



Questar III Board of Cooperative Educational Services Purchasing

Report of Examination

Period Covered:

July 1, 2014 – September 30, 2015

2015M-361



Thomas P. DiNapoli

Table of Contents

	Page
AUTHORITY LETTER	1
INTRODUCTION	2
Background	2
Objective	2
Scope and Methodology	2
Comments of BOCES Officials	3
PURCHASING	4
APPENDIX A Response From BOCES Officials	6
APPENDIX B Audit Methodology and Standards	8
APPENDIX C How to Obtain Additional Copies of the Report	9
APPENDIX D Local Regional Office Listing	10

State of New York Office of the State Comptroller

Division of Local Government and School Accountability

April 2016

Dear Board of Cooperative Educational Services (BOCES) Officials:

A top priority of the Office of the State Comptroller is to help BOCES officials manage BOCES resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support BOCES operations. The Comptroller oversees the fiscal affairs of BOCES statewide, as well as BOCES' compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving BOCES operations and Board of Education governance. Audits also can identify strategies to reduce BOCES costs and to strengthen controls intended to safeguard BOCES assets.

Following is a report of our audit of the Questar III BOCES, entitled Purchasing. This audit was conducted 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.

This audit's results are a resource for BOCES officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

The Questar III Board of Cooperative Educational Services (BOCES) is an association of 22 component school districts and one noncomponent district. The BOCES is governed by a 11-member Board of Education (Board) elected by the boards of the component districts.¹ The Board is responsible for the general management and control of the BOCES' financial and educational affairs.

The District Superintendent is the BOCES' chief executive officer and is responsible, along with other administrative staff, for the BOCES' day-to-day management and for regional educational planning and coordination. According to statute, a district superintendent is an employee of both the appointing BOCES and the New York State Education Department. As such, the District Superintendent also serves as a representative for the New York State Commissioner of Education. The BOCES purchasing agent supervises the BOCES' purchasing process.

Combined, the component districts educate more than 34,000 students in Columbia, Greene and Rensselaer counties. The BOCES delivers more than 280 educational and administrative services to its 23 school districts and employs approximately 550 staff members. The BOCES' budgeted appropriations for the 2015-16 fiscal year total \$70 million and are funded primarily by charges to the school districts for services and State and federal grants and aid.

Objective

The objective of our audit was to review the BOCES' purchasing procedures. Our audit addressed the following related question:

- Does the BOCES procure goods and services in accordance with its procurement policy and applicable statutes?

Scope and Methodology

We examined the BOCES' purchasing procedures during the period July 1, 2014 through September 30, 2015.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit is included in Appendix B of this report. 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.

¹ The Board currently has 10 members because there is one vacant position.

**Comments of BOCES
Officials**

The results of our audit have been discussed with BOCES officials, and their comments, which appear in Appendix A, have been considered in preparing this report. BOCES officials agreed with our report.

Purchasing

General Municipal Law (GML) requires competitive bidding for purchases and public works contracts in excess of established dollar limits unless specifically exempted by GML. GML also requires BOCES officials to adopt written policies and procedures for the procurement of goods and services not subject to the competitive bidding requirements, such as professional services. One of the Board's responsibilities is to establish, implement, monitor and enforce compliance with its procurement policy. The use of competition provides taxpayers with assurance that goods and services are procured in the most prudent and economical manner at the lowest possible prices without favoritism, extravagance, fraud or corruption.

The BOCES procured goods and services in accordance with its policy and statutory requirements. The Board adopted a purchasing policy in 2006, and updated it in 2011, that identifies procedures for using competitive bidding when required and obtaining quotes when competitive bidding is not required. The Board appointed a purchasing agent who is responsible for ensuring that BOCES purchases comply with the policy and procedures.

We randomly reviewed 33 purchase orders totaling \$11,841 and judgmentally reviewed seven purchase orders totaling \$613,106 that were subject to the BOCES' procurement policy during our audit period² and found that all complied with the policy. For example, the BOCES purchased computer equipment totaling \$132,225 from two vendors³ through State contracts. In addition, we randomly examined 10 purchases totaling \$1,992,453⁴ that the BOCES made using a competitive bidding process and did not find any exceptions. For instance, the BOCES awarded a \$417,700 contract for electrical construction work through competitive bidding.

Finally, we judgmentally selected five vendors who were each paid at least \$20,000,⁵ for a combined total of \$541,022 paid to the vendors during our period, to determine whether the purchases complied with GML requirements and did not find any discrepancies. For example, the BOCES purchased computer equipment totaling \$126,000⁶ using a State contract and procured actuarial services totaling \$239,700 by issuing a request for qualifications.

² Refer to Appendix B for further information on our sample selection.

³ The BOCES paid \$109,425 and \$22,800 to the vendors for computer equipment purchases.

⁴ See note 1.

⁵ Ibid.

⁶ This purchase is from a different vendor than the two vendors mentioned in the previous paragraph.

We commend BOCES officials for establishing and implementing effective purchasing procedures.

APPENDIX A
RESPONSE FROM BOCES OFFICIALS

The BOCES officials' response to this audit can be found on the following page.



March 18, 2016

[REDACTED]
Office of the State Comptroller
One Broad Street Plaza
Glens Falls, NY 12801

Dear [REDACTED]

We want to thank the Office of the State Comptroller (OSC) and your team for the 2014/15 audit. Our Board of Education relies on our internal and external auditors, such as OSC, to ensure that we manage our operations as efficiently and effectively as possible and provide our constituents a great value for their tax dollars.

The Questar III Board of Education and management team fully agree with the audit's conclusions that we have established and implemented effective purchasing procedures. Since there were no audit findings or recommendations there is no need for a corrective action plan. We therefore consider this audit now closed.

Sincerely,

Dr. Gladys I. Cruz
District Superintendent

cc: Harry Hadjoannou, Deputy Superintendent

GLADYS I. CRUZ, DISTRICT SUPERINTENDENT
10 Empire State Boulevard • Castleton, New York 12033 • 518 479-6882 • FAX: 518-477-9833
THE BOARD OF COOPERATIVE EDUCATIONAL SERVICE FOR RENSSELAER • COLUMBIA • GREENE COUNTIES

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

To achieve our objective and obtain valid audit evidence, we performed the following audit procedures:

- We interviewed BOCES staff to gain an understanding of the purchasing process and internal control framework.
- We reviewed and evaluated purchasing policies.
- We reviewed 33 randomly selected purchase orders to determine whether the purchases were made in accordance with BOCES policies and GML, were approved by the purchasing agent and were proper BOCES purchases. We used a random number generator to select our sample from the population of purchase orders during our audit period.
- We reviewed seven judgmentally selected purchase orders to determine whether the purchases were made in accordance with BOCES policies and GML, were approved by the purchasing agent and were proper BOCES purchases. We used our professional judgment to select this sample, based on vendor name and dollar amount.
- We reviewed 10 randomly selected purchases to determine whether they were procured through a competitive bidding process and complied with GML requirements.
- We judgmentally selected five vendors who were each paid at least \$20,000, for a combined total of \$541,022 paid to the vendors during our period to determine whether the goods and services were procured in accordance with GML requirements. We chose this sample based on vendor name and dollar amount.

We conducted this performance audit in accordance with 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

APPENDIX C

HOW TO OBTAIN ADDITIONAL COPIES OF THE REPORT

To obtain copies of this report, write or visit our web page:

Office of the State Comptroller
Public Information Office
110 State Street, 15th Floor
Albany, New York 12236
(518) 474-4015
<http://www.osc.state.ny.us/localgov/>

APPENDIX D
OFFICE OF THE STATE COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY

Andrew A. SanFilippo, Executive Deputy Comptroller
Gabriel F. Deyo, Deputy Comptroller
Tracey Hitchen Boyd, Assistant Comptroller

LOCAL REGIONAL OFFICE LISTING

BINGHAMTON REGIONAL OFFICE

H. Todd Eames, Chief Examiner
Office of the State Comptroller
State Office Building, Suite 1702
44 Hawley Street
Binghamton, New York 13901-4417
(607) 721-8306 Fax (607) 721-8313
Email: Muni-Binghamton@osc.state.ny.us

Serving: Broome, Chenango, Cortland, Delaware,
Osego, Schoharie, Sullivan, Tioga, Tompkins Counties

BUFFALO REGIONAL OFFICE

Jeffrey D. Mazula, Chief Examiner
Office of the State Comptroller
295 Main Street, Suite 1032
Buffalo, New York 14203-2510
(716) 847-3647 Fax (716) 847-3643
Email: Muni-Bufferalo@osc.state.ny.us

Serving: Allegany, Cattaraugus, Chautauqua, Erie,
Genesee, Niagara, Orleans, Wyoming Counties

GLENS FALLS REGIONAL OFFICE

Jeffrey P. Leonard, Chief Examiner
Office of the State Comptroller
One Broad Street Plaza
Glens Falls, New York 12801-4396
(518) 793-0057 Fax (518) 793-5797
Email: Muni-GlensFalls@osc.state.ny.us

Serving: Albany, Clinton, Essex, Franklin,
Fulton, Hamilton, Montgomery, Rensselaer,
Saratoga, Schenectady, Warren, Washington Counties

HAUPPAUGE REGIONAL OFFICE

Ira McCracken, Chief Examiner
Office of the State Comptroller
NYS Office Building, Room 3A10
250 Veterans Memorial Highway
Hauppauge, New York 11788-5533
(631) 952-6534 Fax (631) 952-6530
Email: Muni-Hauppauge@osc.state.ny.us

Serving: Nassau and Suffolk Counties

NEWBURGH REGIONAL OFFICE

Tenneh Blamah, Chief Examiner
Office of the State Comptroller
33 Airport Center Drive, Suite 103
New Windsor, New York 12553-4725
(845) 567-0858 Fax (845) 567-0080
Email: Muni-Newburgh@osc.state.ny.us

Serving: Columbia, Dutchess, Greene, Orange,
Putnam, Rockland, Ulster, Westchester Counties

ROCHESTER REGIONAL OFFICE

Edward V. Grant, Jr., Chief Examiner
Office of the State Comptroller
The Powers Building
16 West Main Street, Suite 522
Rochester, New York 14614-1608
(585) 454-2460 Fax (585) 454-3545
Email: Muni-Rochester@osc.state.ny.us

Serving: Cayuga, Chemung, Livingston, Monroe,
Ontario, Schuyler, Seneca, Steuben, Wayne, Yates Counties

SYRACUSE REGIONAL OFFICE

Rebecca Wilcox, Chief Examiner
Office of the State Comptroller
State Office Building, Room 409
333 E. Washington Street
Syracuse, New York 13202-1428
(315) 428-4192 Fax (315) 426-2119
Email: Muni-Syracuse@osc.state.ny.us

Serving: Herkimer, Jefferson, Lewis, Madison,
Oneida, Onondaga, Oswego, St. Lawrence Counties

STATEWIDE AUDITS

Ann C. Singer, Chief Examiner
State Office Building, Suite 1702
44 Hawley Street
Binghamton, New York 13901-4417
(607) 721-8306 Fax (607) 721-8313