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March 2023

Michael Ferrara, Town Supervisor
Members of the Town Board
Town of Seneca Falls
130 Ovid Street
Seneca Falls, NY 13148

Report Number: 2018M-143-F

Dear Supervisor Ferrara and Members of the Town Board:

One of the Office of the State Comptroller's primary objectives is to identify areas where local government officials can improve their operations and provide guidance and services that will assist them in making those improvements. The Office also works to develop and promote short-term and long-term strategies to enable and encourage town officials to reduce costs, improve service delivery and to account for and protect their town's assets. In accordance with these objectives, we conducted an audit of the Town of Seneca Falls (Town) to assess the procurement processes of the Town. As a result of our audit, we issued a report, dated September 13, 2019, identifying certain conditions and opportunities for the Board's review and consideration.

To further our policy of providing assistance to local governments, we revisited the Town beginning in September 2022 to review progress in implementing our recommendations. Our follow-up review was limited to interviews with Town personnel and inspection of certain documents related to the issues identified in our report. Based on our limited procedures, it appears that the Town has not made progress implementing corrective action as none of the four audit recommendations were implemented.

Recommendation 1 – Procurement Policy

The Board should consider revising the procurement policy or adopting written procedures to specify documentation requirements, including the rationale for decisions made, and ensure officials and employees follow competitive bidding statutes and policy requirements.

Status of Corrective Action: Not Implemented

Observations/Findings: The Board adopted an updated procurement policy on February 4, 2020, which includes guidance on soliciting competition for competitive bidding, best value, aggregate purchases, professional services, piggybacking off other governmental agencies and the use of sole

source and preferred vendors. However, the policy does not include adequate details regarding documentation to be maintained, including the rationale for decisions made, nor have Town officials developed written procedures which include this information. Current Town officials were not aware that the policy adopted in 2020 did not incorporate all components of the audit recommendation. Furthermore, Town officials have not ensured that officials and employees are consistently following competitive bidding statutes and policy requirements.

Recommendation 2 – Aggregate Purchases

The Board should consider the aggregate amount projected to be expended for the same or similar type of goods or services when determining whether competitive bidding is required.

Status of Corrective Action: Not Implemented

Observations/Findings: Town officials and employees are not considering the aggregate amount of purchases across departments when determining whether competitive bidding is required. The Town's procurement process is decentralized, and each department purchases the goods/services specifically for their department. There is typically no collaboration between departments on purchases or vendors. The Board also did not have an adequate understanding of legal requirements related to competitive bidding and aggregate purchases.

Town officials and employees made purchases from January 1, 2020 through October 1, 2022, from 19 vendors totaling \$950,714, without adequately seeking competition.

Figure 1: Aggregate Purchases					
Purchase Type	Total Vendors	2020	2021	2022	Total
Electrical Supplies	6	\$300,736	\$108,873	\$62,968	\$472,577
Vehicle Maintenance	9	67,481	174,271	106,391	348,143
Equipment and Tools	4	46,171	61,160	22,663	129,994
Total	19	\$414,388	\$344,304	\$192,022	\$950,714

Recommendation 3 – Procurement of Professional Services

The Board should develop procedures for procuring professional services, to award contracts above a reasonable limit only after soliciting some form of competition and provide guidance as to how competition should be solicited, including written RFPs, written quotes or verbal quotes.

Status of Corrective Action: Not Implemented

Observations/Findings: Although the Board updated its procurement policy in 2020 with additional guidance regarding the procurement of professional services, including the requirement to issue a request for proposals (RFP) when seeking to hire professional services unless the Board, at its sole discretion, determines that seeking alternative proposals and quotes would not be in the Town's best interest. However, the policy lacks an enforcement component to ensure the solicitation requirements are met and was not followed.

To evaluate the effectiveness of these policy updates, we reviewed payments totaling \$2.2 million made to 13 professional service providers who were paid more than \$15,000 in any single year from 2020 through 2022. We found the Town did not seek competition for three professional service providers (totaling \$270,620), including their auditing firm, a sculptor and the attorney for special projects. Town officials explained they did not deem it necessary to seek competition for the aforementioned services because the services required a specialized skill set. However, no written documentation was maintained detailing why it was not in the Town's best interest to seek competition or why these specific professional service providers were chosen as required by the policy.

Recommendation 4 – Professional Service Agreements

The Board should ensure the Town has written agreements with all professional service providers that detail the types and timeframes of services and the compensation to be paid.

Status of Corrective Action: Not Implemented

Observations/Findings: Although the Town made improvements in maintaining written contracts with sufficient detail for 12 of the 13 professional service providers we reviewed, the Board did not have a written agreement which adequately defined terms of service or approved detailed Board resolutions on file for the attorney for special projects, who was paid \$27,400 during the three-year period reviewed. Without a written agreement, the Town's recourse as to the services provided or the cost of services received may be limited. To help ensure that all contracts are monitored and maintained in the future, the Town Supervisor assigned a contract committee on January 3, 2023.

During our review, we discussed the basis for our recommendations and the operational considerations relating to these issues. We encourage Town officials to continue their efforts to fully implement our recommended improvements.

Thank you for the courtesies and cooperation extended to our auditors during this review. If you have any further questions, please contact Edward V. Grant Jr., Chief of Municipal Audits of our Rochester Regional Office, at (585) 454-2460

Sincerely,

Elliott Auerbach
Deputy Comptroller