

Sayville Union Free School District

Purchasing

JUNE 2019



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

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Report Highlights

Sayville Union Free School District

Audit Objective

Determine whether District officials used a competitive process to procure goods and services.

Key Findings

- District officials did not use a request for proposals (RFPs) process or seek competition for three professional service providers paid \$220,748.
- Four vendors were paid \$48,816 for goods procured without a competitive bid as required by District policy.
- Due to the District's inconsistent purchasing policies, officials do not have clear guidelines to follow when making purchases and therefore, officials may not be procuring goods and services as intended by the Board.

Key Recommendations

- Review and update purchasing policies to clarify guidelines for procuring professional services and quote thresholds.
- Comply with District policies by ensuring professional service providers have been selected using RFPs and purchases over \$5,000 are competitively bid.
- Adequately support all purchase decisions including those goods and services obtained from a sole source vendor.

District officials disagreed with certain aspects of our findings and recommendations but indicated they have begun to implement corrective action. Appendix B includes our comments on issues raised in the District's response letter.

Background

The Sayville Union Free School District (District) is located in the Town of Islip in Suffolk County.

The District is governed by an elected seven-member Board of Education (Board) which is responsible for the general management and control of the District's financial affairs.

The Superintendent of Schools is the District's chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction. The Assistant Superintendent for Business (ASB) has authority to prepare, advertise and open bids.

The purchasing agent approves purchase requisitions ensuring the purchasing policy has been followed. The Board-appointed claims auditor ensures purchases follow purchasing policy and informs the Board of all exceptions.

Quick Facts

2017-18 General Fund Expenditures	\$87.6 million
Vendors Paid from General Fund	1,224
Total Paid to General Fund Vendors	\$28.4 million

Audit Period

July 1, 2017 – June 30, 2018

Purchasing

How Should a School District Purchase Goods and Services?

School districts must have purchasing policies and procedures for the procurement of goods and services. Procedures should include methods to determine whether a procurement is subject to competitive bidding and exceptions to competitive bidding requirements. When competitive bidding is not required, alternative proposals or quotations should be secured.

The Board-adopted purchasing policies require District officials to obtain request for proposals (RFPs) when obtaining professional services or services with special skill. Additionally, purchases over \$5,000 that do not require special skill or professional services require formal bidding. For purchases below \$5,000, the District's purchasing policies require a specific number of quotes based on dollar thresholds.

The ASB is responsible for overseeing preparing, advertising and opening bids when formal bidding is required. The purchasing agent is responsible for ensuring that policies are followed when approving purchase orders. The Board-appointed claims auditor is responsible for monitoring compliance with these policies and procedures when auditing claims and approving them for payment.

The District Did Not Always Seek Competition for Professional Services

District officials did not always solicit competition when procuring professional services. The purchasing policy requires RFPs when specialized skills or training such as audit, medical, legal or insurance services are needed. The policy refers District officials to another policy for details on the specific documentation required. However, when asked for the other policy, officials indicated it did not exist.

We selected five vendors, who received payments totaling \$371,484, and reviewed the supporting documentation on file to determine if District officials issued RFPs for their service. District officials did not use an RFP process or seek competition for three professional service providers¹ paid \$220,748. District officials said these vendors have a long history of providing services to the District, they are familiar with the District and the District is satisfied with the service provided in the past so they decided to use them again because they believe it would be too costly to change.

Without the use of RFPs or some other form of competition, District officials have no assurance that professional services are being procured without favoritism, in the most economical way and in the best interest of taxpayers.

¹ An architect, a doctor, and a law firm

The District Did Not Always Follow Policy for Purchases Over \$5,000

Although the Board adopted a purchase policy that required bidding when purchasing either a single item or group of similar items over \$5,000, competitive bidding was not always used.

We reviewed selected payments made to 20 vendors, who were paid a total of \$738,486, for goods and services exceeding the bidding thresholds. We selected one invoice for each vendor reviewing 20 invoices totaling \$207,550. District officials purchased goods from four of the 20 vendors paid \$48,816 without using a competitive bid process. The purchases were for maintenance supplies from a hardware store (\$23,057), computer cases (\$13,722), carpeting (\$5,287) and award plaques (\$6,750).

District officials agreed that the purchases made from the hardware store totaling \$23,057 should have been bid. However, they indicated that the other three vendors paid \$25,759 were sole source providers.² Documentation provided for these purchases did not adequately support this assertion. For example:

- The District paid \$6,861 for computer cases without using a bidding process. Supporting documents provided indicate the purchase was for 275 laptop cases and included a letter indicating the vendor was the sole source of the specific case purchased because it retains “exclusive distribution/marketing rights” of that brand product. The documentation did not include any explanation or reason why other cases were excluded as a possible alternative and did not indicate the purchase was unique or out of the ordinary.
- The District paid \$5,287 for carpeting without using a bidding process. Supporting documentation included a letter indicating that the vendor was the “sole source provider” of all carpet and rugs found on their website. The documentation did not include any explanation or indication as to what was unique or out of the ordinary about the carpeting or why there was no possibility that another vendor could provide carpeting similar in nature.

Because the District purchased goods and services without following District policy and without adequately supporting purchase decisions, officials spent \$48,816 without assurances that they obtained goods and services of the required quantity and quality at competitive prices.

² Sole source means a procurement in which only one vendor is capable of the required commodities or service.

The District Had Inconsistent Policies for Quote Thresholds

The District has two Board-approved purchasing policies each requiring quotes. Both policies state that quotes are to be documented on a District form for purchases under \$5,000 made between certain dollar thresholds. However, these policies have inconsistent thresholds and District officials are using different dollar thresholds to determine which purchases require quotes.

One policy, adopted in April 1990 and last reviewed in February 2011, states all items or groups of items whose total exceeds \$500 but is less than \$5,000 require quotes documented on a prescribed form while another policy, last adopted and reviewed in April 2017, indicates the threshold for quotes is \$1,000. The purchasing agent informed us that he approves purchases based on the policy requiring quotes for purchases over \$500 but the ASB stated the District obtains quotes for purchases over \$1,000.

Because of the inconsistent policies and procedures used, we reviewed 62 invoices totaling \$64,527. We found that the District is not obtaining quotes for purchases between \$500 and \$1,000. The District did not obtain quotes for 24 purchases totaling \$16,476, each less than \$1,000. We also reviewed the claims auditor reports and determined that all reported issues with purchases requiring quotes were for purchases in excess of \$1,000, indicating that the claims auditor also reviews claims in accordance with the \$1,000 policy threshold.

Inconsistent purchasing policies have provided District officials with unclear guidelines. Therefore, officials may not be procuring goods and services as intended by the Board.

What Do We Recommend?

The Board should:

1. Review and update the current purchasing policies to clarify guidelines for procuring professional services and the quote thresholds.

District officials should:

2. Comply with District policies by ensuring professional service providers have been selected using RFPs and purchases over \$5,000 are competitively bid.
3. Adequately support all purchase decisions including those goods and services obtained from a sole source vendor.

Appendix A: Response From District Officials

Sayville Public Schools



John J. Belmonte
Assistant Superintendent: Business

May 13, 2019

Dr. John E. Stimmel
Superintendent of Schools

Mr. Ira McCracken
Office of the New York State Comptroller
110 State Street
Albany, NY 12236

Re: **Response to State Auditors' Report and CAP:
Purchasing, Report of Examination 2019M-69**

Dear Mr. McCracken,

This response is prepared in accordance with the Guidelines furnished by the Office of the State Comptroller responding to an OSC Audit Report.

This is the District's opportunity to respond to the comments and recommendations outlined in the Sayville Union Free School District Purchasing Report of Examination. **The District has also chosen to use this Report as the required Correction Action Plan (CAP).**

We would like to begin by acknowledging the auditing staff from the Comptroller's office for their professionalism, due diligence, and thorough review of the District's Purchasing Policies and Procurement Procedures. Sayville Public School District is always striving to further enhance our best practices in the safeguarding and protection of the District's finances and assets. Our continued oversight of the fiscal management of the District has provided the foundation for achieving sustainable educational opportunities for our students. Maintaining proper Policies and Procedures and adhering to protocols is essential toward accomplishing this goal.

BACKGROUND

An entrance meeting was held with representatives of the Comptroller's office on June 12, 2018. The District received a preliminary Draft Report from the Comptroller on April 23, 2019 and subsequently had an exit interview with representatives on May 3, 2019. To put the Comptroller's Report in proper perspective, it is important to note that it does not mention or set forth any of the District's strengths in the area of fiscal management, established internal controls, and mitigating controls that result in procuring goods and services in the most cost-effective matter.

The depth and breadth of the procurement practices of school districts is complex and subject to many regulations – both internally and externally. To gain a good perspective of the scope of the audit (as originally set forth in the Draft Report), the following is again noteworthy: The audit period was the 2017-18 school-year; 2017-18 General Fund Expenditure \$87.6 million; Vendors Paid from General Fund 1,224; and Total Paid to General Fund Vendors \$28.4 million. Therefore, in order to give the readers of the Report more of a realistic assessment of the overall Purchasing Procurement Procedures of the District, it is necessary to supplement this Audit Report with additional information.

See
Note 1
Page 12

In response to the three (3) Key Findings listed in the Report, the District is providing the following information for each finding:

Key Finding #1: The District officials did not use a Request for Proposal (RFP) process or seek competition for three professional service providers paid \$220,748:

It should be noted that General Municipal Law §103 and/or §104 do not require professional services to be competitively bid.

Professional services that require special skill, training, expertise, the use of professional judgment or discretion, and/or a high degree of creativity in the performance of the contract do not need to comply with competitive bidding procedures. These professional services include legal services, architectural services, medical services, property appraisals, and insurance. One notable exception is annual audit services, which the District must procure through competitive Request for Proposals, in which we do.

The only concrete requirement of GML §104 is that procurement of professional services must be done according to one of four kinds of methods of procurement, to wit: (1) written requests for proposals, (2) written quotations, (3) verbal quotations or (4) any other method of procurement which furthers the purposes of this section. To summarize, GML §104 merely requires that, in the procurement of professional services such as legal services, the District use any method of procurement that furthers the goals of economy, quality, efficiency, and integrity.

The Comptroller's audit asserts that the District's Purchasing Policies require that the District use Requests for Proposals ("RFP") as the method of procurement. This is not accurate. The law only requires one of the four methods outlined above, one of which is "any other method of procurement which furthers the purposes of this section."

See Note 2 Page 12

It is duly noted that the Office of the State Comptroller has published a document called Professional Services Procurement: Considerations for Local Officers dated July 2018. This document provides guidelines and direction as to best practices in soliciting professional services. As stated, in part, on Page 1 of the Comptroller's document, "...there is a well-established exception to these competitive bidding requirements with respect to the procurement of professional services, such as those rendered by attorneys, engineers or accountants. The primary rationale for the exception is that such services are not the type of "public work" that properly may be the subject of competition based solely on compliance with the objective, uniform standards of a bid specification, pursuant to a contract awarded to the lowest responsible bidder. Generally, these services involve specialized skill, training and expertise, and use of professional judgment or discretion. In many cases, cost is only one element that a responsible local official would want to consider when awarding a professional service contract..."

It is recognized that New York State General Municipal Law requires local Governments and school districts to adopt written Policies and Procedures for the procurement of all goods and services that are not subject to competitive bidding requirements, including professional services. As such, Sayville's Purchasing Policies 6700 and 6700-R pertain to the above requirements under General Municipal Law. It should be further noted that Board Policy 2270 School Attorney clearly states in part the selection of the legal counsel shall be carried out in accordance with "State Law and Regulation, as well as Board Policy..."

It is further recognized that, as set forth in the Office of the State Comptroller's Professional Service Procurement document, the Office of the State Comptroller (OSC) "recommends" (emphasis added) that these Policies include some type of competitive method, such as a Request for Proposal or quotation process, in order to obtain these services on the most favorable terms and conditions. The key here is the word 'recommends.' The District further acknowledges that seeking competition also guards against favoritism, extravagance, fraud and corruption, while allowing interested vendors a fair and equal opportunity to compete. As such, the Board of Education annually reviews and approves its professional contracts each school year.

The District also acknowledges that architectural services are part of the professional services that are exempt under General Municipal Law from competitive bidding. It is the District's contention that working with the same architect for various capital projects in fact saves the taxpayers a significant sum of money. Switching architectural firms, for each capital project or Bond Referendum annually or even after three years, would require the new firm to become familiar with all District buildings and recreate new building plans and specifications. This additional work comes with a cost; as such, the District is confident that we have obtained the best possible price and quality of service with our existing architectural firm.

See
Note 3
Page 12

After a thorough review of the District's Purchasing Policies, Procedures, and internal controls over the expenditure of these funds, the District has concluded that the professional services outlined in the audit (legal, architect and physician services) were renewed appropriately under GML§104. These professional services have been renewed at the same rate(s) as the previous school year or at and/or below the CPI. Therefore, we have concluded that the District's professional services contracts are in fact being procured without favoritism, in the most economical way, and in the best interest of the taxpayers.

See
Note 4
Page 12

Key Finding #2: Four vendors were paid ██████████ \$48,816 for goods procured without a competitive bid as required by District Policy:

At the exit interview on May 3, 2019, the District questioned the amounts that were included in the Draft Report for the four vendors noted. At that time, we were informed that several of the original amounts were incorrect and given the below revisions by the Auditors. In accordance with the Comptroller's Office Policies and Procedures, the District will not be provided a revised Draft or Final Report prior to its release, so we are not able to confirm if these figures will end up the final released Report:

To the best of our knowledge at this time, we believe the second paragraph under the section **The District Did Not Always Follow Policy for Purchases Over \$5,000** would read, "...District Officials purchased goods from four of the 20 vendors paid \$48,816 without using a competitive bid process. The purchases were for maintenance supplies from a hardware store (\$23,057), computer cases (\$13,722), carpeting (\$5,287) and award plaques (\$6,750)."

There are times when the District must make a decision as to the utilization of a 'local vendor' to expedite the timely completion of an immediate service or repair. This is prevalent in the areas of Buildings & Grounds, where usually time is of the essence to ensure equipment remains functional and we provide for the health and safety of the staff and students.

See
Note 5
Page 12

It should be further noted that occasionally deminimis maintenance supplies are purchased from a local hardware store to ensure the timely completion of repair and maintenance tasks at hand. Sometimes it is not cost-effective for the District to find vendors who may be on a specific contract, shop or travel around for the hardware items immediately needed. Therefore, occasionally using a local vendor provides for the efficient and cost effective approach to high priority situations.

See
Note 5
Page 12

The Report also references computer cases in the amount of \$13,722. It should be noted that the District has a one-to-one initiative which provides students with Chromebooks. When the program was first implemented, the District was dealing with a tremendous amount of breakage and loss. To effectively address this matter, a certain type of case was sought that would provide the necessary protection for these technology devices. The District's Technology Department and the Assistant Superintendent for Curriculum performed its due diligence in reviewing different products and vendors. A "Bubble II Case" was selected which met the needs of the District and provided for the safeguarding of these instructional materials. The District verified with the vendor that they were in fact a 'sole source' provider. It is also noted that this company warrants these cases to be free from defect in materials and workmanship for the life of the product.

The District requested and received a signed and notarized Affidavit setting forth the reference that these cases are sole source. In part, the Affidavit provided:

1. The named company is the sole source of the following items, and no other company or firm in the United States of America sells or distributes the following products: Zip Case, **Bubble II Case**, Folder Case, Tote Case and Tote Charger.
2. Competition in providing the above named items is precluded by the existence of a patent and copyright.

Therefore, it is the District's position that this purchase was made in accordance with existing Purchasing Policies and Procedures; and, furthermore this purchase provided the most cost-effective approach in protecting District assets and achieving budgetary savings by greatly reducing repair and replacement costs due to student breakage.

See
Note 6
Page 13

The third item referenced purchase of carpeting (these are area rugs) in the amount of \$5,287. The vendor used for this purchase again provided the District with a Sole Source Letter, indicating that their factory direct rugs and carpets designs are owned by this specific company and cannot be reproduced by another company. As such, it was the District's desire to choose this specific design for our elementary classrooms that met all specifications, including but not limited to, being fire retardant. These area rugs are an integral part of the way elementary classroom instruction takes place. Therefore, once again, the District concludes that it has made an appropriate purchase and obtained the required documentation pursuant to existing Policy and Procedures.

See
Note 7
Page 13

The fourth item referenced was for awarded plaques in the amount of \$6,750. Because of the uniqueness and the specific design and size of the plaques, the District did not have another vendor that would meet these specifications; therefore, the company provided a Sole Source Letter and the District proceeded to make this purchase. Upon review, the District will further evaluate whether this item may be placed out to bid in the future.

See
Note 8
Page 13

Key Finding #3: Due to the District's conflicting Purchasing Policies, officials do not have clear guidelines to follow when making purchases and, therefore, officials may not be procuring goods and services as intended by the Board:

The Comptroller's Report indicated that the Board has two approved Purchasing Policies, each requiring quotes above different thresholds. One threshold was \$500, the other \$1,000.

The District acknowledges that both these Purchasing Policies existed. Since April of 1990 the District's practice was to obtain quotes for any item(s) over the \$1,000 threshold. This fact was confirmed in the Report where the Auditors stated, "...We found that the District is not obtaining quotes for purchasing between \$500 and \$1,000. We also reviewed the claims auditor reports and determined that all reported issues with purchases requiring quotes were for purchases in excess of \$1,000, indicating that the claims auditor also reviews claims in accordance with the \$1,000 policy threshold." It was explained at the time that one of these Policies was an older Policy (#6720) that had been replaced by Policy # 6700, but the older Policy was never officially retired. Officials took prompt action and presented a Resolution to the Board on October 4, 2018 to rescind the duplicative Policy.

It should be further noted, that having such a low quoting threshold in the Purchasing Policy and Regulations provides for very aggressive management and oversight controls ensuring the District purchases items in the most cost effective manner. The District clearly understands the Auditors' comments; however, based on the comment provided, the District contends that if any purchases were in fact quoted at the \$500 level, it goes beyond the \$1,000 threshold and adds further creditability to the purchasing process.

Purchasing: Response to Recommendations and Correction Action Plan

Auditors' Recommendations:

1. Review and update the current Purchasing Policies to clarify guidelines for procuring professional services and the quote thresholds.

District's Response and Corrective Action Plan:

The District concurs with the above recommendation. The Purchasing Policies and Regulations will be reviewed by the Assistant Superintendent for Business and Purchasing Agent, to provide any necessary updates and clarifications pursuant to General Municipal Law §103 and §104, to ensure Policies are in accordance with District practices and Procedures. The Assistant Superintendent for Business will be responsible for presenting Policy revisions to the Board of Education by July 1, 2019.

Auditors' Recommendations:

2. Comply with District Policies by ensuring professional service providers have been selected using RFP's and purchases over \$5,000 are competitively bid.

District's Response and Corrective Action Plan:

The District will review its Professional Service Procurement and Competitive Bidding Policies in accordance with General Municipal Law §103 and §104. Any necessary Policy changes will be made to ensure alignment with the District's Purchasing Procedures; and, establishment and implementation of any necessary procedural actions needed for the procurement of professional services will be put in place. The Assistant Superintendent for Business and Purchasing Agent will be responsible for this action with an anticipated completion date of July 1, 2019. Any Policy revisions to the Board of Education will also be presented by July 1, 2019.

Auditors' Recommendations:

3. Adequately support all purchase decisions including those goods and services obtained from a sole source vendor.

District's Response and Corrective Action Plan:

The District concurs with the recommendation, and will make every effort to obtain adequate supporting documentation for those goods and services that are obtained from a sole source vendor and/or a single source vendor. Furthermore, internal Procedures will be developed that document the selection and awarding process. The Purchasing Agent will be responsible for the implementation and collection of the necessary supporting documentation. This task will be completed by July 1, 2019.

District's Comments and Observations of the Audit Process

Once again, the District would like to thank the staff from the Comptroller's office in thoroughly reviewing the District's Purchasing Policies and Procedures. With the inordinate amount of auditing services that are performed during a school year, i.e., external audits, internal audits and claims audits, the District has a well-established record of managing and safeguarding the funds of the District.

Sincerely,

John Stimmel, Ed.D.
Superintendent of Schools

cc: Board of Education
Assistant Superintendent for Business

Sayville Public Schools



Dr. John. E. Stimmel
Superintendent of Schools

BOARD OF EDUCATION

John Verdone, President
Keith Kolar, Vice President
Carl Cangelosi
Thomas Cooley
Norman deVenau
Maureen Dolan

Maribeth Demetres, District Clerk
Eleni Costello, District Treasurer

May 15, 2019

THIS IS TO CERTIFY that the resolution listed below is a true excerpt from the official minutes of the Board of Education Meeting held on May 14, 2019;

Motion made by Mr. Cangelosi, seconded by Mr. Cooley

WHEREAS, The Office of the NYS Comptroller's Office (OSC) conducted an Audit of the Sayville Union Free School District pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the General Municipal Law, and

WHEREAS, The Draft of said Audit Report was released to the District on April 23, 2019 entitled Sayville Union Free School District Purchasing, Report of Examination 2019M-69, for the period July 1, 2017 through June 30, 2018 and WHEREAS, an exit meeting was held with representatives of the Comptroller's Office on May 3, 2019 to discuss the Report and any factual changes deemed necessary, and

WHEREAS, The District wishes to combine their Response to the Audit Report with the Corrective Action Plan (CAP), now

THEREFORE, Be It Resolved, that the Board of Education accepts the Response to the Audit and Corrective Action Plan (CAP) for the period July 1, 2017 through June 30, 2018, entitled Sayville Union Free School District Purchasing, Report of Examination 2019M-69, and that the District Clerk places on file the District Response and Corrective Action Plan (CAP), and

Be it Further Resolved, that the Board of Education authorizes the Assistant Superintendent for Business to submit the District Response and Corrective Action Plan to the Office of OSC on or before May 23, 2019, and also to the New York State Education Department with the Final Report when issued from OSC.

Motion carried 5-0.

Mr. Verdone was absent.

Maribeth Demetres
District Clerk

Appendix B: OSC Comments on the District's Response

Note 1

During fieldwork and at the exit conference, District officials did not identify, discuss or provide support for any mitigating controls that result in procuring goods and services in the most cost-effective manner. Instead, all discussions and support provided were specifically related to the Board-adopted policies and regulations.

Note 2

The District's purchasing policy regulation (6700-R) adopted April 19, 2017 states, in part, "The district will utilize RFP's to engage professional service providers in accordance with policy 6741." General Municipal Law Section 104-b requires the District to adopt, by resolution, internal policies and procedures governing all procurements of goods and services which are not required to be made pursuant to competitive bidding requirements. Our audit report does not address non-compliance with the Law because the Board has adopted purchasing policies and procedures. However, as indicated in the report, District officials did not always follow the guidelines required by the policy.

Note 3

During fieldwork and at the exit conference, District officials did not provide any support for their assertion that working with the same architect saved taxpayers any money nor did they provide evidence that they obtained the best possible price and quality of service.

Note 4

Because District officials did not procure professional services using an RFP process in accordance with the Board-adopted policy, there is no evidence to support that providers were procured without favoritism, in the most economical way and in the best interest of taxpayers.

Note 5

Board-adopted regulations (6720-R) require bidding when the cost of any single item or group of similar items is in excess of \$5,000. There is no stipulation in the policy or in the regulations that would allow District officials to use a "local vendor" to expedite the timely completion of an immediate service or repair. Further, during fieldwork and at the exit conference District officials did not identify, discuss or provide support for any emergency circumstances that existed in relation to the \$23,057 spent for hardware items, an amount which is more than four times the \$5,000 bidding threshold required by Board policy.

Note 6

The District's purchasing policy regulation (6700-R) states, in part, "...when there is only one possible source from which to procure goods and services.... the district will maintain written documentation of the unique benefits of the item or service purchased as compared to other items or services available in the marketplace; that no other item or service provides substantially equivalent or similar benefits. In addition, the documentation will provide that there is no possibility of competition for the procurement of the goods." Other than a letter from the vendor indicating it was the sole source of the specific case purchased because it retains "exclusive distribution/marketing rights" of that brand product, District officials could provide no documentation to indicate why other cases were excluded as a possible alternative and supporting documentation provided did not indicate the purchase was unique or out of the ordinary. Further, neither during fieldwork nor at the exit conference did District officials provide any support for their assertion that the procurement of this product achieved budgetary savings.

Note 7

District officials provided no written documentation outlining the unique benefits of the item purchased as compared to other items available in the marketplace nor did they provide any details indicating why no other item could provide substantially equivalent or similar benefits. Other than a letter from the vendor indicating that they are the "sole source provider" of all carpet and rugs found on their website, District officials provided no documentation to support their assertion that there is no possibility of competition for the procurement of these goods.

Note 8

District officials provided no written documentation outlining the unique benefits of the item purchased as compared to other items available in the marketplace nor did they provide any details indicating why no other item could provide substantially equivalent or similar benefits. Other than a letter from the vendor indicating that they are the sole source of the specific item being purchased, District officials could provide no documentation to support their assertion that there is no possibility of competition for the procurement of these goods.

Appendix C: 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 interviewed District officials and employees to gain an understanding of the District's purchasing practices.
- We obtained and reviewed the District's purchasing policies and procedures.
- We obtained electronic cash disbursement data and quantified the number of vendors and the dollar amount paid to each. From the population of 1,224 vendors collectively paid \$28,356,222 for the audit period, we identified 627 vendors paid \$1,277,938 as the quote population, 206 vendors paid \$25,825,229 as the bidding population and 29 vendors paid \$1,181,714 as the professional service provider population. In addition, 362 vendors paid \$71,341 were each paid less than \$500 and were therefore eliminated from the population.
- For the professional service testing, we selected five vendors (17 percent) paid \$371,484 representing different types of services. For each vendor in the sample, we requested support documentation for how they were selected. For those where documentation was provided, we verified that the District issued an RFP.
- For the bid testing, we selected 20 vendors (10 percent) paid \$738,486 for the audit period. We reviewed one invoice with a total over \$5,000 for each vendor. If there were no invoices over \$5,000, we chose the invoice for the largest amount, for a total sample dollar amount of \$207,550. We requested bid documents for the selected invoices. If officials indicated bidding was not required, we requested documentation to support that the purchase was an exception to the bidding policy.
- For the quote testing, we selected 59 vendors (9 percent) who were paid \$132,427. We chose one invoice from 56 vendors and two invoices from the remaining three vendors. We requested the claim packets for the selected invoices to determine if quotes were attached. If the quote form was not attached or complete, we followed up with personnel to determine the reason why.

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.

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 2116-1(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 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. We encourage the Board to make the CAP available for public review in the Clerk's office.

Appendix D: Resources and Services

Regional Office Directory

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

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

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

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

www.osc.state.ny.us/localgov/planbudget/index.htm

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

www.osc.state.ny.us/localgov/pubs/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/localgov/finreporting/index.htm

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

www.osc.state.ny.us/localgov/researchpubs/index.htm

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

www.osc.state.ny.us/localgov/academy/index.htm

Contact

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Division of Local Government and School Accountability
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Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.ny.gov

www.osc.state.ny.us/localgov/index.htm

Local Government and School Accountability Help Line: (866) 321-8503

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