



# Valley Stream Union Free School District #30 Purchasing

## Report of Examination

Period Covered:

July 1, 2014 – December 31, 2015

2016M-171



Thomas P. DiNapoli

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# State of New York Office of the State Comptroller

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## **Division of Local Government and School Accountability**

July 2016

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 Valley Stream Union Free School District #30, 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 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 Valley Stream Union Free School District #30 (District) is located in the Town of Hempstead in Nassau County. The District is governed by the Board of Education (Board), which is composed of five elected members. The Board is responsible for the general management and control of the District's financial and educational affairs, with the Board President serving as chief financial officer. 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 Assistant Superintendent for Business is responsible for overseeing the District's Business Office and supervising staff who maintain the District's financial accounting records and process the District's purchasing function. The Assistant Superintendent for Business, who is designated as the purchasing agent, is responsible for administering all purchase activities.

The District operates three schools with approximately 1,500 students and 245 full- and part-time employees. The District's budgeted expenditures for the 2015-16 fiscal year were \$34.1 million, funded primarily with real property taxes and State aid.

## Objective

The objective of our audit was to examine the District's purchasing practices. Our audit addressed the following question:

- Did District officials use competitive methods when procuring goods and services?

## Scope and Methodology

We examined the District's controls over purchasing for the period July 1, 2014 through December 31, 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. District officials agreed with our findings.

## Purchasing

General Municipal Law (GML) requires the Board to adopt written procurement policies and procedures that provide guidance for determining when items must be competitively bid and when requests for proposals (RFPs) or quotes should be obtained for purchases not required to be competitively bid. GML requires bidding when an item or commodity group exceeds established dollar limits. Dollar thresholds require school districts to advertise for bids for purchase contracts that equal or aggregate to more than \$20,000 and public works contracts that equal or aggregate to more than \$35,000. Purchases made through State and county contracts need not be competitively bid.

The Board is responsible for ensuring that the District procures the desired quality and quantity of goods and services at the lowest cost, in compliance with Board policies and legal requirements. To accomplish this, it is important that District officials seek competition and use State and county contracts when available. The use of competition provides taxpayers with assurance that goods and services are procured in the most prudent and economical manner, that goods and services of desired quality are being acquired at the lowest possible prices, and that procurement is not influenced by favoritism, extravagance, fraud or corruption.

The Board adopted its purchasing policy in 2011 and updated it in July 2013. In addition, the Board adopted regulations that supplement this policy and provide guidance on procurement methods for purchases that do not require competitive bidding. These regulations identify specific dollar thresholds for when verbal (\$0 to \$5,000) or written (\$5,001 to \$20,000) quotes should be obtained and when RFPs should be used (\$20,001 or greater). The Board reviews the purchasing policy and procedures annually and makes updates as necessary to ensure compliance with GML.

The District procured goods and services in accordance with its policy and the statutory requirements. Specifically, the District made 174 purchases totaling approximately \$1 million that were subject to bidding requirements.<sup>1</sup> We determined that all of these purchases were either competitively bid or allowable exemptions from bidding.<sup>2</sup> One hundred forty-eight purchases totaling approximately \$229,000 required quotes or RFPs. With minor exceptions, District staff

<sup>1</sup> See Appendix B, Audit Methodology and Standards, for details on our sample selection.

<sup>2</sup> Allowable exceptions include purchases made through State contracts, cooperative bids or sole source providers.

obtained the necessary quotes or RFPs for these purchases. District employees were aware of and adhered to the District's purchasing policy requirements.

We commend District officials for designing a purchasing process that enables competitive methods for the procurement of goods and services.

## **APPENDIX A**

### **RESPONSE FROM DISTRICT OFFICIALS**

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

**VALLEY STREAM UNION FREE SCHOOL DISTRICT THIRTY**  
*Administrative Offices*

175 North Central Avenue  
Valley Stream, NY 11580

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*Superintendent of Schools*

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Fax: (516) 706-1177  
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June 29, 2016

Ms. Ann Singer, Chief Examiner  
Office of the State Comptroller  
State Office Building, Suite 1702  
44 Hawley Street  
Binghamton, New York 13901-4417

Re: Valley Stream Union Free School District #30  
Purchasing - Report of Examination 2016M-171  
July 1, 2014-December 31, 2015

Dear Ms. Singer,

The Valley Stream Union Free School District Thirty ('District') acknowledges receipt of the above referenced draft report of the recent audit conducted by your office. The Board of Education and Administration have reviewed the report and concur with the findings. The positive commendation regarding the purchasing process reaffirms the District's efforts to operate with the highest degree of fiscal responsibility, transparency and accountability to the students and taxpayers of our community.

The draft audit report does not contain any adverse findings or recommendations. Accordingly, a corrective action plan is not required to be provided with this response.

On behalf of the Board of Education and Administration, we would like to acknowledge the professionalism of your field auditors who thoroughly explained each step in the audit process, were courteous and cooperative throughout the process, and had utmost respect for our time and workflow while in district.

Sincerely,

Nicholas A. Stirling, Ph.D.  
Superintendent of Schools

Cc: Board of Education President; Anne O'Brien, District Clerk



## **APPENDIX B**

### **AUDIT METHODOLOGY AND STANDARDS**

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

- Interviewed District officials and staff to gain an understanding of the District's purchasing process.
- Reviewed the District's purchasing policy and procedures.
- Selected a judgmental sample of 25 vendors. The selection of the 25 vendors comprised five vendors subject to bidding requirements (over \$35,000); 10 vendors subject to District purchasing regulations relating to quotes (verbal and written) and 10 professional service contracts. We then examined RFPs, bidding documentation and claims to determine if the District's procurements were made in accordance with Board policy and legal requirements.

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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