

Cheektowaga Central School District

Capital Project Management

SEPTEMBER 2022



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

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Report Highlights

Cheektowaga Central School District

Audit Objective

Determine whether the Cheektowaga Central School District (District) Board of Education (Board) and District officials provided sufficient oversight and managed the District's Union East Elementary School capital project (Project) in a transparent manner.

Key Findings

The Board and District officials did not manage the Project in a transparent manner and did not provide adequate oversight.

- The District's Project proposition did not specify \$1.9 million of additional work the District contracted for. As a result, voters were not afforded the opportunity to approve or reject the added work. Without the additional work, the Project could have been completed under budget.
- Officials expended just over \$2 million for five professional service contracts and 39 change orders without obtaining competitive pricing. As a result, the District may have paid more than if the Board and District officials had awarded the work through a competitive process.
- The Board did not review or approve 51 change orders totaling \$814,900 that increased Project costs and four change orders totaling \$120,900 that reduced Project costs, and officials did not ensure change orders were submitted timely to the New York State Education Department (SED) for approval.

Key Recommendations

- Transparently share capital project details with District voters.
- Solicit competition through bids when required, or request quotes to provide assurance the District is receiving the lowest possible price.
- Properly approve change orders and ensure their timely submission to SED.

District officials generally agreed with our findings and recommendations and indicated they have initiated or plan to initiate corrective action.

Background

The District serves the Town of Cheektowaga in Erie County.

The Board is responsible for managing and controlling the District's financial and educational affairs. The Superintendent of Schools (Superintendent) is the chief executive officer and is responsible for the District's day-to-day management.

The Business Manager is responsible for the administration and supervision of financial activities. The Director of Facilities is responsible for the direction and supervision over the operation of facilities, including capital projects. However, the Board is ultimately responsible for the oversight and management of the District's capital projects.

Union East Elementary School Capital Project Quick Facts

Budget	\$16.4 million
Original Project Work	\$14.4 million
Added Project Work	\$1.9 million
Change Orders (net)	\$694,000

Audit Period

December 10, 2019 – March 15, 2022

Union East Elementary School Capital Project

In December 2019, District voters approved a \$16.4 million proposition for a capital improvement project (Project) at the District's Union East Elementary School that included: a one-story building addition, renovations to the existing building, air conditioning in specific areas, security and safety upgrades, related site work and a pool dehumidification unit as a possible alternate. District officials expect the Project to be completed by September 2022.

How Should the Board and Officials Oversee and Manage Capital Projects?

The board and school district officials should ensure that proposed capital projects are presented to the public in a transparent manner. To make an informed decision, voters need to be provided with a sufficiently detailed description of the project scope, including a thorough description of the type of work to be completed, where the work will be performed, what furnishings and equipment will be purchased, estimated costs and information regarding how the school district will pay for the project. SED also allows school districts to prepare a "wish list" of desired items in the original plans as alternates which can be completed if there are remaining appropriations at the project's end. These alternates should be part of the proposition approved by voters.

The board should monitor progress and implement necessary changes to ensure the project is completed in a cost-effective manner. With any construction undertaking, changes or amendments to the project will likely occur because certain variables may not be known at the start of a capital project. In the case of a capital improvement project, change orders typically are a formal construction contract modification, agreed upon by school district officials and the contractor, to authorize changes to a project's scope, cost or estimated completion time. However, prior to entering into a change order, a board and school district officials must ensure that the change order complies with New York State procurement laws, including a school district's procurement policies and regulations.

New York State General Municipal Law (GML) Section 104b stipulates that goods and services which are not required by law to be procured pursuant to competitive bidding, such as professional services, must be procured in a manner to ensure the prudent and economical use of public money, in the taxpayers' best interest, to facilitate the acquisition of goods and services of maximum quality at the lowest possible cost under the circumstances, and to guard against favoritism, improvidence, extravagance, fraud and abuse. In addition, a board is generally required to competitively bid purchase contracts exceeding \$20,000 and contracts for public work involving expenditures exceeding \$35,000. Therefore, if the original construction contract was subject to competitive bidding, an agreement by school district officials and a contractor to modify the original contract may not occur, without further competitive bidding, if the agreed modification materially

varies from the original contract specifications. Otherwise, allowing for the modification places unsuccessful bidders and potential bidders at a material disadvantage because they were not given an opportunity to compete on the amended agreement.

When determining whether the dollar threshold will be exceeded, a board must consider the aggregate amount reasonably expected to be spent on all purchases that are similar or essentially interchangeable within a 12-month period commencing on the date of purchase, whether from a single vendor or multiple vendors. If, in the aggregate, the purchase contract or contract for public work exceeds the dollar threshold, competitive bidding is required under GML. Purchase contracts or public works contracts may not be artificially divided by making a series of purchases for lesser amounts to avoid GML's procurement requirements.

Because the board authorizes construction contracts, it should also review and approve proposed changes to these agreements. Change orders should be presented to the board for approval in a timely manner and reviewed promptly to ensure each change order is formally approved before any additional work is started. All change orders should be properly approved by school district officials, including the board president, as required by SED. In the interest of transparency, the board should document its review and approval of change orders in its meeting minutes.

SED requires certain additional reporting on change orders exceeding the statutory competitive bidding threshold of \$35,000. In these cases, on the change order certification, a school district must include an explanation of why it is in the best interest of the school district and the public to award a change order instead of placing the work out for public bid. Change orders should be limited to those items necessary to implement the project originally proposed by the school district, and approved by the voters and by the SED Commissioner. Change orders for work not included in the original plans and specifications might not be approved by SED and, consequently, not be eligible for building aid. Therefore, it is a best practice that a school district consult with SED prior to seeking approval for large change orders.

The Project Scope Was Not Transparent

We identified instances where the Board and District officials could have been more transparent when presenting the Project's scope of work to the public. While the Project's total costs are not expected to exceed the voter-approved budget of \$16.4 million, officials initiated additional work that was not specified in the Project proposition instead of completing the proposed Project for less than the approved amount. Furthermore, officials completed the additional work and spent more than necessary without fully informing voters of the choices they made.

The District mailed a newsletter to residents that contained a general description of the work to be completed, and the Project proposition was included in the Board meeting minutes. Although the proposition included more detailed information than the newsletter, the proposition still did not include a detailed description of the Project’s scope and instead implied that additional work would possibly be added if there was sufficient funding left over. The proposition included a listing of items to be completed, how the project would be funded, one alternate “wish list” item (a dehumidifier unit), and statements that indicated additional work not specified could be completed within the Project’s approved cost. For example, the proposition included statements such as “Possible alternates are anticipated to include mechanical upgrades such as a pool dehumidification unit” and “If the budget allows, after receiving construction bids, or if other items are identified, additional similar renovations, upgrades or improvements could be undertaken.” Ultimately, officials did not provide voters and residents with a detailed plan fully describing the additional work added to the Project and did not present or discuss the additional work being planned in a public forum prior to authorizing the work.

Moreover, the District is required to propose all phases of a capital project to SED for approval at the Project’s inception, including detail of the work’s scope. More than a year after the Project was approved by the voters and SED, District officials submitted a second set of plans and specifications to SED, which included additional work not included in the original Project plans. The District’s second set of plans was referred to as ‘Phase 2’ and was approved by SED in July 2021. However, the District did not present the Project as a multi-phased project in its initial application to SED or to the voters in the proposition.

As of January 2022, the District has approved additional construction contracts and change orders totaling \$1.9 million for items that were not listed or described in the original Project proposition. Specifically, \$1,326,940 was related to ‘Phase 2’ work (Figure 1).

Figure 1: Phase 2 Work Not in Original Project Plans

Roofing Reconstruction – moving heat, ventilation and air conditioning (HVAC) units	\$658,450
Replace and relocate HVAC units	361,000
Ceiling replacements and elevator upgrades	199,920
Electrical work for HVAC units and LED lighting	107,570
Total	\$1,326,940

The remaining \$572,138 was for additional work presented as change orders, related to the original approved Project. However, these change orders were for additional work that was not included in the original Project plans (Figure 2).

Figure 2: Change Orders for Work Not in Original Project Plans

Locker room updates	\$231,140
Additional classroom tile replacement	88,739
First floor light fixtures and corridor ceiling replacement	59,562
Various items such as additional fence replacement, bathroom renovations, pool cover and classroom shades	192,697
Total	\$572,138

The Superintendent and Business Manager agreed with the Director of Facilities' statement that while all Project work was not specified in the proposition, the added work was within the Project scope because the proposition contained language indicating additional similar work could be undertaken. While the proposition wording appears to provide the District with the option to supplement the work proposed, we question why District officials did not include a list of alternate "wish list" items that could potentially be completed within the Project scope and budget. Officials could not explain why a "wish list" was not included in the proposition. Presenting a "wish list" of alternates would have promoted transparency and afforded voters an opportunity to voice an opinion on the desired Project additions. By not providing such information to District voters and residents, District officials did not present the District's Project plan, including alternate work that could be completed, to the public in a transparent manner.

District Officials Did Not Procure Professional Services Properly

Professional services, which are exceptions to competitive bidding, generally involve specialized skill, training and expertise, use of professional judgment and/or a high degree of creativity. For example, professional services include legal, architectural and accounting services. The Board adopted a purchasing manual that requires District officials to obtain formal written quotes for professional services. Soliciting professional services through formal written quotes, as required by the District's purchasing manual, can help provide assurance that quality services are obtained under the most favorable terms and conditions possible and without favoritism.

District officials did not obtain formal written quotes for five professional services totaling over \$1.3 million, as required by the District's purchasing manual. Of that amount, nearly \$1.2 million was for architectural services. The four remaining professional services totaling approximately \$131,000 were for legal fees, surveying services, commissioning services and environmental studies.

Architectural Services – The District entered into an agreement to pay its existing architectural firm (Architect) 8.75 percent of the Project's construction costs without obtaining formal written quotes. In addition, the Board did not formally approve the agreement for Project architectural services. Based on the estimated

District officials did not obtain formal written quotes for five professional services totaling over \$1.3 million, as required. ...

construction costs of \$13.5 million, Architect fees for the Project are estimated to be nearly \$1.2 million. As of January 2022, the District paid the Architect approximately \$1.1 million.

The Director of Facilities indicated that the District has been using this Architect for many years and, therefore, did not obtain formal written quotes when procuring this service for the Project. Because District officials did not solicit competitive pricing, the District may have paid more than necessary for architectural services, and there is less assurance that these services were acquired without favoritism.

Although the Director of Facilities was satisfied with the work of the Architect, using formal written quotes can increase District officials' awareness of other service providers who could offer similar services at a more favorable cost. For perspective, every half of a percentage point (0.5 percent) decrease in the rate paid to the Architect would generate a savings of \$67,500 in fees. Furthermore, because the Board did not approve the contract in a resolution, the Board was not transparent to the public when making the decision to select this firm.

Because District officials did not obtain formal written quotes for Architect services, legal fees, surveying services, commissioning services and environmental studies, they were not in compliance with the District's purchasing manual. As a result, the District may have paid more than necessary for these services and there is less assurance that these services were acquired without favoritism.

The Board Did Not Approve Change Orders or Obtain Competition for Change Order Work

The Superintendent and Director of Facilities authorized 55 change orders totaling approximately \$694,000¹ presented as modifications to the original construction contracts awarded pursuant to competitive bidding. Change orders authorizing additional work ranged from \$1,280 to \$34,867, each of which were approved and awarded to existing Project contractors without competition. Furthermore, there was no evidence in the Board minutes that change orders were presented to the Board for review and approval.

Although the Superintendent and Director of Facilities reviewed and approved change orders, the Board President did not sign any change orders, as required by SED. The Board President stated that she thought she reviewed and signed capital project change orders in the past. However, when we informed her that there were 55 Project change orders that she did not sign, she acknowledged she

¹ This represents the net amount of 51 change orders totaling \$814,900 that increased contract costs and four change orders that reduced contract costs by approximately \$120,900.

did not sign them and told us she was not aware there were any change orders related to the Project. Four additional Board members also told us they did not recall reviewing change orders.

In addition, District officials did not obtain competitive pricing for the work associated with 39 change orders totaling \$759,056. The remaining 16 change orders were either under quotation thresholds or were credits to the District.

The Board-adopted purchasing manual requires the District to obtain three written quotes for public works contracts when the cost of the public work is between \$5,000 and \$34,999. However, the Superintendent and Director of Facilities approved 21 change orders, totaling \$392,319, that were each between \$5,000 and \$34,999 without obtaining three written quotes. District officials also did not consider the aggregate cost of similar work or purchases to determine whether competitive bidding was required. For example, the Director of Facilities and Superintendent approved the following 18 change orders totaling \$366,737:

- 12 totaling \$231,140 for locker room updates,
- Three totaling \$88,739 for classroom floor tiles, and
- Three totaling \$46,858 for corridor ceiling replacement.

The Director of Facilities and Superintendent approved each of the change orders individually and may have circumvented competitive bidding requirements by not aggregating the total cost of similar items from one or multiple vendors.

District officials should have taken the steps necessary to determine whether competitive bidding was required for the additional services. Instead of seeking competitive quotes, change orders were generally approved based on quotes from contractors who were already previously awarded contracts for Project work. Specifically, the Architect developed 'Architect/Engineer Construction Bulletins' (Bulletins) documenting who requested the Project changes, related scope of work, details of the proposed changes and instructions for contractors to submit itemized cost proposals within five days. The Architect sent Bulletins to specific existing Project contractors, the Director of Facilities and the Construction Manager. The Architect selected specific existing Project contractors based on the type of work the contractor had already been awarded for the Project.

The Director of Facilities told us that he was unaware of the requirement to obtain competitive pricing on aggregate change orders, and that the Architect never brought it up. He told us he believes that the Architect is the expert on the Project and primarily handles change orders. Therefore, he believes the Architect should have been aware of this requirement and brought it to the District's attention. The Director of Facilities also told us that if District officials were to ask for quotes or bids, it may cause delays on the Project. Although he agreed that following requirements for obtaining bids and getting competitive pricing is best, he stated

...District officials did not obtain competitive pricing for the work associated with 39 change orders totaling \$759,056.

The Director of Facilities and Superintendent ... may have circumvented competitive bidding requirements by not aggregating the total cost of similar items. ...

that for the ease and timeliness of the Project, he believes it is usually best to go with the current contractor when obtaining capital project goods and services. The Business Manager also told us that the Architect advised District officials that bidding is not required unless the individual change order is over \$35,000. However, District officials are responsible for ensuring bidding requirements are followed when aggregate items total more than \$35,000, not the Architect. Furthermore, the District's own policies require that if a public works contract is between \$5,000 and \$34,999, three written quotes should be obtained.

By requesting change order work cost proposals solely from specific existing Project contractors, District officials may not have been in compliance with statutory requirements or the District's own purchasing manual, and the proposed prices may have been more costly than if they were awarded through a competitive process. There are circumstances when contracts previously awarded pursuant to competitive bidding may be amended without additional competition when the amendment is merely incidental. However, as a general rule, we advise officials that parties may not agree, without further competitive bidding, to modify a contract awarded pursuant to competitive bidding in a manner that materially varies from the original specifications. To do so would place the unsuccessful bidders and potential bidders at a material disadvantage because each were not afforded an opportunity to compete on the amended agreement. In the examples above, the District obtained quotes from contractors based on the Bulletins sent to all contractors on the same date. We believe the quotes provided by the contractors to the District, when aggregated, qualified as material changes to the original contracts in excess of the statutory dollar thresholds set forth in GML Section 103.

Moreover, because the Board was not aware of and did not review or approve change orders, we question how the Board could properly monitor the Project's progress and implement necessary changes to ensure the Project was completed in a cost-effective manner. Further, change orders, and the costs associated with them, were not documented in the Board minutes or made known to District voters and residents.

Change Order Work Was Completed Without Approvals and Change Orders Were Not Submitted Timely

Of the 55 change orders, 51 totaling \$814,900 were for increases to contract costs, and four change orders totaling approximately \$120,900 were for reductions to contract costs. The Project work related to 45 of the 51 change orders (88 percent) increasing contract costs totaling approximately \$686,300 was completed prior to obtaining SED approval. The Director of Facilities told us that he did not reach out to SED to obtain prior approval for the change order

...[B]ecause the Board was not aware of and did not review or approve change orders, we question how the Board could properly monitor the Project's progress. ...

work, but he thought the Architect may have. The Architect did not respond to our inquiry on whether they reached out to SED prior to the work being completed.

Furthermore, work associated with 14 of the 45 change orders totaling \$277,078 was completed, on average, 27 days before District officials approved the change orders. The Director of Facilities told us that some of the work was time sensitive and needed to be completed before approvals could be obtained. However, none of the change orders indicated the work was time sensitive and the appropriate approvals should have been obtained prior to the work being completed, as required.

In addition, 40 of the 55 change orders were submitted to SED an average of 39 days after the District approved them. The remaining 15 change orders did not appear as received by SED on the SED website during our audit. According to documentation from the Architect, these 15 change orders were submitted on average 43 days after District approval. District officials were unaware there was a delay submitting change orders to SED. The Architect stated that the delay could be due to having to obtain contractors' signatures or SED not recording receipt of the change orders in a timely manner. However, the date change orders were signed by the contractor was prior to the date of District approval.

By not ensuring proper change order approvals were obtained in a timely manner and before completing work associated with those change orders, District officials allowed the change order approval process to be circumvented and risked having building aid withheld.

What Do We Recommend?

The Board should:

1. Present future capital project plans in a more transparent manner and provide voters and residents with detailed descriptions of all improvements to be made, including any desired alternate "wish list" items.
2. Actively monitor capital projects, including reviewing and approving all change orders and ensuring all relevant information and change order approvals are documented in the Board minutes.

The Board President should:

3. Approve all change orders in accordance with SED requirements.

The Board and District officials should:

4. Obtain and retain documentation of formal written quotes for professional services, in accordance with the District's purchasing manual.

-
5. Carefully evaluate change orders to help ensure similar work is appropriately aggregated and determine whether public bidding or competitive quotes are necessary to be compliant with the District's purchasing manual and statutory requirements.
 6. Ensure that change order certifications are sent to SED in a timely manner and contain all required approvals.
 7. Consider following SED's best practice guidance and contact SED to discuss change orders prior to completing the work.

Appendix A: Response From District Officials



CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

"It's All About the Learning"

BOARD OF EDUCATION

Mrs. Renee M. Wilson
President

Mr. Edward W. Schaefer
Vice President

Mrs. Yvonne H. Douglass
Mrs. Carol Kiripolsky
Mr. Paul A. Nazzarett, Jr.
Mrs. Heather E. DuBard
Mr. Derrick C. Warburton

Mr. Steven Wright Superintendent

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Cheektowaga, NY 14225

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Melissa A. Myers, Chief Examiner
295 Main Street, Suite 1032
Buffalo, NY 14203-2510

Dear Ms. Myers,

The Cheektowaga Central School District acknowledges receipt of your draft Report of Examination, 2022M-90, concerning Capital Project Management for the period covering December 9, 2019 - March 15, 2022.

We appreciate our partnership with the Office of the New York State Comptroller and respect the important role the Office of the New York State Comptroller plays in assisting public school districts by identifying opportunities for improvement and recommending best practices. The audit was conducted in a professional manner with the full cooperation of our district office staff.

Please note that the District submits this letter as both our response to the draft audit and our corrective action plan. The Corrective Action Plan was developed as a collaborative effort by the Superintendent, District Staff and the Board of Education.

Response to Key Finding #1:

1. *The District's Project proposition did not specify \$1.9 million of additional work the District contracted for. As a result, voters were not afforded the opportunity to approve or reject the added work. Without the additional work, the Project could have been completed under budget.*
 - a. The Cheektowaga Central School District worked in collaboration with our professional partners to establish the 2019 Union East Capital Project which is currently projected to come in slightly under budget. In doing so, several alternatives were identified in the Proposition and the statement *"If the budget allows, after receiving construction bids or if other items are identified, additional similar renovations, upgrades and improvements, could be undertaken."* was included in the proposition. As a result of this audit, the Cheektowaga Central School District will evaluate all alternates and add them to future propositions in lieu of a general statement about alternatives in order to ensure the voters are aware of all the possible alternatives to the extent possible.

Response to Key Finding #2:

2. *Officials expended just over \$2 million for five professional service contracts and 39 change orders without obtaining competitive pricing. As a result, the District may have paid more than if the Board and District officials had awarded the work through a competitive process.*
 - b. The Cheektowaga Central School District appoints professional service providers annually at the Board of Education Annual Meeting and we utilized several of these service providers in conjunction with the Union East Capital Project. We utilized several on site contractors for change orders. As a result of this audit, the District, with the Board of Education Policy Committee, will review the purchasing policy related to capital projects and make any necessary revisions.

Response to Key Finding #3:

3. *The Board did not review or approve 51 change orders totaling \$814,900 that increased Project costs and four change orders totaling \$120,900 that reduced Project costs, and officials did not ensure change orders were submitted timely to the New York State Education Department (SED) for approval.*
 - a. The Cheektowaga Central School District met with its professional partners regularly to discuss the capital project and change orders. The Director of Facilities and the Superintendent reviewed and approved change orders and then returned them to our professional partners to submit to the New York State Education Department (SED) for approval. As a result of this audit, District Officials will evaluate change orders to ensure they are competitively bid or quoted and approved following Board of Education Purchasing Policy and SED requirements.

Corrective Action Plan:

Recommendation #1:

1. *The Board should present future capital project plans in a more transparent manner and provide voters and residents with detailed descriptions of all improvements to be made, including any desired alternate “wish list” items.*
 - a. **Implementation Plan of Action:** The Cheektowaga Central School District will evaluate all alternates and add them to future propositions in lieu of a general statement about alternatives in order to ensure the voters are aware of all the possible alternatives to the extent possible.
 - b. **Implementation Date:** This process has been implemented as of June 30, 2022.
 - c. **Person Responsible for the Implementation:** The Superintendent, Business Administrator, Director of Facilities and the Board of Education.

Recommendation #2:

2. *The Board should actively monitor capital projects, including reviewing and approving all change orders and ensuring all relevant information and change order approvals are documented in the Board minutes.*
 - a. **Implementation Plan of Action:** District Officials will evaluate change orders to ensure they are competitively bid or quoted and approved following Board of Education Purchasing Policy. In addition, the Board of Education will periodically review itemized reports of change orders and capital project updates.
 - b. **Implementation Date:** The District is following the procedures above for the current Capital Improvement Project and is in the process of making revisions to enhance current policies. This will be completed by June 30, 2023.
 - c. **Person Responsible for the Implementation:** The Superintendent, Business Administrator, Director of Facilities and the Board of Education

Recommendation #3:

3. *The Board President should approve all change orders in accordance with SED requirements.*
- a. **Implementation Plan of Action:** District Officials will evaluate change orders to ensure they are competitively bid or quoted and approved following Board of Education Purchasing Policy and SED requirements.
 - b. **Implementation Date:** The District is following the procedures above for the current Capital Improvement Project and is in the process of making revisions to enhance current. This will be completed by June 30, 2023.
 - c. **Person Responsible for the Implementation:** The Superintendent, Business Administrator, Director of Facilities and the Board of Education

Recommendation #4:

4. *The Board and District officials should obtain and retain documentation of formal written quotes for professional services, in accordance with the District's purchasing manual.*
- a. **Implementation Plan of Action:** The District, with the Board of Education Policy Committee, will review the purchasing policy related to capital projects and make any necessary revisions.
 - b. **Implementation Date:** The District is following the procedures above for the current Capital Improvement Project and is in the process of making revisions to enhance current. This will be completed by June 30, 2023.
 - c. **Person Responsible for the Implementation:** The Superintendent, Business Administrator, Director of Facilities and the Board of Education.

Recommendation #5:

5. *The Board and District officials should carefully evaluate change orders to help ensure similar work is appropriately aggregated and determine whether public bidding or competitive quotes are necessary to be compliant with the District's purchasing manual and statutory requirements.*
- a. **Implementation Plan of Action:** The District, with the Board of Education Policy Committee, will review the purchasing policy related to capital projects and make any necessary revisions. District Officials will evaluate the change orders to ensure they are competitively bid or quoted following Board of Education Purchasing Policy.
 - b. **Implementation Date:** The District is following the procedures above for the current Capital Improvement Project and is in the process of making revisions to enhance current. This will be completed by June 30, 2023.
 - c. **Person Responsible for the Implementation:** The Superintendent, Business Administrator, Director of Facilities and the Board of Education.

Recommendation #6:

6. *The Board and District officials should ensure that change order certifications are sent to SED in a timely manner and contain all required approvals.*
- a. **Implementation Plan of Action:** The District, with the Board of Education Policy Committee, will review the purchasing policy related to capital projects and make any necessary revisions. The District will collaborate with the contracted Architect to ensure all SED requirements and timelines are being met.
 - b. **Implementation Date:** The District is following the procedures above for the current Capital Improvement Project and is in the process of making revisions to enhance BOE policies. This will be completed by June 30, 2023.
 - c. **Person Responsible for the Implementation:** The Superintendent, Business Administrator, Director of Facilities and the Board of Education.

Recommendation #7:

7. *The Board and District officials should consider following SED's best practice guidance and contact SED to discuss change orders prior to completing the work.*
- a. **Implementation Plan of Action:** The District, with the Board of Education Policy Committee, will review the purchasing policy related to capital projects and make any necessary revisions. The District will collaborate with the contracted Architect to ensure all SED requirements are being met and best practices are being utilized.
 - b. **Implementation Date:** The District is following the procedures above for the current Capital Improvement Project and is in the process of making revisions to enhance current. This will be completed by June 30, 2023.
 - c. **Person Responsible for the Implementation:** The Superintendent, Business Administrator, Director of Facilities and the Board of Education.

Steven Wright, Superintendent

Renee Wilson, Board President

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 Board members, and reviewed Board meeting minutes, relevant laws, District policies and SED guidance to gain an understanding of the District's capital project management.
- We examined available bid and quote documentation to assess whether the Project was procured in accordance with District policies and applicable statutes.
- We examined construction contracts, claims and change orders for adequacy and evidence of proper methods of approvals.
- We reviewed original project propositions, capital project applications submitted to SED, project contracts, bids and bid specifications to determine the proposed work to be completed, whether sufficient information was presented to voters and whether the scope of the Project was communicated clearly to the District's voters and residents.
- We interviewed District officials to gain an understanding of the additional work added to the Project scope.
- We reviewed all change orders to assess whether the Board properly approved the orders and complied with applicable purchasing requirements and District policies.
- We reviewed change order submissions to assess whether they were submitted to SED in a timely manner and whether work was completed prior to SED approval.

We conducted this performance audit in accordance with generally accepted government auditing standards (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.

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

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