

Boquet Valley Central School District

Procurement

DECEMBER 2021



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

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Report Highlights

Boquet Central School District

Audit Objective

Determine whether Boquet Valley Central School District (District) officials procured goods and services in accordance with the Board of Education's (Board) policies and applicable statutory requirements.

Key Findings

District officials did not always procure goods and services in accordance with Board policies and applicable statutory requirements. Officials did not procure:

- One purchase contract totaling \$26,859, of 10 purchase contracts totaling \$697,282, that exceeded the competitive bidding threshold in accordance with statutory requirements.
- Seven contracts (47 percent) totaling \$71,692, of 15 purchase or public works contracts totaling \$127,746, in accordance with the purchasing policies, because officials did not obtain verbal or written quotes.
- All professional services in accordance with the purchasing policies. We reviewed six professional service providers and found five providers were paid a total of \$135,238 for services provided during the audit period without officials using a request for proposal (RFP), as required.

Key Recommendations

- Procure purchase contracts exceeding the competitive bidding threshold in compliance with statutory requirements.
- Procure goods and services not subject to the competitive bidding requirements in compliance with the District's purchasing policies.

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

Background

The District serves the Towns of Chesterfield, Elizabethtown, Essex, Lewis, Moriah and Westport in Essex County.

The seven-member elected Board is responsible for the general management and control of financial and educational affairs.

The Superintendent of Schools (Superintendent) is the chief executive officer and, along with other administrative staff, is responsible for day-to-day management under the Board's direction.

The Board-appointed purchasing agent is responsible for overseeing the procurement process.

Quick Facts

2020-21 Appropriations	\$15.2 million
Value of Procurements Reviewed Subject to Competitive Bidding	\$697,282
Payments to Service Providers Paid in Excess of \$10,000	\$161,838

Audit Period

July 1, 2019 – May 31, 2021

Procurement

How Should District Officials Procure Goods and Services?

New York State General Municipal Law (GML) Section 103 generally requires competitive bidding for purchase contracts exceeding \$20,000 and public works contracts exceeding \$35,000. In lieu of seeking competitive bids, a school district is authorized to make purchases using contracts awarded by the New York State Office of General Services (State contracts) or contracts bid by other governments, school districts and boards of cooperative educational services (BOCES). To determine the necessity for competitive bidding, the total amount to be spent for the same commodity or service within the 12-month period beginning on the date of the purchase must be considered.

In addition, GML Section 104-b requires the board to adopt and annually review written policies and procedures for procuring goods and services not required by law to be competitively bid, such as professional services. Professional services generally include services provided by attorneys, engineers and certain other services requiring specialized or technical skills, expertise or knowledge; the exercise of professional judgment; or a high degree of creativity. These policies and procedures should describe procurement methods, explain when to use each method and require adequate documentation of actions taken.

New York State Education Law (Education Law) Section 2116-a requires school districts to use a competitive RFP process when contracting for an annual audit of its records by an independent certified public accountant or an independent public accountant.

District officials should monitor and enforce compliance with board-adopted purchasing policies and applicable statutory requirements. This helps ensure a school district procures goods and services of the required quantity and quality at competitive prices and protects against favoritism, extravagance, fraud and corruption.

The current purchasing policy, which was adopted by the Board on October 8, 2020, requires the use of RFPs to procure professional services and that officials and employees obtain:

- Three verbal quotes for purchase contracts from \$1,000 up to \$5,000,
- Three written quotes for purchase contracts from \$5,000 to \$20,000,
- Three verbal quotes for public works contracts from \$1,000 up to \$5,000, and
- Three written quotes for public works contracts from \$5,000 to \$35,000.¹

¹ The previous Board-adopted purchasing policy required the use of RFPs to procure professional services and that officials and employees obtain two verbal quotes for purchase contracts from \$1,000 to \$5,000, two written quotes for purchase contracts in excess of \$5,000 to \$20,000, two verbal quotes for public works contracts from \$5,000 to \$10,000 and two written quotes for public works contracts in excess of \$10,000 to \$35,000. This previous policy was in effect at the start of the audit period through October 8, 2020.

Officials Generally Complied With GML for Purchases Subject to Competitive Bidding

We reviewed 10 purchase contracts totaling \$697,282 that officials entered into during the audit period, which exceeded the competitive bidding threshold, to determine whether officials procured them in accordance with GML. Officials procured nine of these contracts totaling \$670,423 in accordance with GML. Specifically, one contract totaling \$27,176 was competitively bid, four contracts totaling \$338,691 were procured using State contracts, and four contracts totaling \$304,556 were procured using BOCES cooperative bids.

However, officials did not procure cafeteria food from one vendor in 2019-20 totaling \$26,859 in accordance with GML. This occurred because the purchasing agent thought the vendor had been awarded a State contract when approving a blanket purchase order to this vendor totaling \$35,000 on August 1, 2019 and, therefore, she was not required to competitively bid this procurement. However, we found that the vendor had not been awarded a State contract.

By not purchasing cafeteria food from this vendor in compliance with GML requirements, officials are not able to assure taxpayers that the cafeteria food was procured at the lowest possible cost.

Officials did not procure seven of the 15 contracts (47 percent), totaling \$71,692, in accordance with the purchasing policies.

Officials Did Not Always Comply With the Purchasing Policies for Purchases Not Subject to Competitive Bidding

Purchase and Public Works Contracts – We reviewed 14 purchase contracts and one public works contract totaling \$127,746 that officials entered into during the audit period to determine whether officials procured them in accordance with the purchasing policies. Officials did not procure seven of the 15 contracts (47 percent), totaling \$71,692, in accordance with the purchasing policies. These contracts were for various purposes such as \$26,810 for refinishing a gym floor, \$17,048 for a dishwasher and \$8,648 for a ventilation unit. Because each of these contracts exceeded \$1,000, the purchasing policies required officials and employees to obtain verbal or written quotes for each contract. However, officials and employees did not obtain quotes for these contracts or provide us with documentation showing that they solicited competition before making these purchases.

This occurred for various reasons but primarily because the purchasing agent thought vendors had either been awarded a State contract, or a contract bid by another government when authorizing purchases. As a result, the purchasing agent assumed employees had complied with the purchasing policies. However, we found that the vendors had not been awarded a State contract or a contract bid by another government and, therefore, employees had not solicited competition for purchases as required by the purchasing policies.

Professional Services – We reviewed all six professional service providers who were each paid in excess of \$10,000 for services provided during the audit period, for a combined total of \$161,838.

Officials used an RFP to procure the annual audit of its records by an independent certified public accountant, as required by the purchasing policies and Education Law. However, they did not use RFPs to procure the services provided from the other five professional service providers who were paid a total of \$135,238 for services provided during the audit period (Figure 1).

This occurred because officials only thought the purchasing policies required an RFP when procuring their annual audit.

When officials do not procure goods and services in accordance with the purchasing policies, they lack assurance that goods and services are procured in the most economical way, in the best interests of taxpayers and without favoritism.

Figure 1: Professional Services Procured Without an RFP

Service Type (Count)	Payments
Attorney (2)	\$54,424
Specialist for the Visually Impaired (1)	38,711
Construction Management (1)	22,500
Financial Consulting (1)	19,603
Total (5)	\$135,238

What Do We Recommend?

District officials should:

1. Procure purchase contracts exceeding the competitive bidding threshold in compliance with GML.
2. Procure goods and services not subject to the competitive bidding requirements, including professional services, in compliance with the District's purchasing policies.

Appendix A: Response From District Officials



**Mountain View
Campus**
7530 Court Street
Elizabethtown, NY 12932
Ph: (518) 962-8244

Board of Education
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DISTRICT TREASURER

Joshua R. Meyer *Superintendent of Schools*

December 2, 2021

NYS Office of the State Comptroller
Division of Local Government and School Accountability
One Broad Street Plaza
Glens Falls, NY 12801

RE: Audit Response Letter

To Whom It May Concern:

1. District officials did not always procure goods and services in accordance with Board policies and applicable statutory requirements.

The District will procure purchase contracts exceeding the competitive bidding threshold in compliance with statutory requirements in New York State General Municipal Law (GML) Section 103 or use contracts awarded by the New York State Office of General Services (State contracts) or contracts bid by other governments, school districts and boards of cooperative educational services (BOCES).

The District will review its purchasing policies for procuring goods and services not required by law to be competitively bid to determine if they should be less restrictive and more manageable while still ensuring the District procures goods and services at competitive prices and protects against favoritism, extravagance, fraud, and corruption.

The District will review its purchasing policies requiring the use of RFPs to procure professional services to determine if they should be less restrictive and more manageable while still ensuring the District procures goods and services at competitive prices and protects against favoritism, extravagance, fraud, and corruption.

The District appreciates the feedback from the State Comptroller's Office.

Sincerely,

Joshua R. Meyer
Superintendent

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 interviewed District officials, and reviewed and evaluated the District's purchasing policies and procedures.
- We used our professional judgment to select a sample of 10 purchase contracts that officials entered into during the audit period, which exceeded the competitive bidding threshold, to determine whether officials procured them in accordance with GML. Our sample was selected based on vendor name and dollar amount.
- We used our professional judgment to select 14 purchase contracts and one public works contract that officials entered into during the audit period, which did not exceed the competitive bidding thresholds. We determined whether officials procured them in accordance with the purchasing policies. Our sample was selected based on purchase and public works contracts that were in excess of \$1,000 and were made throughout the audit period.
- We reviewed all six professional service providers who were each paid in excess of \$10,000 for services provided during the audit period to determine whether their services were procured using RFPs in accordance with the purchasing policies or Education Law.

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. 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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