepare a fuel reconciliation. Instead, the Superintendent maintains a diesel fuel log that calculates a daily running balance by recording the number of gallons delivered per the delivery slip and pumped according to the fuel pump, as well as the number of inches of fuel in the tank from his stick measurement that he converts to gallons using the fuel level chart for the tank. However, this log does not ensure that fuel is pumped by Town employees and used for Town purposes.

Since January 2024, each vehicle and three pieces of equipment, an excavator and two tractors, contained a mini spiral notebook in which Department personnel recorded their name, date/time and gallons pumped. Although the gasoline-powered vehicles’ fuel logs had a space for mileage, the fuel logs for the diesel-powered trucks and equipment did not contain vehicle miles or equipment hours, making it difficult to determine whether the fuel usage was reasonable.

Additionally, the Department has two transfer tanks placed in the beds of two pickups that are used to refuel equipment. Department personnel record the fuel pumped into the transfer tanks on the corresponding truck’s fuel log, which was commonly denoted by “Fuel Tank,” but not the gallons used to refuel equipment.

We reviewed fuel usage from the time the Department began to maintain vehicle and equipment fuel log records on January 5, 2024 through July 30, 2024 and delivery slips to perform a fuel reconciliation and identified 218 gallons of diesel fuel, valued at \$675 and 60 gallons of unleaded gasoline, valued at \$178, that were unaccounted for (Figure 2). The Superintendent explained that the unaccounted-for fuel was because Department personnel did not always record usage on the vehicle and equipment fuel log after pumping fuel. Since fuel reconciliations are not performed, these discrepancies were not identified and addressed. Also, due to the limited records and lack of proper controls, additional fuel may be unaccounted for.

During our reconciliation, we also identified a delivery slip, provided by the Superintendent, that was recorded in the diesel fuel log, showing 35 gallons less of fuel delivered as compared to the invoice on file with the Town Clerk, which was confirmed through the fuel vendor. The Superintendent stated that the fuel level measured after delivery matched the 2,650-gallon delivery slip



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provided. However, the Superintendent signed the voucher<sup>3</sup> attached to the invoice without proper review of fuel records to identify the discrepancy, potentially resulting in Town officials paying for fuel that was not received.

DEC requires that in addition to an annual inspection, the Superintendent must maintain a fuel log for the in-ground diesel tank to identify any possible fuel leaks into the ground. The Superintendent's diesel fuel log was not accurate or up to date. Specifically, we identified 35 instances from January 5, 2024 through June 24, 2024 where individual highway truck and equipment fuel logs listed fuel pumped out totaling 1,300 gallons, but the Superintendent's diesel fuel log showed no usage. There were also 23 measuring stick entries on the Superintendent's diesel fuel log between December 21, 2023 and June 25, 2024 in which the remaining gallons recorded did not reconcile to the tank manufacturer's fuel level chart. The Superintendent explained that the gallons pumped are caught up at the next measurement. However, the Superintendent's untimely and inaccurate recordings on the diesel fuel log make the possibility of a diesel fuel reconciliation unlikely.

Because the Superintendent did not maintain accurate and up-to-date fuel logs, ensure that Department personnel recorded all fuel pumped or perform periodic fuel inventory reconciliations, there is an increased risk that fuel could have been wasted, misused or stolen.

## **What Do We Recommend?**

The Board should:

1. Develop, adopt and periodically review written policies and procedures for capital assets and fuel inventory to ensure they are properly accounted for and safeguarded by maintaining detailed records, conducting periodic physical inventories and reconciliations.
2. Require the Superintendent to provide an annual inventory of all capital assets and periodic fuel reconciliations for their review.

The Superintendent should:

3. Maintain a Department inventory that includes all machinery, tools and equipment and provide it to the Board annually on or before September 30th.
4. Ensure the highway facility and fuel pumps are secured when there is no staff on site.
5. Ensure all pumped fuel, including fuel pumped from transfer tanks, is accurately recorded by all Department personnel on vehicle and equipment fuel logs.
6. Prepare periodic fuel reconciliations comparing the gallons pumped, gallons delivered according to delivery slips and vendor invoices, and measuring stick readings. Investigate and resolve any discrepancies and provide them to the Board.

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<sup>3</sup> A voucher or claim (terms used interchangeably) is a demand presented for the payment of money due for goods that have been delivered or services that have been provided.

## Appendix A: Response From Town Officials

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Tommy Mettler  
Supervisor

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Fax 315-594-9324

December 5, 2024

Rochester Regional Office – NYS Comptroller  
Attn: Stephanie Howes – Chief of Municipal Audits  
The Powers Building  
16 W. Main St – Suite 522  
Rochester, NY 14614

Via email to [muni-rochester@osc.ny.gov](mailto:muni-rochester@osc.ny.gov)

Re: Town of Butler, Wayne County – Preliminary Draft Findings Reply Letter

To Whom It May Concern,

In regards to the Town of Butler Highway Asset Accountability audit the Town board Generally Agrees and will do what is necessary to rectify your findings.

Sincerely

Tommy Mettler  
Town of Butler  
Supervisor



## 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 and reviewed Board meeting minutes to gain an understanding of Department operations and oversight, policies and procedures, internal controls over assets and fuel inventories.
- We reviewed the Department's inventory list to determine whether it was up to date and provided to the Board in a timely manner.
- We reviewed the Town's insurance policy, 2018 inventory list and Board meeting minutes for equipment and performed a physical inventory of Department assets at the highway facility on June 25, 2024 and the Town's gravel pit on July 18, 2024 to determine whether all assets were accounted for.
- We prepared a fuel reconciliation using the Superintendent's diesel fuel log, vehicle and equipment fuel logs, fuel delivery slips and invoices provided by the Superintendent, Town Clerk and fuel vendor, the diesel fuel's tank capacity chart and our own observation of the diesel and unleaded gasoline's fuel levels for the period January 5, 2024 through July 29, 2024 and the period February 5, 2024 through July 30, 2024 for unleaded gasoline to identify any unaccounted-for fuel.
- We reviewed the Superintendent's diesel fuel log from December 21, 2023 to June 25, 2024 to determine whether the log was accurate and was prepared in a timely manner.
- Auditor observations were made on June 27, July 30, August 7, August 13 and August 27 of 2024 at the Department facility to determine whether adequate safeguards were in place to protect Town assets.

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.

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.

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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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**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)

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**Local Government Management Guides** – Series of publications that include technical information and suggested practices for local government management

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## Contact

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