



Town of Colesville

Procurement

2023M-92 | November 2023

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Report Highlights

Town of Colesville

Audit Objective

Determine whether Town of Colesville (Town) officials used a competitive process to procure goods and services.

Key Findings

Officials did not always use a competitive process when purchasing goods or services and some officials were unfamiliar with the Town’s procurement policy requirements.

Of the 28 purchases reviewed totaling \$1.2 million, officials did not properly seek competition for three purchases totaling \$170,575.

Key Recommendations

- Comply with Board policies and statutes when procuring goods and services.
- Retain adequate documentation of actions taken when procuring goods and services.

Town officials agreed with our findings and indicated they plan to initiate corrective action.

Background

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

The Town Supervisor (Supervisor) serves as the Town’s chief fiscal officer and is responsible for the Town’s daily operations. The Town has an elected Highway Superintendent (Superintendent) who is responsible for overseeing all highway department operations, including purchasing goods and services.

Quick Facts

Purchase Amount Reviewed	\$1.2 million
2022 Expenditures	
General Fund	\$1.3 million
Highway Fund	\$2.3 million
2023 Appropriations	
General Fund	\$1.4 million
Highway Fund	\$1.7 million

Audit Period

January 1, 2022 – March 31, 2023

Procurement

When Should Town Officials Seek Competition for Procurement?

Towns should use competitive methods when obtaining goods and services. This can help towns obtain services, supplies and equipment from the best-qualified and lowest-priced sources. Competition also helps towns use their resources efficiently and helps guard against favoritism, extravagance, fraud and corruption.

Town officials must comply with New York State General Municipal Law (GML) Section 103 which generally requires competitive bidding for purchase contracts exceeding \$20,000, with certain exceptions. In lieu of seeking competition, towns are also authorized to make purchases using other publicly awarded government contracts, such as those of a county or New York State Office of General Services (OGS).

Officials should comply with the Town's procurement policy, which outlines the purchasing process for goods and services not required by law to be bid. The procurement policy defines the requirements that must be met when procuring goods and services, unless the item was procured on a State or county contract. According to the Town's procurement policy, the specific requirements for purchasing goods and services costing between:

- \$0 and \$1,000 are left to the discretion of the purchaser,
- \$1,000 and \$5,999 require two verbal quotes,
- \$6,000 and \$19,999 require three written quotes,
- \$20,000 and up require a formal bid.

Officials Did Not Always Seek Competition When Procuring Goods and Services

We reviewed 28 purchases totaling approximately \$1.2 million made during the audit period to determine whether officials used a competitive process when purchasing goods or services. Officials could not show supporting documentation that they sought competition as required by GML Section 103 or the Town's procurement policy for three purchases totaling \$170,575 (14 percent).

Competitive Bidding – We reviewed 18 purchases totaling approximately \$1 million to determine whether the Board, as part of the claims audit process, ensured that purchases subject to competitive bidding requirements were competitively bid. Officials could not show supporting documentation that they solicited bids or used other competitive methods, such as using OGS, county or other government contracts for two purchases totaling \$163,745. These two purchases included a used construction vehicle (loader) totaling \$88,745 and a stainless-steel dump truck box totaling \$75,000. The Superintendent stated the loader was purchased from a government contract vendor, but they chose to

Town officials must comply with New York State General Municipal Law (GML) Section 103 ... require[ing] competitive bidding for purchase contracts. ...

buy a used loader due to delivery backlog issues for a new loader. Additionally, the Superintendent stated the dump truck box was purchased from a publicly awarded government contract. However, officials could not provide us which contract was used to purchase the dump truck box.

Quotes – We reviewed 10 purchases totaling \$95,171 that were under competitive bidding thresholds and subject to the Town’s procurement policy to determine whether officials obtained the minimum number of quotes required. Officials could not show supporting documentation that they obtained three written quotes for one purchase totaling \$6,830 for mowing services, as required by the Town’s procurement policy. The Supervisor told us the mowing service had been performed by the same vendor for over 30 years. We reviewed the Board meeting minutes and confirmed the Town did seek competition for mowing services in 2023.

These deficiencies occurred because officials did not follow competitive bidding requirements or the Town’s procurement policy. The Superintendent told us that he reviews contracts available for the Town to purchase from but did not always retain a copy of the contract. When officials do not use a competitive process to procure goods and services, or retain documentation evidence that the requirements were met, there is an increased risk that goods and services may not be procured in the most cost-effective manner to help ensure the most prudent and economical use of public money.

What Do We Recommend?

The Board should:

1. Ensure Town officials comply with statutes and Board policies when procuring goods and services.

Town officials should:

2. Make purchases in accordance with the Town’s procurement policy and retain appropriate supporting documentation when procuring goods and services.

Appendix A: Response From Town Officials

Glenn S. Winsor, Supervisor
Town of Colesville
Box 421
Harpursville, NY 13787
colesvillesupervisor@echoes.net
607-693-1794

October 10, 2023

Ann Singer, Chief Examiner of OSC
Binghamton Regional Office
State Office Building Room 1702
44 Hawley Street
Binghamton, NY 13901-4417

Response: OSC Audit- Town of Colesville Exit Conference and Draft Audit Report September 19, 2023; Town of Colesville Procurement Report of Examination 2023M-92.

The town board recognizes its responsibility in serving the residents of the Town of Colesville. Town of Colesville town officials have always made an honest effort to follow all NYS statues and procedures that govern purchasing goods and or services, used in the course of business for the town.

The town board welcomed the recommendations made during the course of the NYS Comptroller's Report of Examination of Procurement 2023M-92, and has begun implementation of the same.

The town's Corrective Action Plan (CAP) for Town of Colesville Procurement Report of Examination 2023M-92. Moving forward, town officials will answer those recommendations by including accounting changes - including the addition of adding complete supporting documentation to vouchers and invoices, when making purchases for goods and services, under the town's Procurement Policy, thus insuring competitive pricing.

Regards,

Glenn S. Winsor
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, our audit procedures included the following:

- We interviewed Town officials and reviewed Town policies and procedures and Board meeting minutes and resolutions to gain an understanding of and evaluate the adequacy of procurement policies and procedures.
- We used our professional judgment to select a sample of 18 purchases of items commonly found on OGS, county or other government contracts totaling approximately \$1 million to determine whether officials properly sought competition.
- We used our professional judgment to select a sample of 10 purchases requiring competition according to the procurement policy or requiring formal bidding totaling \$95,171, to determine whether Town officials adhered to the Town's procurement policy or GML.

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.

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.

The Board has the responsibility to initiate corrective action. 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 Board to make the CAP available for public review in the Town 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

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/local-government

Local Government and School Accountability Help Line: (866) 321-8503

BINGHAMTON REGIONAL OFFICE – Ann C. Singer, Chief of Municipal Audits

State Office Building, Suite 1702 • 44 Hawley Street • Binghamton, New York 13901-4417

Tel (607) 721-8306 • Fax (607) 721-8313 • Email: Muni-Binghamton@osc.ny.gov

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