



Brookhaven- Comsewogue Union Free School District Professional Services

Report of Examination

Period Covered:

July 1, 2014 — June 30, 2015

2015M-267



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

December 2015

Dear School District Officials:

A top priority of the Office of the State Comptroller is to help school district officials manage their districts efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support district operations. The Comptroller oversees the fiscal affairs of districts statewide, as well as districts' 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 district operations and Board of Education governance. Audits also can identify strategies to reduce district costs and to strengthen controls intended to safeguard district assets.

Following is a report of our audit of the Brookhaven-Comsewogue Union Free School District, entitled Professional Services. 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 resources for district 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 Brookhaven-Comsewogue Union Free School District (District) is located in the Town of Brookhaven in Suffolk County. The District is governed by the Board of Education (Board), which is composed of seven elected members. The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools is the District's chief executive officer and is responsible, along with other administrative staff, for the day-to-day management of the District under the Board's direction.

The District operates six schools with approximately 3,700 students and 430 full time employees. The District's general fund expenditures for 2014-15 totaled approximately \$79.9 million, funded primarily with State aid, real property taxes and grants.

Objective

The objective of our audit was to examine the District's procurement procedures for obtaining professional services during the period July 1, 2014 through June 30, 2015. Our audit addressed the following related question:

- Does the District procure professional services in the most economical way and in the best interest of District taxpayers?

Scope and Methodology

We examined the District's requests for proposals from professional service providers for the period July 1, 2014 through June 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 are 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.

Comments of District Officials

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

Professional Services

Contracts for professional services do not have to be competitively bid. However, General Municipal Law requires school districts to adopt written policies and procedures for the procurement of goods and services that are not required by law to be competitively bid. The law provides that goods and services not required to be competitively bid must be procured in a manner that assures the prudent and economical use of public moneys in the best interest of the taxpayers, facilitates the acquisition of goods and services of maximum quality at the lowest possible cost and guards against favoritism, improvidence, extravagance, fraud and corruption. Although not required by law, the District should award professional service contracts only after soliciting competition. One way to accomplish this is through a request for proposal (RFP) process which is meant to ensure that the District receives the desired services on the most favorable terms by determining what needs exist for a particular service and defining the service to be procured. In general, policies and procedures should establish guidelines for the use of written and verbal price quotations or RFPs governed by an established dollar threshold, set forth the criteria for determining which method of procurement will be used and provide for adequate documentation of actions related to the procurement.

District officials have established a comprehensive purchasing policy and procedures that provide guidance as to when items must be competitively bid and when proposals or quotes should be obtained for purchases not required to be competitively bid. District policy requires that the procurement of professional services, including insurance, will be awarded based upon District merit, recommendation and formal RFPs.

By complying with the District's policy and procedures, District officials procured professional services in an economical manner. Upon obtaining written proposals, the District performs an analysis of the proposals submitted to determine the providers to select based on merit, recommendation and price, so that the procurement is awarded in the best interest of District taxpayers. The service providers are organized by service to be provided and the District identifies the primary vendor to be used for a given service, as well as alternates that may be used in certain circumstances. We reviewed the procurement of six professional service contracts¹ totaling approximately \$1.05

¹ We judgmentally selected the six highest paid professional service providers, including vendors providing special education-related services, tutoring and legal services.

million, or 66 percent of the approximately \$1.6 million expended for professional services during the audit period. The District properly awarded all six professional service contracts after issuing RFPs. Furthermore, we reviewed the largest invoice associated with each of these professional service providers and found that all six invoices were billed and paid in accordance with the terms of their respective contracts.

We commend the District for establishing and enforcing appropriate procurement policies and procedures.

APPENDIX A

RESPONSE FROM DISTRICT OFFICIALS

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



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Assistant Superintendent for Business

Comsewogue School District
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Joseph V. Rella, Ed.D.
Superintendent of Schools

December 1, 2015

Mr. Ira McCracken
Chief Executive Officer
of Local Government and School Accountability
Regional Office of the State Comptroller
NYS Office Building, Rm 3A10
250 Veterans Memorial Highway
Hauppauge, New York 11788-5533

Dear Mr. McCracken:

We have reviewed the Brookhaven-Comsewogue School District's Draft Audit Report and are in full agreement with its findings.

The Brookhaven-Comsewogue School District is committed to managing school district funds both efficiently and effectively. We take pride in accounting for all school district funds and using all methods to strategically reduce expenses while observing good business practices. We strive to serve our taxpayers with the utmost transparency and accountability.

We have reviewed your report on professional services and would like to thank you for commending the district for establishing and ensuring appropriate procurement policies and procedures. We would also like to thank the auditors from the Comptroller's office for being diligent in their duties and their professional manner during the audit process.

Sincerely,

John Swenning
President, Board of Education

JS:mf

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

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

- We interviewed appropriate District officials and employees regarding the procurement policies and procedures.
- We reviewed Board minutes, District policies, administrative regulations and procedures related to the procurement of professional services.
- We reviewed cash disbursement data to identify vendors who appeared to be professional service providers for the audit period. From that data, we judgmentally selected the six highest paid vendors for testing. For each of these vendors, we reviewed the contracts and compared payments (we selected the highest payment made to each vendor) to contracts to determine whether payments agreed with contract terms and the service provisions were met. We reviewed documentation supplied with voucher packets for evidence that the services were rendered (if applicable). The six vendors selected were paid a total of \$1,047,012, or 65.6 percent of the \$1,595,568 paid to all professional service providers during the audit period.

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

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