

# Walden Fire District No. 2

## Purchasing

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DECEMBER 2017

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

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# Report Highlights

## Walden Fire District No. 2

### Audit Objective

Determine whether the Board ensured that goods and services were procured in accordance with the District's procurement policy (policy).

### Key Finding

- District officials did not obtain quotes in accordance with the policy during the audit period for 27 purchases totaling \$77,044.

### Key Recommendation

- Ensure that District officials involved in the purchasing process comply with the policy.

District officials generally agreed with our recommendations and plan to initiate corrective action.

### Background

The Walden Fire District No. 2 (District) is a district corporation of the State, distinct and separate from the Town of Cheektowaga in Erie County.

The District is governed by an elected Board of Fire Commissioners (Board) composed of five members. The Board is responsible for the District's overall financial management and safeguarding its resources.

The District has a decentralized purchasing process, with multiple officials responsible for obtaining quotes and making purchases.

The District's budget is funded primarily by real property taxes.

#### Quick Facts

<b>2017 Budgeted Appropriations</b>	\$501,784
<b>Number of Purchases Reviewed</b>	39
<b>Amount of Purchases Reviewed</b>	\$162,010

### Audit Period

January 1, 2016 – July 25, 2017

# Purchasing

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## **What is an Effective Procurement Policy?**

The Board is required to adopt written procurement policies and procedures governing all purchases of goods and services which are not subject to competitive bidding, in accordance with New York State General Municipal Law. An effective procurement policy ensures that District officials purchase goods and services of the desired quality and quantity at the lowest cost in the best interests of the residents.

The Board adopted a procurement policy in September 2008. This policy provides guidance on procurement methods for purchase and public works contracts not required to be competitively bid, including the identification of specific dollar thresholds for obtaining verbal or written quotes. Purchase contracts from \$1,000 to \$2,999 require two written quotes and purchases from \$3,000 to \$19,999 require three written quotes. Public works contracts from \$1,000 to \$2,999 require two written quotes and contracts from \$3,000 to \$34,999 require three written quotes.

The policy further requires that a good faith effort be made to obtain the required number of quotes. However, if the purchaser is unable to obtain the required number of quotes, the purchaser should document the number of attempts made to obtain quotes. The policy also requires that the purchaser document the action taken for each purchase.

## **District Officials Did Not Always Comply With the Policy**

District officials did not always obtain the necessary number of quotes as required by the policy. In addition, when quotes were not obtained, officials did not document the reason for the action taken.

We reviewed 39 purchases totaling \$162,010. While District officials complied with the policy for 12 purchases totaling \$84,966, officials did not seek multiple quotes for 27 purchases totaling \$77,044. For example, District officials spent a total of \$18,746 on vehicle repairs and maintenance from four different vendors during the audit period without obtaining the required quotes.

Officials did not document why they chose these vendors but told us that vendors were selected based on the proximity to the fire hall to reduce the time a vehicle is out-of-service. We also found that the required number of quotes were not obtained for other purchases, including heating, ventilation and air conditioning maintenance (\$9,610), uniform purchases (\$6,466), air or oxygen tank refills (\$5,333) and an upgraded surveillance system (\$4,415).

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The District could pay more than necessary if District officials do not obtain quotes as required by the policy.

### **What Do We Recommend?**

The Board should:

1. Revise the policy to clarify and update when quotes are required, the number of quotes to be obtained and any exceptions to the obtaining quote requirement such as when purchasing from a State or county contract.
2. Ensure that officials involved in the purchasing process comply with the policy.

# Appendix A: Response From District Officials

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## BOARD OF FIRE COMMISSIONERS WALDEN FIRE DISTRICT No. 2

20 PINE RIDGE ROAD  
CHEEKTOWAGA, NEW YORK 14211

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November 22, 2017

Buffalo Regional Office  
295 Main St. Suite 1032  
Buffalo, NY 14203-2510  
Re: 2017M-204

### Appendix A – Response from District Officials

In response to the Report of Examination 2017M-204, the Fire Commissioners of the Walden Fire District intend to make changes to the procurement policy which will give specific responsibilities to the Treasurer who will then ensure that all written quotes will be attached to a bid sheet proving that bids were obtained or attempted to be obtained. Verbal quotes will also be noted on the bid sheet. There will be allotted space on each bid sheet for comments and/or reasons why a minimum of three bids were not obtained. These bids sheets will be in generic form and will be given to the official or officer in charge of purchasing or retrieving quotes for the item(s) which the Board has agreed to purchase and/or plans to contract services with.

In response to the noted purchases where the Board did not comply with the existing policy, the Board is in agreement with the states findings, but this is due to the fact that the purchases may have been sole source items, specific to items or apparatus under warranty, and upgrade to an existing system previously purchased from a specific vendor, contractors who were familiar with operating equipment within the building or were contracted to perform maintenance on same or on the apparatus, were available 24 hours a day, or the item(s) were under state bid All of those purchases or contracts noted in the report were not properly documented by the Board as to why a specific vendor/contractor was chosen. We fully understand the states position and will most certainly make the necessary adjustments to comply with our policy.

Sincerely,

George G. Klein  
Chairman, Board of Fire Commissioners  
cc: file

PHONE: (716) 897-1176 FAX: (716) 897-1182

## Appendix B: Audit Methodology and Standards

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We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, we performed the following audit procedures:

- We reviewed Board minutes and interviewed District officials to gain an understanding of the procurement process.
- We reviewed the District's procurement policy.
- We reviewed 39 purchases totaling \$162,010 to determine if District officials obtained verbal or written quotes. We judgmentally selected purchase and public works contracts totaling \$1,000 or greater. Aggregate purchases of similar items totaling in excess of \$1,000 were included in this sample selection.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). 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. Pursuant to Section 181-b of New York State Town Law, a written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and forwarded to our office within 90 days. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year.

# Appendix C: Resources and Services

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## **Regional Office Directory**

[www.osc.state.ny.us/localgov/regional\\_directory.pdf](http://www.osc.state.ny.us/localgov/regional_directory.pdf)

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

[www.osc.state.ny.us/localgov/costsavings/index.htm](http://www.osc.state.ny.us/localgov/costsavings/index.htm)

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

[www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm](http://www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm)

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

[www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm](http://www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm)

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