

State of New York
Office of the Inspector General



Review of Controls Over Fuel Usage
At State Agencies and Authorities

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I. EXECUTIVE SUMMARY

Fuel for vehicles and equipment is a significant expense costing New York State more than \$69 million in 2010 alone.¹ Over the past several years, the Inspector General has investigated numerous allegations of fuel theft and abuse by state employees. The severe fiscal crisis confronting the state and the rising prices of fuel magnify the burden to taxpayers and the importance of curtailing such fuel theft and abuse.² To this end, the Inspector General initiated a proactive review of controls over fuel usage by state agencies and authorities. Based on this statewide review, the Inspector General recommends new controls and procedures at state-run fueling stations and for the use of fueling credit cards by state employees. These recommendations are designed to enhance personal accountability and allow more efficient detection of unusual fuel dispensing patterns that could help identify and prevent future theft and abuse of fuel.

The Inspector General's review covers public entities that operate their own fuel pumps and use fueling credit cards. The Inspector General found significant deficiencies and inconsistencies in the controls for the dispensing of fuel among the state entities reviewed.

With respect to controls at state-operated fuel pumps, the review uncovered shortcomings in both physical security and information tracking, including the following:

- Some pumps at unstaffed fueling sites are kept unlocked with no identification needed to obtain fuel.
- At various manual pump facilities, there is no limit on the amount of fuel that can be dispensed at any one time.
- At some fueling facilities, access to pump keys is virtually unlimited.
- Some entities require recording both a personal identification number and a vehicle odometer reading each time that fuel is dispensed, while others require only one of these pieces of information.
- At some facilities, various employees are allowed to use the same personal identification number, defeating the purpose of an individual-specific identifier.

With regard to the use of commercial fueling credit cards to purchase fuel, the review revealed wide differences in the procedures and controls used by various state

¹ The \$69 million is comprised of over \$60 million reported by state entities to the New York State Comptroller's Office and about \$8 million reported to the Inspector General by the four public authorities in this review. This estimate does not include money spent on fuel by other authorities in New York State or potential fuel costs not fully reported by state entities.

² One investigation revealed that the amount of stolen fuel at a particular pump reached as much as 42% of the total fuel dispensed.

entities. Some require employees who are assigned cards to enter both a personal identification number and a vehicle odometer reading to access fuel. However, others require only one of the two pieces of information, and still others require no information at all. The requirements when using fueling credit cards issued by the New York State Office of General Services (OGS) also vary depending on the facility. Because of these differences, entities vary widely in their ability to spot unusual fuel dispensing patterns and to match transactions to individuals.

The quality and extent of protocols for monitoring fuel usage also vary widely across the entities examined. A number of facilities do not review fueling transactions at all. At some entities, only the staff at each facility conduct reviews, and then only sporadically; at others, the entity's central office conducts reviews, but with limited data. In some instances, the individual who is entrusted with the key to the pump or the employee who pumps the fuel is also responsible for monitoring the transaction records. As a result, accountability might be compromised.

The Inspector General concludes that effective fuel dispensing controls and monitoring systems require, at the minimum, the capability to:

- (i) trace the number of gallons dispensed to the responsible party, so as to ensure personal accountability; and
- (ii) monitor the miles driven per gallon of fuel dispensed, so as to detect unusual patterns that could indicate the need for more in-depth review. Information on the miles driven per gallon dispensed is crucial for controlling and monitoring potential theft and abuse. A particular transaction that reveals much lower miles driven per gallon dispensed than is typical for a particular vehicle could indicate fuel theft.

As discussed below, the net benefits to a state entity from upgrading to such a dispensing control system will depend on the costs of the upgrade as well as the potential value of the fuel that is at risk of theft and abuse. However, at a minimum, state entities should analyze whether the upgrade costs are outweighed by potential savings. For those entities which utilize commercial credit cards to pay for fuel, upgrading to fuel dispensing controls which track the minimum information the Inspector General deems necessary could be adopted at no additional cost.

The entities reviewed spent approximately \$33 million on fuel in 2010, of which \$16 million was purchased at entity fueling stations and \$17 million through fueling credit cards. In the aggregate, individual incidents of theft and abuse related to fuel dispensed at entity pumps and purchased through fueling credit cards could impose significant costs to taxpayers. To reduce this burden, the Inspector General recommends that state entities should consider the following cost-saving steps:

- Migrating towards an enhanced fuel dispensing control system that is designed to generate personal accountability and monitor fuel usage patterns at pumps. The

enhanced system would link each transaction to an individual and keep track of mileage per gallon dispensed for each transaction.

- Upgrading, at no additional cost, to fuel dispensing controls that link a personal identifier with information on the miles driven per gallon dispensed in cases of purchases with commercial fueling credit cards.
- Putting in place new standards that include effective monitoring of fuel transactions at the facility, regional, and central office levels.

Finally, the Inspector General advises OGS, together with the Departments of Transportation and Environmental Conservation, to review and strengthen fuel dispensing controls for the use of OGS-issued fueling credit cards. The Inspector General will follow up with individual state entities reviewed to address the recommendations proposed in this report.

II. BACKGROUND

In addition to investigating allegations of misconduct by state officials, the Inspector General has the statutory duty to “review and examine periodically the policies and procedures of covered state entities with regard to the prevention and detection of corruption, fraud, criminal activity, conflicts of interest or abuse.”³ Over the past several years, the Inspector General has investigated numerous allegations of fuel theft and abuse by state employees:

- In a May 31, 2007 report, the Inspector General found that the New York State Department of Transportation (DOT) did not properly control and account for diesel fuel dispensed through its more than 170 mobile fuel tanks, leaving the tanks and the fuel vulnerable to waste, misuse, and theft.⁴
- In a May 8, 2009 report, the Inspector General found that a DOT Highway Maintenance Supervisor stole at least 704 gallons of gasoline from a State fueling facility by repeatedly fueling his personal vehicle.⁵
- On January 13, 2009, the Inspector General reported deficiencies with the recording of vehicle use and fuel purchases at the Department of Environmental Conservation (DEC), particularly within the Region 3 Emergency Spill Response Program. In addition, in May 2008, the Office of the New York State Comptroller issued a report which noted deficiencies in DEC’s fuel purchase reporting, which hampered DEC’s ability to detect fraud, waste and abuse.⁶

³ Executive Law § 53(5).

⁴<http://www.ig.state.ny.us/pdfs/Control%20and%20Accountability%20of%20Mobile%20Fuel%20Tanks%20in%20the%20New%20York%20State%20Department%20of%20Transportation.pdf>.

⁵<http://www.ig.state.ny.us/pdfs/DOT%20Supervisor%20Sentenced%20In%20Gas%20Pump%20Thefts.pdf>

⁶<http://www.ig.state.ny.us/pdfs/DEC%20Tightens%20Controls%20on%20Use%20of%20State%20Vehicles.pdf>.

- On May 6, 2010, the Inspector General found that a laborer employed by the New York State Office of the Medicaid Inspector General (OMIG), stole and misused a state-owned fueling credit card to purchase fuel for his personal pickup truck on three occasions.⁷

The aggregate impact of individual incidents could produce significant costs. For example, in one instance, the amount of stolen fuel was found to be 42% of the total fuel dispensed from the same pump.⁸

New York State spends tens of millions of dollars annually for fuel to power numerous types of equipment and its fleet of motor vehicles. In 2010 alone, state entities spent in excess of \$69 million⁹ on fuel for vehicles and equipment. The allegations received in recent years by the Inspector General, in combination with the current state of the economy and fuel prices, point to a significant impact on taxpayers. To examine and address this potential waste and abuse, the Inspector General initiated a proactive review of controls over fuel usage by state agencies and authorities.

III. MEANS OF DISPENSING FUEL AMONG STATE ENTITIES

State entities dispense fuel for their vehicles and equipment through three general means: (i) the majority of state entities obtain fueling credit cards to distribute to their employees which enable these employees to obtain fuel at commercial stations; (ii) the Office of General Services (OGS) issues fueling credit cards enabling state employees to obtain fuel at OGS, DOT, and DEC facilities operated across the state; and (iii) a number of state entities operate their own fuel tanks and pumps.

A. Commercial Credit Cards

OGS is statutorily responsible for centralized procurement in New York State. In 2002, OGS negotiated a contract with ExxonMobil Corporation to provide New York State with a fuel credit card system for fleet vehicles. According to the agreement, the state receives a 3% discount on all fuel purchases, pays no annual fees, and is exempt from sales tax.¹⁰ While the arrangement with ExxonMobil provides a general method for all state entities to obtain fuel credit cards for their employees, each state entity may

⁷<http://www.ig.state.ny.us/pdfs/Laborer%20Quits%20After%20Misusing%20State%20Credit%20Card.pdf>.

⁸ Based on surveillance and the defendant's admissions (detailed in a May 8, 2009 investigation report on a DOT highway maintenance supervisor, issued by the Inspector General), the defendant stole 84.1 gallons from September 4 to September 23, 2008, of the 201.5 gallons of fuel that were dispensed from the pump during that time period.

<http://www.ig.state.ny.us/pdfs/DOT%20Supervisor%20Sentenced%20In%20Gas%20Pump%20Thefts.pdf>

⁹ See footnote 1.

¹⁰ New York State's contract with ExxonMobil has since expired. Currently, the state uses three different types of ExxonMobil cards, two of which are administrated by Wright Express and one by Citibank. The two cards administrated by Wright Express are the ExxonMobil Fleet card and the ExxonMobil Universal card. All three cards have different built-in cost and discount arrangements and provide different levels of purchasing flexibility. The majority of the twelve state entities addressed herein have the ExxonMobil Fleet card, which provides the same benefits as those in the 2002 contract.

independently negotiate desired controls. Specifically, depending on the card provider, each entity may choose whether its staff must input the vehicle odometer reading and/or individual identifier, such as an employee's personal identification number (PIN), when obtaining fuel at a commercial fueling facility.¹¹

State entities may also employ controls beyond the input of an odometer reading and a PIN. For example, some entities receive electronic reports each day from ExxonMobil. These reports notify the entity when a staff member obtained fuel after hours or on the weekend, among other anomalies, and allows management to easily identify potential instances warranting further review.

The Division of State Police and the New York Power Authority (NYPA) do not avail themselves of the arrangement with ExxonMobil Corporation and have negotiated their own fuel contracts for other commercial credit cards.

Officials at the State Police advised the Inspector General that it does not utilize the ExxonMobil credit card because many rural areas where State Police facilities are located lack ExxonMobil stations; therefore, it could not limit the brand of fuel its staff purchases.¹² Instead, the State Police negotiated a contract with Voyager Fleet Systems to obtain fuel at various commercial gas stations across the state. Similar to the statewide contract with ExxonMobil, the State Police do not pay sales tax or annual fees. The State Police also negotiated a discounted rate based on a combination of the percentage of the gross purchase amount, the total purchases, the average amount of each transaction and the average time it takes the state entity to remit payment to Voyager. According to State Police officials, the 2010 discount approximated 0.72%.

NYPA also chose to negotiate its own contract for a fueling credit card with Wright Express, but not for either of the ExxonMobil cards administered by Wright Express. NYPA officials reported that they did so due to its acceptance at almost all fuel stations in the state. While NYPA pays no sales tax, no monthly card charges, and no replacement card charges, it does not receive a discounted rate for its use.

B. OGS-Issued Fueling Credit Cards for Use at OGS, DOT and DEC Facilities

At the request of individual state entities, OGS issues fueling credit cards to state entities for assignment to specific vehicles. Currently, OGS-issued fueling credit cards, which are reissued every two years, are in use by approximately 19,000 employees in 167 state entities. All of the state entities covered in this review, with the exception of NYPA, State Police, Bridge Authority, and the Olympic Regional Development Authority, utilize OGS-issued fueling credit cards.

¹¹ Only the ExxonMobil cards administered by Citibank do not allow for the option to input information such as the vehicle odometer reading and/or PIN.

¹² Although the ExxonMobil Universal card can be used at stations other than ExxonMobil, Wright Express gives a rebate of 5 cents per gallon when the card is used at an ExxonMobil station, but a rebate of only 20 cents per transaction if used at a station other than ExxonMobil.

This credit card can be used to obtain fuel at OGS fuel pump facilities located in Long Island and Albany. In addition, state entities can use the credit card at any of the more than 200 fuel pumps at DOT and DEC facilities throughout the state. These two entities reimburse OGS on a monthly basis for fuel usage at their facility pumps.

Controls over use of the OGS-issued fueling credit card vary. All facilities require the card to be inserted at the pump and a vehicle odometer reading to be entered in order to obtain fuel. However, none of the locations requires the user to enter any individual identifier such as a PIN. As a result, the identity of the individual obtaining fuel is not recorded.

C. State Entity Operated Fuel Pumps

State entities which also operate their own tanks and pumps utilize either electronic or manual pumps at their fueling facilities.¹³ Electronic pumps require the insertion of either an entity-issued credit card or a key to obtain fuel. Some electronic pumps also require an individual to enter an odometer reading and/or a PIN. In contrast, manual pumps do not require any credit card, key, odometer reading, or PIN to obtain fuel; however, most but not all facilities place padlocks on the pumps to secure access.

Most of these entity facilities use fuel pumps manufactured by Gasboy, Inc.¹⁴ However, because Gasboy products are frequently upgraded due to technological advances and the state equipment examined was purchased at various times, the Inspector General found many different versions of Gasboy fuel pumps employed even within the same entity.

IV. METHODOLOGY

This review focuses on public entities that operate their own fuel pumps and use fueling credit cards. The Inspector General evaluated the fuel use policies and procedures at the following 12 state entities:¹⁵

- NYS Thruway Authority
- NYS Department of Correctional Services

¹³ Entities operating their own tanks and pumps purchase fuel on a statewide OGS contract.

¹⁴ According to its website, Gasboy “is a leading manufacturer and marketer of commercial electronic and mechanical petroleum dispensing systems, fleet management systems, and transfer pumps, primarily for non-retail petroleum applications. The company provides innovative, efficient, cost-effective solutions to meet customers’ needs for dispensing, controlling, and managing fuel and related products.”

¹⁵ The entities are listed from highest to lowest in terms of annual fuel expenses at entity fueling stations in 2010. Among all public entities within the jurisdiction of the New York State Inspector General, 16 have fuel pumps at their facilities. This report includes only 12 of those public entities because DOT’s and DEC’s fuel usage have been recently evaluated separately by the Inspector General and the State Comptroller, respectively, as noted above. DOT is in the process of obtaining approval from the Division of the Budget to implement policies recommended by the Inspector General. Furthermore, the Office of Mental Health and the State University of New York were both in the process of conducting their own fuel usage reviews, which have been completed, and thus were not included in the Inspector General’s review.

- NYS Office of Parks, Recreation and Historic Preservation
- NYS Police
- NYS Office of General Services
- NY Power Authority
- NYS Olympic Regional Development Authority
- NYS Department of Agriculture and Markets
- NYS Bridge Authority
- NYS Office for People with Developmental Disabilities
- NYS Office of Children and Family Services
- NYS Department of Health

The eight state entities and four authorities included in this review reported ownership of over 15,000 vehicles and thousands of pieces of equipment requiring fuel.

The Inspector General interviewed both central office and facility management and collected data across the 12 state entities and authorities examined in this review to assess their internal controls regarding fuel purchases and distribution.¹⁶ In addition, the Inspector General conducted site visits to many of the state entities' fueling facilities.

The Inspector General further evaluated the potential cost of implementing an electronic dispensing system that allows the administrators to link particular incidents of theft and abuse to responsible parties, and to spot unusual fueling patterns. The system would register information on (i) vehicle identification number, (ii) employee identification number, (iii) odometer reading; and (iv) number of gallons dispensed. Such a system could help in identifying and deterring fuel theft and abuse. The vehicle and employee identification would allow entities to trace the number of gallons dispensed back to the responsible parties. The number of gallons dispensed and the odometer reading would allow the monitoring of the miles driven per gallon of fuel dispensed in order to detect unusual patterns that would indicate the need for more in-depth review. For example, if a particular transaction reveals much lower miles driven per gallon dispensed than is typical for a particular vehicle, the apparent discrepancy could potentially be the result of fuel theft.

V. FINDINGS OF REVIEW

A. Deficiency and Inconsistency in Fuel Dispensing Controls and Monitoring Protocols and Standards

The Inspector General found significant deficiencies and inconsistencies in the fuel dispensing controls and monitoring systems among the state entities reviewed. Many current control systems at various entities do not allow the administrators to: (i) link theft and abuse to the responsible party; and (ii) spot unusual fueling patterns. These

¹⁶ Data on fuel pump distributions, recording requirements, and potential costs of improving current recording systems were collected from public entities, fuel pump vendors and fueling credit card providers.

deficiencies and inconsistencies remain regardless of whether purchases were through entity fuel pumps or fueling credit cards.

With respect to fuel dispensing controls at entity fuel pumps, some entities use manually operated padlocks for their fuel pumps while others do not use any type of locks. At various manual pump facilities, there is no limit on the amount of gas that can be dispensed at one time. At some fueling facilities, access to pump keys is strictly controlled; at others, access is virtually unlimited. Some entities require recording both a PIN and a vehicle odometer reading each time fuel is dispensed, while others require only one of these pieces of information. At some facilities, various employees were allowed to use the same PIN, which defeats the purpose of an individual-specific identifier.

With respect to fuel dispensing controls through commercial credit cards, some entities require employees who are assigned cards to enter both a PIN and a vehicle odometer reading to access fuel, other entities require only one of the pieces of information, and others do not require any information. The requirements when using OGS-issued fueling credit cards also vary depending on the facility.

In terms of monitoring protocols and standards, the quality and extent of fuel transaction reviews also vary widely across the 12 entities examined. A number of facilities do not review fueling transactions at all. In some entities, only the staff at each facility conduct their reviews, and then only sporadically; at others, the entity's central office conducts reviews, but with limited data. In some instances, the individual who is entrusted with the key to the pump or the employee who pumps the fuel is also responsible for monitoring the transaction records. As a result, accountability may be compromised.

B. Findings as to Individual State Entities

The Inspector General examined the practices and policies by which the 12 reviewed entities dispense fuel and monitor fuel transactions. This review included site visits to many of the entity facilities where fuel is dispensed. This section describes the findings for each of the public entities covered in this review.

New York State Thruway Authority

In 1998, the New York State Thruway Authority installed the EJ Ward fuel system at its facilities. The Thruway Authority operates 44 fuel pump facilities throughout the state and encourages its staff to use these pumps in lieu of utilizing a credit card at commercial pumps. During 2010, the Thruway Authority expended over \$6 million for fuel dispensed at facility pumps. With few exceptions, all Thruway Authority fuel sites employ the same electronic system and the Authority has implemented a centralized procedure for obtaining fuel.

Thruway Authority officials explained that its pumps use a two-key system to obtain gasoline. One key is assigned to the staff member (personnel key) and a second

key is assigned to the vehicle (vehicle key). To access fuel, an employee must insert his/her personnel key, followed by the vehicle key. The employee then must input the odometer reading of the vehicle. Thruway Authority officials informed the Inspector General that each vehicle key stores the last mileage amount entered into the system and, if an employee enters the wrong mileage, the system will not allow gas to be pumped. In addition, the system will not allow staff to access fuel other than the type of fuel the vehicle requires.

The Inspector General conducted site visits to four Thruway Authority fueling facilities and discovered that, despite this reported systematic uniformity, differences existed among the four. Notably, while Thruway Authority central office officials claimed a widespread use of a two-key system, and that most entity vehicles are equipped with ExxonMobil cards which require a PIN for use, staff at the four locations visited reported that none of their vehicles has such a card. Moreover, although each fuel pump generates a transaction report which includes information such as date, time, gallons pumped, odometer reading, and employee name, the Inspector General determined that only one of the four facilities actually reviewed its fuel transaction reports, thus nullifying the impact of this intended safeguard. Indeed, officials from the other three facilities stated that they assumed that the Thruway Authority central office examines these reports. However, the Inspector General found that although the central office does possess a central database of transactions from all 44 fueling sites, transactions are examined only when irregularities occur, which officials stated are infrequent events.

The Inspector General's investigation revealed that Thruway Authority staff and State Police officers have access to one facility's site key for use in emergencies. The site key provides access to the fuel pump and requires the inputting of a vehicle number and odometer reading but allows the user to remain anonymous. Although access to the site key is intended to be restricted, at one facility visited the key is maintained in a building accessible to every staff member and one official reported that the site key is used on a regular basis. Moreover, as an added prevention, one of the four facilities is equipped with a gate that is locked after hours. The other three facilities lack a gate. Two of the four facilities reported that the pumps are available 24 hours a day, seven days a week, while the other two reported that the pumps are only accessible during the workday. Furthermore, the Thruway Authority informed the Inspector General that it has enhanced the control system for the use of the site key since the Inspector General brought the issue to its attention. The facility now maintains a site key log in which the employee must record such information as his/her name, vehicle number, odometer reading, and PIN when using the site key. Furthermore, access to the site key is now restricted and locked in the facility manager's office and solely for emergency use.

New York State Department of Correctional Services

The New York State Department of Correctional Services (DOCS) maintains 56 fueling facilities throughout the state. During 2010, the entity spent about \$3.8 million on fuel at these locations. Many vehicles are also equipped with ExxonMobil gas cards. No central oversight or centralized procedures have been established for obtaining fuel.

Instead, each facility is responsible for its own procedures. In addition, because DOCS employs different brands of pumps, no centralized database containing all fuel transactions is maintained.

The Inspector General conducted interviews with central office officials, which revealed a lack of awareness as to which facilities have pumps and the type of pumps facilities were utilizing. In order to obtain such information, central office officials were compelled to contact each location.

Site visits were also conducted at six DOCS fueling facilities. While each site utilizes the Gasboy fueling system, all six facilities employ different fueling procedures. One facility only allows the garage mechanic to dispense fuel. The mechanic maintains one of two keys needed to access fuel, while the facility superintendent maintains the other key. Entering an odometer reading is also required. At two other locations, vehicle keys, assigned to each vehicle, and an odometer reading are required to obtain fuel. At the three other facilities visited, a vehicle key, odometer reading, and PIN must be entered, but one facility reported that all facility staff uses the same PIN, thus undermining the effectiveness of this safeguard. Moreover, two of the facilities require staff to complete manual logs and include information such as the vehicle number and gallons received, although the facilities have working electronic Gasboy systems. At four of the facilities, no limits exist on the amount of fuel that can be pumped at one time.

Inconsistencies in fuel reviews were also discovered: one facility conducts daily reviews; one facility conducts weekly reviews; another conducts bi-weekly reviews; two facilities conduct monthly reviews; and the final location does not conduct any reviews of fuel transactions.¹⁷

New York State Office of Parks, Recreation and Historic Preservation

The New York State Office of Parks, Recreation and Historic Preservation (OPRHP) operates 124 facilities with fuel pumps, the most of any entity reviewed. During 2010, the entity spent \$2.5 million for fuel dispensed at these facilities. The majority of these facilities employ either manual or electronic Gasboy pumps. As many of the facilities do not provide commercial gas credit cards for their vehicles, most rely on the facility pumps. No central oversight or policy over fuel exists. In fact, OPRHP central office was not aware of how many pumps the agency maintained. However, even at the regional level, no policies are provided to facilities regarding the procedures for obtaining fuel and reviewing fuel transactions.

OPRHP maintains an equipment inventory database, which, according to central office officials, serves as a centralized list of all entity vehicles and equipment which require fuel. While the system also has the capability to track fuel transactions, not all regional offices utilize it for this purpose. The Inspector General was informed that individual facilities are responsible for reviewing and maintaining fuel transaction

¹⁷ The reason provided to the Inspector General at that facility was that the system lacks the software to generate transaction reports.

records, not regional offices. Instead, regional offices are only responsible for monitoring the amount of fuel purchases made by each facility.

The Inspector General conducted site visits of nine OPRHP facilities which operate fuel pumps. Four of the sites employ electronic Gasboy pumps, while the other five employ manual Gasboy systems. The Inspector General found that procedures for obtaining fuel varied significantly among the facilities.

Of the four locations utilizing electronic Gasboy pumps, two employ a similar process for obtaining fuel: cards issued to staff are needed to access the pumps. Once inserted, the vehicle number and odometer reading must be input. At the other two facilities employing electronic systems, cards are also needed to initiate fueling, but are vehicle-specific, not employee-specific. A PIN and odometer reading must also be input.

The Inspector General also conducted site visits at five locations utilizing manual pumps. All five facilities maintain padlocks on the pumps, and four of the five keep the electric power off at all times.¹⁸ However, the issuance of padlock keys varied among the locations: one facility issues keys to two maintenance staff, the site director and park police; another facility allows eight staff members access to a locked cabinet in the park office which houses the keys to the padlock and to the maintenance building to turn on the power to the pumps; a third facility requires two keys – one for the padlock and another for the maintenance building to turn on the power for the pumps – which are kept in the maintenance building, in addition to the park manager and assistant park manager having keys; another facility provides keys to nine staff members to access the maintenance building to turn on the power for the pumps and for the padlock; and the last facility provides five staff members keys to the padlock and to the maintenance building to access the power for the pumps.

Overall, only three of the facilities limit how much fuel can be obtained at one time. In addition, three facilities reported that fuel is available 24 hours, seven days a week, although, at all facilities, park police may access the pumps whenever needed, regardless of the time of day and, accordingly, are all issued keys and/or gas cards for the facility pumps.

Moreover, all facilities noted that they conduct some kind of review of fuel transactions, but were vague as to the extent of these examinations. When the Inspector General queried OPRHP central office officials about the apparently limited nature of these reviews, they posited that facility managers know who is obtaining fuel because keys and cards are provided to only a small number of staff.

¹⁸ In addition, all five require staff to complete a log and include such information as date, odometer reading and gallons received.

Division of State Police

The Division of State Police currently operates seven manual Gasboy fueling facilities across the state. During 2010, over \$900,000 was expended at these facilities. Unlike other entities which encourage use of facility pumps, the State Police advocate using commercial fueling stations to enhance accountability as the Voyager gas credit cards are employee-specific. In addition, officials noted that the facility pumps are outdated and upgrades would require funds the State Police currently lack.

The State Police recently commenced using Fleet Wave, a computerized fleet management system which tracks vehicle usage at both facility pumps and commercial pumps. Since the seven facilities utilize manual Gasboy systems, fuel transactions at these locations are manually inputted into the Fleet Wave system. However, as noted, the State Police lack the ability to electronically track individuals obtaining fuel at the facilities. To make such a determination, review of the manual log maintained at the facility or the vehicle usage sheet maintained with the vehicle would be required.

State Police headquarters officials explained that all pumps require a key to unlock the pump. Each facility maintains a log including such information as the date, vehicle number, odometer reading and gallons received. An individual at the barracks is responsible for inputting all transactions into the Fleet Wave system. The system, in turn, automatically checks for mileage issues and/or anomalies.

The Inspector General conducted three site visits. Contrary to headquarters officials' assertions, the Inspector General found that none of the three pumps was locked, and electrical power to the pumps remained on all day. Pumps are available 24 hours at the facilities and because the system is manual, no limit exists as to the amount of fuel able to be obtained at one time. Moreover, none of the three facilities is secured.

Differences also exist among the three facilities regarding frequency of fuel transaction reviews: one facility reviews the transactions during every shift; another conducts daily reviews; while the third conducts weekly reviews. In addition, headquarters officials reported that they also review fuel transactions.

New York State Office of General Services

The New York State Office of General Services (OGS) maintains two electronic Gasboy fuel facilities; one in Long Island, the other in Albany. In 2010, almost \$700,000 was spent at the two facilities.¹⁹ Both sites are unstaffed and the pumps remain unlocked at all times. Fuel is accessible using the OGS-issued fueling credit card.

Site visits were conducted at both facilities. The Inspector General found that in order to obtain fuel at either location, state employees must insert the OGS-issued fueling card and then enter an odometer reading. However, entering an incorrect odometer

¹⁹ The amount includes all purchases, from both OGS and non-OGS employees, using OGS-issued credit cards at the two facility pumps.

reading will not prevent fueling. The Albany location, but not the Long Island site, requires individuals to input a state entity code. As no PIN is required at either location, the identity of the employee obtaining fuel is not recorded.

Each state entity obtaining fuel from one of the two OGS fueling facilities is sent monthly invoices to reimburse OGS for the usage, and to enable review of that entity's own review of its fuel purchases. With regard to fuel obtained by OGS staff, OGS officials stated that reviews of such transactions are not conducted centrally by OGS's fleet management unit because that unit does not maintain files of fuel receipts for the vehicles. Instead, each division within OGS maintains its own monthly mileage reports and receipts, and each division is responsible for reviewing its fuel transaction reports.

Beyond any other state entity investigated, OGS's fuel dispensing arrangement – unlocked pumps at unstaffed sites with no requirement that a PIN be input to obtain fuel – is ripe for abuse.

New York Power Authority

The New York Power Authority operates five fueling facilities across the state and expended over \$550,000 on fuel at these facilities for 2010. All sites are equipped with electronic pumps provided by the Fuelmaster Fuel Management System, and utilize the same process for fueling vehicles. Staff is required to insert a vehicle key, followed by an employee PIN and odometer reading. Because all five facilities use the same type of pumps, the Power Authority has centralized procedures for obtaining fuel. The Power Authority administers a centralized database in which fuel transactions are maintained and its fleet management unit reviews fuel transaction reports which indicate all transactions and include all “exceptions,” such as anomalies concerning an odometer reading or an employee identification number entered into the system.

The Inspector General conducted visits at two Power Authority fueling sites. Both facilities visited operate similarly. Both were secured with access limited – employees of entities other than the Power Authority cannot gain access to the facilities or obtain fuel at them.

Olympic Regional Development Authority

The Olympic Regional Development Authority (ORDA) operates four fueling facilities, expending in total more than \$350,000 in 2010. In addition, ORDA issues ExxonMobil gas cards for its vehicles on an as-needed basis. Although all facilities utilize an electronic Gasboy system, ORDA lacks centralized written policies for obtaining fuel at facility pumps, and as such, different processes have been established at each location. Reviews are conducted at the facility level, but not at the central office.

The Inspector General visited three of the four fueling sites and found significant differences in the processes for obtaining fuel. At one facility, a vehicle key and employee key are required to obtain fuel. After inserting both keys, staff is required to

input a PIN. At the second location visited, keys are not assigned to vehicles and/or employees; rather, entity supervisors maintain the key and provide them to staff when needed. After inserting the key, the employee inputs an entity code; no PIN is required. The third facility, while equipped with an electronic Gasboy system, maintains it as though it were a manual system and uses no keys at all because, according to facility officials, the electronic system has not worked properly in the past. Currently, to obtain fuel at this location, supervisors activate/unlock the pump from inside a building and transactions are then recorded manually in a logbook.

Reviews of fuel transactions also differed among the three locations: two of the facilities reported conducting weekly reviews, while the other facility reported conducting monthly reviews.

New York State Department of Agriculture and Markets

The New York State Department of Agriculture and Markets operates one manual Fill-Rite fuel pump, located in Syracuse. Entity employees assigned to other offices are provided commercial fueling credit cards. During 2010, the Syracuse facility expended approximately \$147,000 on fuel.

When the Inspector General commenced evaluation of Agriculture and Markets fuel usage and controls, the pump located at the Syracuse facility remained unlocked during the day. Entity officials explained that the pump was within view of the facility's maintenance administrators. Although the entity had promulgated no written policy or procedure for fuel usage, the Inspector General determined that logs were maintained that included information such as the date, name, vehicle, number of gallons pumped and odometer reading for each fuel disbursement. During the course of the Inspector General's review, the entity reviewed its fuel usage process and strengthened controls. A subsequent site visit revealed a newly instituted written policy for fuel usage, a newly installed lock on the pump, and power to the pump turned off when not in use. Employees requiring fuel must now locate one of three staff members entrusted with the key to the pump and access to turn on the power. Logs of all transactions are still maintained. Further, entity officials noted that they plan to install a surveillance camera trained on the pump.

The Inspector General notes the significant improvements made by Agriculture and Markets in fuel usage controls. Nevertheless, the same individuals who maintain the keys to the pump also perform limited reviews of individual fuel transactions.

New York State Bridge Authority

The New York State Bridge Authority mandates that fuel for its vehicles may only be obtained at Bridge Authority facilities. The Bridge Authority operates fuel pumps at all five of its bridges and utilizes electronic Gasboy fueling pumps installed in 2000. The Bridge Authority expended approximately \$140,000 on fuel dispensed from its facility pumps in 2010.

Fueling at Bridge Authority locations requires the insertion of a vehicle key, followed by the inputting of an employee PIN. Although previously required, the Bridge Authority eliminated the necessity of entering an odometer reading because, according to officials, if an employee mistakenly entered the incorrect mileage, the system would lock, thus preventing the pumping of fuel. Officials reported this situation could cause a serious problem if, for instance, an employee was plowing roads during a snowstorm and in need of additional fuel, but inadvertently entered an incorrect mileage when no supervisor was available to reset the pumps.

The Bridge Authority has implemented entity-wide policy for obtaining fuel and maintains a centralized database of all fuel transactions. The bridge manager at each facility, however, is responsible for reviewing fuel transactions. Reports generated and reviewed by the facilities include “error messages,” which alert the manager if an incorrect pin number was entered or if the wrong fuel type was used.

The Inspector General conducted site visits at three of the Bridge Authority’s five fueling locations and found that although each employed the same fueling system, the facilities differed slightly as to how employees access the pumps. At two of the three facilities, the system operated as explained by Bridge Authority officials: the employee inserts a vehicle key and PIN number to obtain fuel. However, at the third facility, the Inspector General found that because the electronic system was not functioning properly, staff simply bypassed it. Instead, the bridge manager kept a padlock on the pump for which only a small number of employees were provided the key, and transactions were manually recorded on a spreadsheet. Moreover, while at certain facilities the fueling area is gated and employees use an access card to gain entry, other facilities include a gate which is locked after hours and obtaining fuel is limited to the workday. Regardless, personal vehicles are not permitted in the fueling area.

Bridge Authority officials stated that the system at one facility which the Inspector General observed to be broken and bypassed was repaired the day following the site visit. Entity officials further explained that the Bridge Authority currently is developing a Request for Proposal for the purchase of a new fueling system later this year.

New York State Office for People With Developmental Disabilities (previously Office of Mental Retardation and Developmental Disabilities)

The New York State Office for People With Developmental Disabilities (OPWDD) maintains eight fueling facilities equipped with different fueling systems: four employ electronic Gasboy pumps; two employ manual Gasboy pumps; one uses an electronic Fuelmaster pump; and one operates a manual Highland Tank & Manufacturing Co. pump. In 2010, the entity expended about \$96,000 in fuel at these facilities. OPWDD also assigns an ExxonMobil credit card to all entity vehicles, although the Inspector General found that the card is not kept in the vehicle at all facilities.

OPWDD lacks centralized controls, policies and oversight over fuel usage. Instead, processes are established at the facility level. As such, differences exist among the facilities. The Inspector General conducted site visits at three facilities and noted varying requirements for obtaining fuel. To obtain fuel at the electronic Gasboy site visited, employees insert a vehicle key and input an odometer reading. No PIN identifying the staff member is required. At this location, fuel is available 24 hours a day, seven days a week, and limits are imposed on how much fuel can be obtained at one fueling. At the manual Gasboy facility, a locked fence surrounds the pumps, and the pump itself is locked. Only maintenance staff has access to the key, and employees requiring gas must have a maintenance staff member perform the actual fueling. Because the system is manual, no limits are set as to the amount of fuel obtained at one time. In addition, the facility maintains a log of the vehicle number, odometer reading and number of gallons pumped. Because fueling is only available during the workday, the facility shuts off power to the pumps after hours. The facility equipped with an electronic Fuelmaster system requires a staff member to input the vehicle identification number and a PIN; the amount of fuel is limited; and the power is shut off after hours.

The Inspector General also found that a lack of consistency among facilities exists with regard to reviews of fuel transaction records: one location conducts reviews of fuel transactions weekly, another monthly and the other facility conducts no reviews at all. Given the lack of any centralized review, facility-level review is crucially important.

New York State Office of Children and Family Services

The New York State Office of Children and Family Services (OCFS) operates 12 fuel facilities throughout the state equipped with Gasboy manual pumps. In 2010, the entity dispensed a total of approximately \$50,000 in gasoline. OCFS assigns ExxonMobil credit cards to all entity vehicles. The entity's statewide vehicle use policy includes controls over facility fuel pumps. However, OCFS maintains no central database or central review of fuel transactions; rather, each facility is responsible for monitoring its fuel use.

The Inspector General conducted site visits at three of the 12 locations and found that all three utilize padlocks on the pumps; all three pumps are only available during the workday; and because the pumps are manual, no limit is imposed as to how much fuel can be obtained at one time. However, significant differences existed among the three. For instance, at one facility, only maintenance staff has access to the padlock key, and each day a maintenance employee is responsible for the key, dispensing fuel, and completing a log which includes the date, vehicle, and number of gallons. At another facility, the pumps are located within a gated area to which 18 different staff members possess the key to access fuel. A similar log is maintained. The third facility utilizes a similar handwritten log. However, at this facility, seven maintenance staff members are provided the key to the padlock, with one additional key maintained by the control center (visitor's desk). According to facility officials, one maintenance staff member is tasked with inspecting the facility each morning and fueling vehicles as necessary. In contrast to

the other two facilities, this facility forbids personal vehicles in the fenced area where the pumps are maintained.

Oversight also differs among the facilities. OCFS lacks any centralized review of fuel transactions and only two of the three facilities reported conducting reviews of fuel transactions.

New York State Department of Health

The New York State Department of Health (DOH) operates one facility equipped with an electronic Gasboy pump. The entity also had a manual Gasboy pump, which closed during 2010, but was in operation during the site visits. During 2010, DOH expended about \$19,000 on fuel through state entity operated fuel pumps.

The Inspector General conducted site visits at both locations. To obtain fuel from the manual system, an employee must unlock a garage door next to the pump and then use a second key to turn on electrical power to the pump. Both keys are locked in an office, which is accessible with a swipe card. After fueling, staff must complete a log documenting the date, vehicle number, and gallons pumped. At the facility utilizing electronic fuel pumps, the pumps are located in an area secured by a locked gate. In addition to the key to the gate, a vehicle key is required to access the pump. The grounds manager maintains all vehicle keys and a key to the gate. When not in use, the vehicle keys are maintained in a locked box in the ground manager's office, only accessible with an access card.

At both facilities, fuel is only accessible during the workday. Neither facility limits how much fuel can be obtained at one time, but individual fuel transactions are reviewed at the facility level. However, the same employees who pump fuel also conduct the reviews.

VI. ESTIMATED COSTS TO UPGRADE DISPENSING SYSTEMS

The Inspector General evaluated the potential cost of implementing an electronic dispensing system which would allow the administrators to (i) link usage to the responsible party; and (ii) spot unusual fueling patterns. Specifically, the enhanced system should, at the minimum, register information on (i) vehicle identification number, (ii) employee PIN, (iii) odometer reading, and (iv) number of gallons dispensed. Implementing such a system could help in identifying and deterring potential fuel theft and abuse. The vehicle and employee identification requirement would make the responsible individuals accountable for the quantity of fuel dispensed. The number of gallons dispensed and the odometer reading would capture information on fuel usage and efficiency, and unusual fuel efficiency readings could provide a possible warning signal of fuel theft and abuse. Mileage information could also be useful to more generally monitor vehicle usage and potential abuse by different individuals.

The net benefits from upgrading to the electronic dispensing system described above will depend on the costs of the upgrade as well as the potential value of the fuel at risk of theft and abuse absent the upgraded system. The larger the volume of the fuel that is vulnerable to theft and abuse, and the greater the number of drivers covered by the dispensing control and monitoring system, the higher the potential benefit per dollar invested to upgrade the current system.

A. 2010 Fuel Expenses and Vehicle Fleet Sizes

In 2010, total annual fuel expenses among the entities reviewed ranged from about \$116,000 to more than \$12 million and entity fleets ranged in size from 75 to nearly 3,500 vehicles;. As reflected in Table 1 below, disparity exists in the average per gallon fuel costs. Surprisingly, only eight of the 12 entities reviewed are able to provide information on average costs per gallon of fuel purchased at entity fueling stations, and only six of the 12 are informed on how much they spent per gallon on average through commercial fueling credit cards.²⁰

Table 1: Fuel Expenses and Number of Vehicles in 2010

| Public Entity | 2010 Annual Fuel Expenses | | | Number of Vehicles Total | Average Fuel Cost Per Gallon* | |
|-----------------------|---------------------------|---------------------|---------------|-----------------------------|-------------------------------|---------------------|
| | Agency Pumps | Fueling Credit Card | Total | | Agency Fueling Station | Fueling Credit Card |
| Agriculture & Markets | \$ 147,137 | \$ 218,493 | \$ 365,630 | 251 | \$ 2.31 | \$ 2.33 |
| Bridge Authority | \$ 143,734 | \$ 493 | \$ 144,227 | 82 | \$2.08/\$2.33 | \$ - |
| DOCS | \$ 3,862,103 | \$ 284,042 | \$ 4,146,145 | 2,760 | \$ 2.03 | \$ - |
| DOH | \$ 19,050 | \$ 97,597 | \$ 116,647 | 173 | \$2.12/\$2.01 | \$ 2.71 |
| OCFS | \$ 51,350 | \$ 300,383 | \$ 351,733 | 402 | \$ - | \$ - |
| OGS | \$ 694,732 | \$ 146,883 | \$ 841,615 | 346 | \$ - | \$ - |
| OPRHP | \$ 2,570,499 | \$ 100,621 | \$ 2,671,120 | 1,389 | \$ - | \$ - |
| OPWDD | \$ 96,534 | \$ 4,243,836 | \$ 4,340,370 | 3,532 | \$ - | \$ 2.36 |
| ORDA | \$ 354,123 | \$ 2,453 | \$ 356,576 | 75 | \$ 2.60 | \$ - |
| NYPA | \$ 555,652 | \$ 275,393 | \$ 831,045 | 673 | \$2.28/2.81 | \$2.36/\$2.52 |
| State Police | \$ 942,540 | \$ 11,384,291 | \$ 12,326,832 | 3,496 | \$ 2.38 | \$ 2.41 |
| Thruway | \$ 6,641,100 | \$ 5,155 | \$ 6,646,255 | 1,884 | \$ 2.44 | \$ 2.93 |

* For Bridge Authority and NYPA, the different costs are for unleaded and diesel fuel, respectively. For DOH, the different costs are for the different pump locations.

B. Dispensing System at Agency Pumps

With respect to pumps controlled by the state entities, data collected by the Inspector General indicate that three entities already have installed the particular electronic fuel dispensing control system described above, while nine could consider upgrading their current system.

²⁰ Entities should take note of the discrepancies in the costs per gallon paid as shown in Table 1 and to further understand the reasons for these to ensure that they are paying a competitive price for fuel.

Depending on the entity’s annual fuel expenses at the entity pump and the number of facilities that could upgrade their systems, the likely net benefit of an upgrade varies widely across the nine entities. The estimated cost of an upgrade ranges from \$11,000 to over \$1 million, while the total 2010 annual fuel expenses at entity pumps range from \$19,000 to over \$3.8 million per entity. Thus, for some entities, the estimated cost is only about 3 percent of the total fuel dispensed at its entity pump over a one-year period, while the estimated cost for a different entity could be more than double the value of the total fuel dispensed at its entity pump over a one-year period. (See Table 2 below).²¹

Table 2: Dispensing System at Agency Pumps

| Public Entity | Number of Pumps | | | | Estimated Cost |
|-----------------------|-----------------|------------------|--|---|--|
| | Manual Pumps | Electronic Pumps | Proposed Electronic Fuel Dispensing Control System Already Installed | Proposed Electronic Fuel Dispensing Control System Not In Place | Proposed Electronic Fuel Dispensing Control System |
| Agriculture & Markets | 1 | 0 | 0 | 1 | \$ 11,000 |
| Bridge Authority | 0 | 5 | 5 | 0 | \$ - |
| DOCS | 4 | 52 | 12 | 44 | \$ 484,000 |
| DOH | 0 | 1 | 0 | 1 | \$ 11,000 |
| OCFS | 12 | 0 | 0 | 12 | \$ 132,000 |
| OGS | 0 | 2 | 0 | 2 | \$ 22,000 |
| OPRHP | 110 | 14 | 14 | 110 | \$ 1,210,000 |
| OPWDD | 3 | 5 | 2 | 6 | \$ 66,000 |
| ORDA | 0 | 4 | 0 | 4 | \$ 44,000 |
| NYPA | 0 | 5 | 5 | 0 | \$ - |
| State Police | 7 | 0 | 0 | 7 | \$ 77,000 |
| Thruway | 0 | 44 | 44 | 0 | \$ - |

C. Fuel Dispensing Controls at Entities Using Commercial and OGS Credit Cards

With respect to commercial credit cards, four of the 12 entities (OCFS, OPWDD, NYPA and State Police) utilize a fuel dispensing control system which keeps track of (i) vehicle identification number, (ii) employee PIN, (iii) odometer reading, and (iv) number of gallons dispensed at the time of dispensing fuel. Another five entities (Agriculture and Markets, DOCS, DOH, OGS, and OPRHP) keep track of information on items (i) to (iv) for most but not all of their fuel card holders. These entities already have the necessary

²¹ The cost estimated in this report only includes the likely cost to upgrade fuel pumps at facilities. Additional potential costs to implement and administer the proposed system, such as the expense of purchasing a computer at a facility which currently does not have one on site, are not included in this estimate. DEC, DOT, OMH, and SUNY were not included in Table 1 as noted in footnote 8 above. Neither DEC nor DOT requires employee PIN. For SUNY, information required varies depending on location. For the one facility which OMH reviewed, the facility use an manual, non-electronic, system which keep tracks of information on items (i) to (iv).

control systems in place and could standardize their control requirements for all their card holders at no cost. For the remaining three entities, the Thruway Authority could keep its current card providers and still increase the robustness of fuel dispensing controls by requiring tracking of all of the items (i) to (iv) when dispensing fuel at no additional cost. The remaining two entities (Bridge Authority and ORDA) currently use a card provider which does not use an electronic system to keep track of information such as odometer readings. There should be no start-up or monthly maintenance costs for these two entities to switch to a provider with an electronic system that would track items (i) to (iv) for each fuel transaction. (See Table 3 below.)²²

Table 3: Fuel Dispensing Control Systems at Public Entities Using Commercial Fueling Credit Cards

| Public Entity | Types of Commercial Credit Cards | Number of Commercial Credit Cards | | |
|-----------------------|--------------------------------------|-----------------------------------|--|---|
| | | Total | Required Personal PIN & Odometer Reading | Required Personal PIN but No Odometer Reading |
| Agriculture & Markets | Exxon Mobil-Wright Express Fleet | 209 | 166 | 43 |
| Bridge Authority | Exxon Mobil-Citibank Business | 7 | 0 | 0 |
| DOCS | Exxon Mobil-Wright Express Fleet | 1,194 | 1,168 | 26 |
| DOH | Exxon Mobil-Wright Express Fleet | 176 | 174 | 2 |
| OCFS | Exxon Mobil-Wright Express Fleet | 379 | 379 | 0 |
| OGS | Exxon Mobil-Wright Express Fleet | 327 | 326 | 1 |
| OPRHP | Exxon Mobil-Wright Express Fleet | 207 | 205 | 2 |
| OPWDD | Exxon Mobil-Wright Express Universal | 3,796 | 3,796 | 0 |
| ORDA | Exxon Mobil-Citibank Business | 14 | 0 | 0 |
| NYPA | Wright Express | 224 | 224 | 0 |
| State Police | Voyager | 5,804 | 5,804 | 0 |
| Thruway | Exxon Mobil-Wright Express Fleet | 42 | 0 | 42 |

With respect to OGS-issued fueling credit cards, eight of the entities reviewed assign OGS-issued fueling credit cards to their employees.²³ As discussed in the previous section, these credit cards can be used to obtain fuel at OGS fuel pump facilities located in Long Island and Albany. In addition, entities can use the credit cards at any of the more than 200 fuel pumps at DEC and DOT facilities throughout the state. The cost

²² There would be no start-up or monthly maintenance costs for these two entities to switch to the Exxon Mobil-Wright Express Fleet or Exxon Mobil-Wright Express Universal card. However, the different card providers offer different levels and types of discounts on fuel purchases.

²³ DEC, DOT, OMH, and SUNY were not included in the Table 2 as noted in footnote 8 above. Neither DEC nor DOT requires employee PIN. For SUNY, information required varies depending on location. OMH keep tracks of information on items (i) to (iv).

of upgrading to an electronic system that would keep track of items (i) to (iv) for each fuel transaction through OGS-issued fueling credit cards will depend on the number of facilities that would need to be upgraded among DEC, DOT, and OGS.²⁴

VII. RECOMMENDATIONS

The Inspector General found significant deficiencies and inconsistencies in the controls for dispensing of fuel among the 12 state entities reviewed. The current system of controls at various entities does not allow the entities to (i) link usage to the responsible parties; or (ii) spot unusual fueling patterns which could serve as warning signs for theft and abuse. As prior investigations have revealed, without proper controls, fuel theft may be significant.²⁵ The potential burden is magnified by the severe fiscal crisis confronting the state and rising fuel prices. To this end, the Inspector General proposes wider use of systems designed to enhance personal accountability and more easily detect potential theft and abuse.

In particular, as set forth in more detail below, the Inspector General recommends that state entities that have not yet done so, should consider the following measures:

- Installing enhanced fuel dispensing control systems to better monitor fuel usage patterns and hold individuals accountable for their use of fuel. The enhanced system would link each transaction to an individual and keep track of mileage per gallon for each transaction.
- Upgrading, at no additional cost, to fuel dispensing controls that link personal identity with fuel efficiency information in cases of purchases with commercial fueling credit cards.
- Putting in place stronger standards at each agency or authority which would include analyzing fuel usage for each vehicle or piece of equipment.

Furthermore, the Inspector General advises OGS, together with DEC and DOT, to review and strengthen fuel dispensing controls for use of OGS-issued fueling credit cards. The Inspector General will follow up with individual entities to address the recommendations proposed in this report.

²⁴ Costs are not estimated for DEC and DOT because data were not collected from these entities. DEC and DOT were not included in the review as noted in footnote 8 above.

²⁵ Based on surveillance and the defendant's admissions (detailed in a May 8, 2009 investigation report on a DOT highway maintenance supervisor, issued by the Inspector General), the defendant stole 84.1 gallons from September 4 to September 23, 2008, of the 201.5 gallons of fuel that were dispensed from the pump during that time period.

A. Migrate Towards an Enhanced Fuel Dispensing Control System at Entity Pumps

With respect to fuel dispensing controls, the Inspector General recommends that entities reviewed, which have not yet done so and to the extent feasible and affordable, consider enhancements to controls over the dispensing of fuel at entity fuel pumps.²⁶ In particular, the Inspector General proposes that state entities migrate toward an electronic control system that links personal identification number with fuel efficiency information. The electronic control system should require the following information to be recorded for each transaction:

- i. vehicle identification;
- ii. employee PIN;
- iii. odometer reading; and
- iv. number of gallons dispensed.

Such a system in place could help identify and deter potential fuel theft and abuse by allowing better monitoring of fuel usage while also holding individuals accountable. This will enable individuals to be directly linked to any unusual fuel efficiency and usage patterns that could provide possible warning signals of fuel theft and abuse.

The Inspector General is mindful of the cost associated with the improvements proposed, and the required costs will be larger for some entities than others. However, the Inspector General recommends that entities should, at a minimum, move towards such a system as old equipment is replaced. At the start of equipment replacement cycles, entities should install systems to track information on vehicle and employee identification numbers, odometer readings, and number of gallons dispensed.

In addition, for facilities with manual pumps, state entities should consider: (a) securing all manual pumps with locks; (b) limiting the number of staff entrusted with keys to pump padlocks; and (c) installing security cameras at the manual pump sites. These controls also could help in identifying and deterring potential fuel theft and abuse by generating greater personal accountability. Having fewer individuals with access to keys strengthens accountability by limiting the people responsible for potential theft and abuse. In addition, security cameras could identify those responsible for theft and abuse.

B. Upgrade Fuel Dispensing Controls for Purchases with Commercial Fueling Credit Cards at No Cost

With respect to purchases through commercial, non-OGS issued credit cards, the Inspector General recommends that the entities reviewed should consider upgrading their fuel dispensing controls by requiring all of the items described in the above section to be registered at the time of dispensing fuel.

²⁶ OPRHP indicates that it currently has the ability to use its equipment database to track fuel transactions. The State Police currently uses its fleet management databases (Chevin Fleetwave system) to track fuel transactions. However, as these databases are not directly linked to the pumps, information must be inputted manually into the database.

With this information, an individual could be linked to any instance of unusual fuel efficiency, which could indicate fuel theft or abuse. Except for the Bridge Authority and Olympic Regional Development Authority, such an upgrade would come with no additional initiation or monthly maintenance charges under their current card provider arrangement and thus could begin generating cost savings immediately.

The Bridge Authority and Olympic Regional Development Authority use a card provider which does not utilize an electronic system to keep track of information such as odometer readings. These two authorities would have to switch to a different provider that offers an electronic system that would keep track of items (i) to (iv) for each fuel purchase. As previously discussed, this switch to new card providers should not involve any initiation or monthly maintenance charges. Although the new providers may offer a different structure of discounts on fuel purchase, this switch could be an important step towards detecting and deterring potential fuel theft and abuse, thereby recouping any expenses incurred in changing credit card providers.

C. Implement Systematic Monitoring Protocols and Standards

The Inspector General recommends that state entities implement stronger standards to include analyzing fuel usage for each vehicle or piece of equipment. The analysis should include, but not be limited to, miles per gallon. Unusual fuel efficiency statistics often are a warning sign of theft or abuse. For instance, unusually low recorded miles per gallon could help identify an instance where not all the fuel dispensed in a transaction was actually used in the assigned vehicle. Potentially unusual miles per gallon statistics include those that deviate from:

- the manufacturers' suggested fuel efficiency for the particular vehicle;
- the vehicle's own historical mpg pattern;
- the mpg from vehicles used for similar work functions across facilities, taking into account the vehicle model and other factors such as variation in typical driving speeds.

It is also essential for facilities and central offices to collaborate in conducting record reviews. The reason is that, on one hand, the reported odometer reading should be spot-checked against the actual odometer reading the vehicle, and vehicles are generally parked at the facilities. On the other hand, a centralized review could increase monitoring speed and efficiency while also allowing comparison of mileage and other patterns across facilities and work functions.

D. Review and Strengthen Fuel Dispensing Controls for Using OGS-issued Fueling Credit Cards

The Inspector General further found that controls regarding the OGS-issued fueling credit card could be strengthened. Given the widespread use of these cards, the Inspector General concludes that optimizing accountability for their usage should be a

priority. Approximately, 19,000 state employees currently dispense fuel through OGS-issued fueling credit cards.

As discussed in the previous section, OGS-issued fueling credit cards can be used to obtain fuel at OGS, DEC and DOT fuel pump facilities throughout the state. The Inspector General recommends that OGS work with DEC and DOT to conduct a review comparing the controls and monitoring systems for dispensing fuel across the hundreds of fuel pumps among the three entities. The review should include, but not be limited to, an evaluation of whether DEC and/or DOT could reduce taxpayer costs by migrating towards an electronic control system similar to the one proposed for OGS entity pumps.

VIII. CONCLUSION

While New York State spend tens of millions of dollars every year on fuel for vehicles and other motorized equipment, the Inspector General's review of 12 state agencies and authorities found that controls on state-operated fuel pumps are inadequate and policies on the use and distribution of gasoline credit cards are inconsistent. For example, at one state agency gasoline can be dispensed from unlocked pumps at unstaffed fueling sites with no identification needed. Other agencies do not review fuel transactions at all. In an egregious instance, 42% of the fuel dispensed from one of an agency's pumps had been stolen. The lack of adequate controls is particularly troubling given the state's severe fiscal crisis and the rising cost of fuel.

The Inspector General recommends that agencies and authorities take steps to enhance personal accountability and allow more efficient detection of unusual fuel dispensing patterns that could provide warning signals of potential theft and abuse. The recommended improvements include upgrades to fuel-dispensing controls for purchases with commercial gasoline credit cards (at no additional cost to the state); enhanced monitoring of fuel usage by vehicle or piece of equipment; and new controls for the use of gasoline credit cards issued by the state Office of General Services.