

Wyoming Central School District

Professional Services

MARCH 2021



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

Contents

- Report Highlights 1**

- Professional Services 2**
 - How Should District Officials Procure Professional Services? 2
 - The District Did Not Use a Competitive Process to Procure Professional Services 2
 - District Officials Did Not Enter Into Written Agreements 3
 - What Do We Recommend? 3

- Appendix A – Response From District Officials 4**

- Appendix B – Audit Methodology and Standards 5**

- Appendix C – Resources and Services 7**

Report Highlights

Wyoming Central School District

Audit Objective

Determine whether Wyoming Central School District (District) officials used a competitive method to procure professional services and entered into written agreements with service providers.

Key Findings

District officials did not always use a competitive method to procure professional services or enter into written agreements with service providers.

- The District paid 11 professional service providers a total of \$189,000 without using requests for proposals (RFPs) as required by the District's procurement policy. The remaining three professional service providers were competitively sought.
- The District did not have written agreements with three professional service providers who were paid a total of \$50,000.

Key Recommendations

- Procure professional services in accordance with District policy.
- Ensure any deviations from the procurement policy for unique situations or extenuating circumstances are approved by the Board and documented in the minutes.
- Enter into written agreements establishing the services to be provided and the basis for compensation.

District officials agreed with our recommendations and indicated they are implementing corrective action.

Background

The District serves the Town of Bethany in Genesee County and the Towns of Attica, Covington, Middlebury, Perry and Warsaw in Wyoming County.

The District is governed by a seven-member Board of Education (Board). The Board has overall responsibility for financial and educational affairs. The Superintendent of Schools (Superintendent) is the District's chief executive officer and is responsible, along with other administrative staff, for day-to-day operations and management under the Board's direction.

The Superintendent is the Board-designated purchasing agent responsible for approving all purchases and ensuring they are made in accordance with District policies, regulations and applicable laws.

Quick Facts

| | |
|--|---------------|
| 2019-20 General Fund Expenditures | \$4.5 million |
| 14 Professional Service Contracts | \$322,000 |
| Enrollment | 123 |

Audit Period

July 1, 2019 – September 25, 2020

Professional Services

How Should District Officials Procure Professional Services?

Professional services are generally those services that require specialized skills, training, professional judgment, expertise, and creativity such as architects, attorneys and engineers. Local governments and school districts must adopt written policies and procedures for the procurement of goods and services, such as professional services, that are not subject to competitive bidding requirements. These policies should include some type of competitive method, such as an RFP, to obtain these services with the most favorable terms and conditions. An RFP generally is a document that provides detailed information concerning the type of service to be provided including minimum requirements and, where applicable, the evaluation criteria that will govern the contract award. Proposals can be solicited via public advertisement, or a comprehensive list of potential vendors can be compiled with vendors contacted directly and provided with the RFP. Any deviations from the procurement policy for unique situations or extenuating circumstances should be approved by the board and documented in the minutes.

The significant dollar amounts and complexities of professional service contracts increase the need to obtain quality services at competitive prices and to enter into written contracts with professionals to establish the services to be provided and the basis for compensation.

The District Did Not Use a Competitive Process to Procure Professional Services

The Board adopted procurement policy¹ requires the use of RFPs for acquiring professional services.

The District made payments totaling approximately \$322,000 to 14 service providers during the audit period, but did not use an RFP process or other competitive method to procure the services of 11 providers who were compensated a combined total of approximately \$189,000. These included five providers of specialized mechanical services (\$81,400), three providers of specialized therapy services (\$55,700), two providers of special education consulting (\$46,500) and one provider of professional staff development services (\$5,500).

The Superintendent did not ensure that professional services were procured in accordance with District policy. The District Treasurer and Superintendent told us that the RFP process was not used in several cases because the professional service providers were the only known providers for that service or because the amount to be spent on the service annually was not enough to justify the time required to complete the RFP process. However, the District's policy does

The District ... did not use an RFP process or other competitive method to procure the services of 11 providers who were compensated a combined total of \$189,000.

¹ District Policy 5411

not provide an exception to the requirement for using an RFP process and officials did not document their process of evaluating, selecting and awarding professional service contracts or obtain Board authorization to deviate from policy requirements.

When competitive methods are not used to procure professional services, there could be an increased risk of overpaying for those services and the appearance of favoritism or impropriety.

District Officials Did Not Enter Into Written Agreements

The District did not have a written agreement with three service providers who were compensated a combined total of \$50,000. For example, one of the three providers was compensated \$36,000 for the professional installation of security cameras and related service calls; however, the District and service provider had not entered into a written agreement detailing the costs for installation or ongoing service support. Had the District entered into such an agreement with the vendor prior to the cameras being installed, the District would have been able to determine the true costs of the installation and service support before the services were provided.

The District Treasurer told us and the Superintendent agreed that the District typically only obtains written agreements for professional educational and therapy services such as professional development, speech therapy, occupational therapy, physical therapy and psychological services, because of the significant dollar amounts typically paid to these types of service providers.

When written agreements are not in place, District officials may not be in a position to determine the true cost of services provided or effectively monitor service provider activities and ensure they are compensated as intended.

What Do We Recommend?

The Superintendent should:

1. Ensure professional services are procured in a competitive manner and in accordance with District policy.
2. Ensure any deviations from the procurement policy for unique situations or extenuating circumstances are approved by the Board and documented in the minutes.

The Board should:

3. Ensure written agreements are entered into establishing the services to be provided and the basis for compensation.

Appendix A: Response From District Officials

WYOMING CENTRAL SCHOOL DISTRICT *instilling...Wisdom, Commitment, Success*

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February 2, 2021

Jeffrey D. Mazula, Chief Examiner
Division of Local Government and School Accountability
Office of the State Comptroller
295 Main Street, Suite 1032
Buffalo, New York 14203-2510

Dear Mr. Mazula:

This letter is the initial response from the Wyoming Central School District (the “District”) to the draft Report of Examination of Professional Services (the “audit report”) for the period of July 1, 2019 through September 25, 2020, which was released to the District with a letter dated December 31, 2020.

We believe the draft audit report recommendations encouraging the District to procure professional services in accordance with District policy and to obtain Board approval for any deviations from such policy, as well as to ensure that the District enters into written agreements establishing the services to be provided and the basis for compensation, were appropriate and are consistent with changes which we have either already made or are planning to make in the near future.

Once the final audit report is issued, the District will follow-up with an analysis and specific responses in a Corrective Action Plan (CAP) within 90 days. The CAP will be filed with the Office of the State Comptroller and New York State Education Department. In addition, the CAP will be made available for public inspection.

The Board of Education and Administration are always eager to consider suggestions and ideas to improve the operations and policies of our District, especially in light of our strong commitment to protect both the fiscal health of the District. It has been and will continue to be a top priority of this District to maintain and improve upon our record of providing a strong education for our students in the most cost effective manner possible. The Board of Education and Administration are committed to ensuring that the District’s procurement operations are conducted with the highest level of integrity and that the interests of the District’s taxpayers are properly protected.

Sincerely,

Kathleen E. Schuessler
Superintendent of Schools

Appendix B: Audit Methodology and Standards

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. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We reviewed the Board's adopted written policies and procedures to determine whether they adequately addressed procuring goods and services that are not subject to competitive bidding requirements.
- We interviewed officials to gain an understanding of the District's procurement practices.
- We reviewed cash disbursement data for our audit period and identified 14 professional services providers by reviewing vendor files, interviewing District officials and reviewing Board minutes. We reviewed our identified population with District officials to determine whether all vendors were professional services providers.
- Using our professional judgment, we selected a sample of all payments to 11 of the 14 professional service providers for our audit period and reviewed the RFP documentation, if any, to determine if District officials sought competition for the services. For those services where the District did not seek competition, we made inquiries of officials to determine why competition was not sought.
- We determined whether the District compensated each provider as intended by comparing the compensation with the terms of the written agreement, if any, on file. We interviewed District officials to determine how compensation was determined for providers that the District did not enter into a written agreement with.

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.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-a (3)(c) of New York State Education

Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. 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. The CAP should be posted on the District's website for public review.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2018-12/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263196&issued=All

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/local-government/fiscal-monitoring

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

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263206&issued=All

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/local-government/resources/planning-resources

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2020-05/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263211&issued=All

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/local-government/academy

Contact

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