

Town of Charlton

Procurement

JUNE 2022



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

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Report Highlights

Town of Charlton

Audit Objective

Determine whether Town of Charlton (Town) officials used competitive methods when procuring applicable goods and services.

Key Findings

Town officials did not always seek competition when procuring goods and services. Town officials:

- Made 17 purchases, totaling \$67,808, without seeking competition.
- Spent \$4,820 on snowplow blades and shoes but could have saved Town taxpayers \$2,244, if purchased off State contract.
- Did not always retain copies of other government contracts used to procure goods and services.

Key Recommendations

- Follow the Town's procurement policy when making purchases.
- Adequately document actions taken when soliciting quotes and retain documentation, including when using other local government contracts.

Town officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate corrective action.

Background

The Town is located in Saratoga County (County). The Town is governed by an elected five-member Town Board (Board), which includes the Town Supervisor (Supervisor) and four Board members. The Board is responsible for the general oversight of operations and finances.

The Supervisor serves as the chief executive and chief fiscal officer and is responsible for the day-to-day operations.

The Town has an elected Highway Superintendent (Superintendent) who is responsible for overseeing all highway department operations.

Quick Facts

2020 Fiscal Year Expenditures	\$2,244,471
Non-Payroll Disbursements During Audit Period	\$3,938,283
Purchases Reviewed	\$473,225

Audit Period

January 1, 2020 – September 30, 2021

Procurement

How Should Town Officials Procure Goods and Services?

Towns are generally required to advertise for competitive bids for purchase contracts exceeding \$20,000 and public works contracts exceeding \$35,000. A board is also required to adopt and annually review written policies and procedures for procuring goods and services not subject to competitive bidding requirements, this ensures a prudent and economical use of public funds in the town's best interests. In lieu of soliciting competitive bids, towns may use other publicly awarded government contracts, such as those of a county or the New York State Office of General Services (State contract). To determine whether competitive bidding is necessary, town officials must consider whether the aggregate cost of a good or service within a 12-month period will exceed competitive thresholds. The timeline for the aggregate cost determination should start from the first purchase date of the good or service. Towns can use the prior year's expenditures as a good way to estimate whether purchases of a commodity or service will exceed the bid limit for the current year.

When a procurement is not subject to bidding requirements, a town's procurement policy should provide guidance for when, or types of procurements for which, solicitation of alternate proposals or quotes will not be in the town's best interest. Towns should limit and only use these exceptions, such as emergency and sole source purchases, when properly justified in the public interest. Otherwise, the effectiveness of the procurement policy and its procedures will be diminished. Town officials should develop detailed procedures that are appropriate for the size and complexity of its operations. These procedures should require officials to maintain adequate documentation of the procurement methods they followed. Documentation may include memoranda, written quotation forms, telephone logs (for verbal quotes), requests for proposals, and copies of Federal, State, county contracts or other government contracts for which "piggybacking" is permitted.

The Town's procurement policy requires officials to obtain at least two and preferably three verbal or written quotes, or proposals, for purchases of materials, goods, equipment and services that are more than \$2,000 and are not purchased on State, County, Town contracts or bids. The Town's policy exempts from solicitation of written proposals or quotes for the following reasons: professional services; emergencies; sole source and purchases from agencies for the blind, correctional facilities and other governments. All contracts for purchases of materials, goods, equipment and services involving expenditures of \$20,000 or more and public works contracts of more than \$35,000 are required to be purchased using a sealed-bid process.

In lieu of soliciting competitive bids, towns may use other publicly awarded government contracts. ...

Officials Did Not Always Competitively Procure Goods and Services

We reviewed purchases, totaling \$473,225, made during our audit period. We reviewed these purchases to determine whether Town officials solicited competitive bids or obtained written or verbal quotes.

Quotes – We identified 30 purchases, totaling \$187,628, that were subject to the written or verbal quotes requirement of the Town’s procurement policy. Town officials made:

- 13 purchases, totaling \$119,820, in accordance with the Town’s procurement policy. Officials used a competitive method to procure the goods and services, including purchases using State and local contracts.
- 17 purchases, totaling \$67,808, without seeking competition. Officials were required to obtain at least two written or verbal quotes, but officials could not support how they obtained these quotes. These purchases included snowplow blades and shoes, pipe, oil, fluids, tires and repair services. We compared the purchase price for the snowplow blades and shoes to State contract prices. While officials spent \$4,820 on these items, had a State contract been used, officials would have saved Town taxpayers \$2,244.

The Superintendent inaccurately thought that repair parts and services were exempt from solicitation of quotes. While the Town’s policy exempts these purchases from the Board’s pre-approval, the policy does not automatically exempt them from a competitive process.

Because officials did not always comply with the Town’s procurement policy and use a competitive method (i.e., seek at least two written or verbal quotes) to obtain goods and services when appropriate, the Board cannot ensure officials are procuring goods and services in the most prudent and economical manner and that procurements are free from favoritism. As a result, the Town risks acquiring goods and services at higher costs than necessary.

Competitive Bids – Competitive bids were required for purchases, totaling \$285,597, for two pieces of equipment and a public works project. Officials properly documented the use of a State contract to purchase the equipment, totaling \$221,808. However, we found that the Town did not maintain documentation to show that the \$63,789 public works project, to pave seven Town roads, was procured with a competitive method. Because the Superintendent told us that the paving services were procured as part of a County contract, we contacted the County and found that the vendor had a paving services contract, and that the vendor’s payment was consistent with the County contract terms. However, Town officials should maintain proper documentation to demonstrate compliance with the Town’s procurement policy as well as other requirements for purchases or public works exceeding the bidding threshold. Otherwise, the Town risks acquiring goods and services at higher costs than necessary.

What Do We Recommend?

The Board should:

1. Ensure that Town officials comply with the Town's procurement policy requirements when making purchases.

Town officials should:

2. Follow the Town's procurement policy when making purchases.
3. Maintain appropriate supporting documentation to show information gathered and conclusions reached to support purchasing activity when purchasing is subject to competitive bidding requirements or the Town's procurement policy.

Appendix A: Response From Town Officials



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TOWN BOARD
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Paul St. John
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TOWN CLERK
Brenda L. Mills

5/20/2022

RE: Combined Response to OSC audit 2022M-5 & CAP (Corrective Action Plan)

The Town of Charlton has received audit 2022M-5 regarding Procurement for the Period Covered from January 1, 2020 – September 30, 2021. In response to this report, the Town of Charlton concurs with the report's findings without exception. The Town of Charlton greatly appreciates the effort the OSC has invested in our audit review and we value the feedback.

The following constitutes our response to the three recommendations included in the report:

OSC Comment

The Town Board should:

1. *Ensure that Town officials comply with the Town's procurement policy requirements when making purchases.*

Corrective Action Plan

- The Town Board will review all purchase requests during the voucher review process.
- The Town Board will require appropriate back-up is included in purchase requisitions to ensure compliance with the Town's procurement policies.



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OSC Comment

Town Officials should:

- 2. Follow the Town's procurement policy when making purchases.*

Corrective Action Plan

- The Charlton Town Board approved resolution No 46 on 1/3/2022 which updated and clarified the policy on the purchase of goods, materials, and services to adhere to General Municipal Law.
- All Town officials have been made aware of this policy and will follow this policy when making purchases.

OSC Comment

- 3. Maintain appropriate supporting documentation to show information gathered and conclusions reached to support purchasing activity when purchasing is subject to competitive bidding requirements or the Town's procurement policy.*

Corrective Action Plan

- All supporting documentation will be kept on file with the final vouchers authorizing payments.
- The Town will institute a Standard Bid Evaluation Form to assist with gathering supporting documentation from Town officials and include documentation of conclusions made by Town officials to support the purchase.
- The Town will institute a Standard Bid Form to assist with gathering supporting information from bidders on goods and services when purchasing is subject to NYS competitive bidding requirements or the Town's procurement policy.

Thank you for your thorough examination and help in understanding and correcting issues raised during the examination of our activities.

Sincerely,

Joseph Grasso
Town Supervisor

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, we performed the following audit procedures:

- We interviewed Town officials and employees to gain an understanding of the Town's procurement processes.
- We reviewed and evaluated the Town's procurement policy and procedures to determine whether they were adequate.
- We reviewed Board meeting minutes to identify purchases made using bids and to verify Board approval of purchases.

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 should be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law. 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 Town Board to make the CAP available for public review in the Clerk's office.

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

Contact

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