

Pocantico Hills Central School District

Procurement

NOVEMBER 2018



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

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Report Highlights

Pocantico Hills Central School District

Audit Objective

Determine whether District officials sought competition for goods and services not subject to competitive bidding.

Noteworthy Achievements

The District generally complied with New York State General Municipal Law and has established adequate procedures to procure goods and services not subject to competitive bidding.

- We reviewed the District's procurement of professional services from 26 providers paid \$1.08 million and found, except for minor exceptions which we discussed with District officials, all providers were chosen through competitive methods.
- We tested all purchases that required three written quotes totaling \$224,086 and found that District officials obtained the required number of quotes or properly used State contracts.

There were no recommendations as a result of this audit.

District officials agreed with our report.

Background

The Pocantico Hills Central School District (District) serves the towns of Greenburgh and Mount Pleasant in Westchester County. The Board of Education (Board) is responsible for managing the District's operations. The Superintendent of Schools (Superintendent) 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 Board appointed the Assistant Superintendent for Business (Assistant Superintendent) as the purchasing agent, who is responsible for approving all purchases and ensuring they are made in accordance with District policy, regulations and applicable laws.

Quick Facts

2016-17 Enrollment	319
Employees (Full- and Part-time)	119
2017-18 Adopted Budget	\$30.2 million
Number of Professional Service Providers	26 paid \$1,085,450
Number of Purchases Requiring Quotes	21 totaling \$224,086

Audit Period

July 1, 2016 – March 31, 2018

Procurement

How Should a School District Procure Goods and Services?

New York State General Municipal Law (GML)¹ requires that district officials adopt internal policies and procedures for the procurement of goods and services when competitive bidding is not required. GML² further requires school districts to include in their policies and procedures that, with certain exceptions, they secure alternative proposals or quotations for such goods and services. The district may set forth in its policy circumstances when, or types of procurements for which, it has determined alternative proposals or quotations will not be in its best interests. Goods and services not required to be competitively bid should be procured in a manner to ensure the prudent and economical use of public funds in the taxpayers' best interest and to guard against favoritism. It is also important for the board to enter into written agreements with professional service providers that indicate the contract period, the services to be provided and the basis for compensation for those services.

The Board adopted a purchasing policy requiring the Superintendent and Assistant Superintendent for Business to ensure that a highly qualified professional is secured through the prudent and economical use of public money. The policy requires the evaluation of the services to consider cost, the professional service provider's special knowledge or expertise, the quality of the services provided and the suitability for the District's needs. Furthermore, the policy requires formal written quotes from at least three separate vendors for purchase contracts between \$8,000 and \$20,000 and for public work contracts between \$15,000 and \$35,000.

The District Complied With GML and Its Procurement Policy for Purchases Not Required To Be Competitively Bid

The District procured professional services from 26 providers who were paid \$1,085,450 during the audit period. We reviewed the District's procurement of services from all 26 providers. We found that, other than minor exceptions which we discussed with officials, District officials routinely sought providers through a request for proposal process and documented their evaluation of the proposals. Examples of these services include security services totaling \$155,616, legal services totaling \$117,425 and architect and engineering services totaling \$100,321. All providers were approved by the Board and payments were made in accordance with contracts or Board resolutions.

1 New York State General Municipal Law (GML) Section 104-b

2 GML Section 104-b (2.b.)

In addition, we selected vendors with purchases that required three written quotes. To focus on vendor payments most at risk, we excluded payments for items such as payments to other districts, payroll-related expenditures, health insurance, reimbursements and utilities. Of the remaining 2,314 payments totaling \$1.4 million that fell below the bidding threshold, 2,293 payments totaling \$1.2 million did not require quotes. The remaining payments were for 21 purchases totaling \$224,086 that required three written quotes in accordance with District policy. These purchases included cafeteria equipment totaling \$10,500 and office furniture totaling \$9,005. We found that District officials obtained three written quotes and selected the lowest quote or properly used State contracts for all purchases.

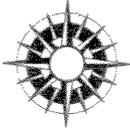
We also identified 22 vendors that received more than \$8,000 in total for a single fiscal year but did not have any individual payments that exceeded the quote threshold. We judgmentally selected six of these vendors (25 percent) and reviewed all purchases made from them to determine whether payments were for similar items that should have received quotes. We did not identify any exceptions with the sample tested.

We commend District officials for establishing and adhering to an effective procurement process.

Appendix A: Response From District Officials



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POCANTICO HILLS CENTRAL SCHOOL

599 Bedford Road • Sleepy Hollow, N.Y. 10591 • 914-631-2440 • fax 914-631-3280 • www.pocanticohills.org

October 31, 2018

Tenneh Blamah, Chief Examiner
Office of the New York State Comptroller
Newburgh Regional Office
33 Airport Center Drive, Suite 103
New Windsor, NY 12553

Dear Ms. Blamah,

On behalf of the Pocantico Hills Central School District, I am submitting this letter in response to the preliminary draft findings completed by the Office of the State Comptroller, for the period of July 1, 2016 – March 31, 2018.

The Board of Education is very pleased that the report determined that the district is in compliance with New York State General Municipal Law and has established adequate procurement procedures for goods and services not subject to competitive bidding. As such, no corrective action plan is required.

I would like to note our appreciation for the polite and professional manner in which the auditors assigned to our district conducted themselves. This type of examination is very time consuming for everyone involved and the process was facilitated by the courteous conduct of the audit staff.

Finally, the District's administration and Board of Education wish to express their appreciation for the Comptroller's assistance in helping the District maintain and strengthen its fiscal accountability.

Sincerely,



Carol Conklin-Spillane
Superintendent of Schools

cc: Alfred Pacile, President, Board of Education
Marianne Heslin, Assistant Superintendent for Business

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 employees and reviewed the District's purchasing policy, procedures and laws to gain an understanding of the procurement process and to determine whether they were comprehensive and in accordance with applicable laws.
- We reviewed cash disbursement data and sorted the data by vendor and account code to identify all professional service providers paid during the audit period. We reviewed the list of professional service providers with District officials to verify that all vendors identified were professionals.
- The District procured services from 26 professional service providers during the audit period. We selected all 26 providers paid \$1.08 million.
- For each professional service provider reviewed, we verified the Board's approval, and whether Board resolutions or written agreements existed.
- We reviewed cash disbursement data and sorted the data by vendor and payments. We excluded payments for items such as payments to other districts, payroll-related expenditures, health insurance, reimbursements and utilities. Then, we eliminated amounts paid that required competitive bidding or were below the District's quote threshold. The remaining payments were purchases that required written quotes in accordance with District policy.
- To determine whether the District artificially separated purchases to remain below the quote thresholds in the policy, we took all purchases under \$8,000 and grouped by vendor to see which vendors were paid over \$8,000 in a fiscal year but did not have an individual payment that exceeded the \$8,000 quote threshold. We found 22 vendors fell within this category. In our professional judgement, we determined a sample of six of these vendors (25 percent) would show whether the District was artificially separating orders to avoid obtaining quotes. We reviewed all purchases from our sample to determine whether items purchased were similar and were ordered within a short amount of time.
- There were 21 purchases totaling \$224,086 that required three written quotes per the District's policy. We tested all purchases to determine whether District officials obtained the required quotes.

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.

Appendix C: 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#lgmg

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/lgli/pdf/cybersecurityguide.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

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

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

NEWBURGH REGIONAL OFFICE – Tenneh Blamah, Chief Examiner

33 Airport Center Drive, Suite 103 • New Windsor, New York 12553-4725

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