

Wynantskill Union Free School District

Purchasing

AUGUST 2022



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

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Report Highlights

Wynantskill Union Free School District

Audit Objective

Determine whether the Wynantskill Union Free School District (District) sought competition when purchasing goods and services that fell below the statutory bidding thresholds.

Key Findings

District officials could not always support competition was sought when purchasing goods and services that fell below the statutory bidding thresholds. Officials did not:

- Develop clear guidance in procedures to seek competition for purchasing goods and services that were not required to be competitively bid.
- Follow the District's purchasing policy for 25 purchases (83 percent) totaling \$53,883.
- Adequately document they sought competition for 17 purchases totaling \$27,231. Further, contract award and pricing information was lacking on seven purchases made through State contract vendors, and the District should have paid \$1,028 less for three purchases.

Key Recommendations

- Ensure procedures are updated to define clear expectations for procuring goods and services below bidding thresholds.
- Maintain adequate documentation to support that employees use competitive purchasing practices.

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

Background

The District serves the Towns of North Greenbush, Poestenkill and Brunswick in Rensselaer County and operates one school for students from pre-k through eighth grade.

The elected five-member Board of Education (Board) is responsible for the general management and control of the financial and educational affairs. The Superintendent of Schools (Superintendent) is the chief executive officer and is responsible, along with other administrative staff, for day-to-day management under the Board's direction.

The Superintendent is the Board-appointed purchasing agent responsible for approving all purchases and ensuring they are made in accordance with District policy, regulations and applicable laws. The Board-appointed claims auditor is responsible for determining that a claim, among other things, meets procurement policy requirements.

Quick Facts

July 1, 2020-February 28, 2022

General and Cafeteria Fund Purchases \$1.7 million

Purchases Reviewed \$60,358

2021-2022

Budgeted Appropriations \$10.1 million

Audit Period

July 1, 2020 – February 28, 2022

Purchasing

How Should Officials Purchase Goods and Services Not Subject to Competitive Bidding?

Districts are generally required to solicit competitive bids for purchase contracts that equal or aggregate to more than \$20,000 and public works contracts that equal or aggregate to \$35,000. Goods and services not required to be competitively bid must be procured in a manner which assures the prudent and economical use of public funds in the taxpayers' best interest.

A board is required to adopt and annually review written policies and procedures governing the procurement of goods and services not subject to competitive bidding. The policies and procedures should explain the procurement methods such as verbal and written quotes and when to use each method, require adequate documentation of actions taken with each method, identify circumstances when the defined methods will not be in the district's best interest, and require justification and documentation for any purchase contracts awarded to other than the lowest responsible bidder.

In lieu of soliciting competitive bids or obtaining quotes, a district can make purchases using contracts awarded by the New York State Office of General Services (State contracts). When using a State contract, the district should document the award and contract number and State contract pricing information. For all purchases exempt from soliciting competitive bids or obtaining quotes, such as purchases made during an emergency or from sole sources, the district should maintain documentation explaining the situation. Employees should maintain support of competition and exempt method information for the claims auditor to review.

Procurement Procedures Lacked Clear Guidance

While the District's purchasing regulations (procedures) establish the thresholds and method of documentation required for purchase contracts up to \$20,000, they do not define the number of verbal and written quotes required. Specifically, the procedures require verbal quotes for purchase contracts between \$100 and \$1,000 and public works contracts between \$1,000 and \$10,000, and written quotes for purchase contracts between \$1,000 and \$20,000 and public works contracts between \$10,000 and \$35,000. However, the procedures do not specify how many quotes are expected to be obtained in any circumstance, but they do suggest methods of documentation.

Without clear guidance, officials and employees may not understand what steps should be taken when acquiring goods and services not subject to competitive bidding. As a result, officials cannot assure taxpayers that procurements are made in an economical manner.

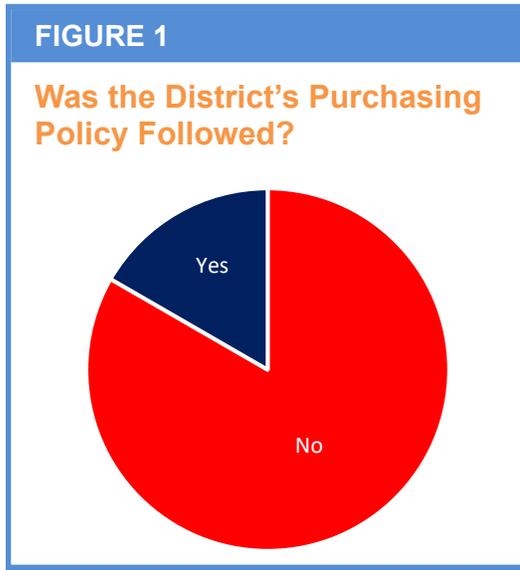
Purchases Lacked Competition

Of the 30 purchases reviewed totaling \$60,358,¹ 25 purchases (83 percent) totaling \$53,884 did not follow the District's purchasing policy (Figure 1) and could not support competition was sought. Specifically:

- 17 purchases totaling \$27,231 could not support verbal or written quotes. These purchases included, but were not limited to:

- Software subscriptions
- Envelopes
- Signs
- Medical Supplies
- Air Filters
- Furniture and
- Juice.

- Seven purchases totaling \$18,621 used State contracts and did not document the contract award number or did not obtain State contract pricing.
- One purchase totaling \$8,032 had evidence of competition but lacked documentation for not selecting the lowest bidder.



We were not able to confirm pricing for some State contract purchases because contracts used had expired and new pricing information was listed. However, the District paid \$1,028 more than State contract prices for three purchases because, without adequate documentation, the claims auditor and other officials were not aware that the purchases were on State contract and did not confirm pricing. For example, while the District purchased white boards from a State contract vendor, the District could have saved \$985, including \$619 in shipping charges, had State contract information been properly documented and the District ensured pricing was accurate.

While the Superintendent stated she reviews purchase requisitions to ensure purchases are for a proper District purpose, she does not verify employees sought competition when purchases are below bidding thresholds. Therefore, we took a \$4,368 purchase for a 65-inch touchscreen and looked for a comparable

¹ See Appendix B for details on sampling methodology.

item to determine whether seeking competition may have saved the District money. A comparable 65-inch touchscreen was \$2,393. As a result, had competition been sought, the District may have saved almost \$2,000 on this purchase.

In addition, the claims auditor also did not confirm competition was sought or question the lack of competition when reviewing claims. Because District officials cannot support competition was sought for purchases below bidding thresholds, they cannot be sure that goods and services were procured in the most prudent and economical manner in the taxpayers' best interest.

What Do We Recommend?

District officials should:

1. Update procedures to define clear expectations for procuring goods and services below bidding thresholds and distribute to appropriate employees and officials.
2. Require documentation of the competitive process be attached to each requisition before it is submitted for approval.
3. Maintain adequate documentation to support that employees use competitive purchasing practices when procuring goods and services below bidding thresholds.
4. Ensure the District obtains accurate prices when making purchases through State contract.

The purchasing agent should:

5. Ensure purchases are approved in accordance with District policy.

The claims auditor should:

6. Verify that competitive procedures were followed during the review of claims.

Appendix A: Response From District Officials

Wynantskill Union Free School District

25 East Avenue, Troy, New York 12180

Dr. Mary Yodis, Superintendent

Phone: (518)283-4600 x 251 Fax: (518)283-3684

To: [REDACTED]

NYS Office of the State Comptroller

Division of Local Government and School Accountability

One Broad Street Plaza

Glens Falls, NY 12801

Unit Name: NYS Office of the State Comptroller

Audit Report Title: Purchasing

Audit Report Number: 2022M-85

[REDACTED], from the NYS Comptroller's Office, conducted this performance audit on our school district for several months during the 2021-22 school year. As a new superintendent in the beginning of my second year, I was eager to work with her and learn how the district can strengthen its policies to help assure taxpayers that procurements are made in an economical manner.

[REDACTED] was extremely knowledgeable and helpful and worked tirelessly to review years of purchasing data for this audit. Most importantly, she took the time to explain every detail of her findings to show us enhanced or alternative practices that would strengthen all functions of the district.

During her audit, [REDACTED] discovered many issues within our transportation department's daily operations which did not comply with NYS laws, regulations, and the standards outlined in the generally accepted government auditing standards (GAGAS). These past practices placed the district at risk for the misuse of public funds. [REDACTED]

[REDACTED] spent countless hours making contacts, seeking advice, and providing guidance and oversight, as together, we created alternative practices and procedures that would undoubtedly strengthen our district for years to come. We are very grateful

for the way she went above and beyond a typical audit and we thank [REDACTED] for her hard work and dedication.

The Wynantskill UFSD superintendent, business office officials, and the board of education concur with the recommendations in this audit report. We will work diligently over the next few months to ensure that proper procedures and protocols are in place so that all district purchases, no matter how small, meet the requirements set forth by the NYS Comptroller's Office resulting in a fiscally responsible district at all times.

Below are the recommendations that were included in the audit report along with the corrective actions proposed.

Audit Recommendations:

District officials should:

- 1) Update procedures to define clear expectations for procuring goods and services below bidding thresholds and distribute to appropriate employees and officials.
- 2) Require documentation of the competitive process be attached to each requisition before it is submitted for approval.
- 3) Maintain adequate documentation to support that employees use competitive purchasing practices when procuring goods and services below bidding thresholds.
- 4) Ensure the District obtains accurate prices when making purchases through State contracts.

The purchasing agent should:

- 5) Ensure purchases are approved in accordance with District policy.

The claims auditor should:

- 6) Verify that competitive procedures were followed during the review of claims.

Implementation Plan of Action:

The Wynantskill UFSD will create and implement:

- 1) Update WUFSD's Purchasing Policy- The policy will define the number of verbal and/or written quotes required for each threshold amount.

-
- 2) Develop a Purchasing Procedure Checklist- This guidance will ensure that all employees understand what steps should be taken when acquiring all goods and services. This will require documentation of the competitive process to be attached to each requisition before it is submitted for approval.
 - 3) Update State Contracting Agreements to ensure the district is receiving the actual state contract prices.
 - 4) Superintendent approves purchases that are in accordance with district policy.
 - 5) The district's claims auditor must verify that competitive procedures were followed during the review of claims.

Implementation Date:

An updated purchasing policy will be presented to the BOE at their regularly scheduled meeting on September 15, 2022.

A purchasing procedure checklist will be created and distributed to all staff members for review by September 30th, 2022.

Updating state contracting agreements will commence in the month of August 2022.

Effective immediately, the superintendent will only approve purchases that are in accordance with the new set district policy.

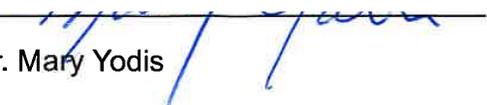
Effective immediately, our district claims auditor must verify that competitive procedures were followed during the review of claims.

Person Responsible for Implementation:

BOE will adopt the new purchasing policy on September 15, 2022.

The purchasing procedure checklist will be created by our treasurer and superintendent.

Updating state contracting agreements will be done by our purchasing agent.



Dr. Mary Yodis
Superintendent



August 9, 2022

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 District's policies to determine whether the Board adopted an adequate procurement policy with written procedures.
- We reviewed purchasing and claims documentation and interviewed the Superintendent, Treasurer and other employees to gain an understanding of the District's purchasing procedures for goods and services under bidding thresholds.
- From the 982 purchases totaling \$1.7 million made during our audit period that did not require competitive bidding, we used our professional judgment to select a sample of 30 general and cafeteria fund purchases based on dollar amount, description and vendor. We reviewed these purchases to determine whether there was evidence that goods and services were competitively purchased.

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/files/local-government/pdf/regional-directory.pdf

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

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

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

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/files/local-government/publications/pdf/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

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

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