New York State Comptroller
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Village of Groton

Capital Project

September 2026 | 2026M-36
Prepared by the Division of Local Government and School Accountability

Table of Contents

Audit Results 1

Capital Project: Finding and Recommendations 3

Finding 1 – The Board did not comply with competitive bidding requirements and the Policy for Project change orders. 3

Recommendations 5

Appendix A: Profile, Criteria and Resources 6

Profile 6

Criteria 6

Additional Resources 6

Appendix B: Response From Village Officials 7

Appendix C: Audit Methodology and Standards 10

Audit Results

Village of Groton

Audit Objective

Did the Village of Groton (Village) Board of Trustees (Board) competitively procure the goods and services for a capital project (Project) that included a municipal building and fire station?

Audit Period

November 30, 2017 – February 19, 2026

Understanding the Audit Area

A village board is responsible for ensuring that goods and services associated with a capital project are competitively procured in accordance with applicable laws and a village's procurement policies. Seeking competition helps ensure a village obtains quality goods and services at the lowest possible cost, safeguards taxpayer resources and provides qualified vendors a fair and equal opportunity to compete. An open and competitive procurement process also promotes accountability and transparency and helps protect against favoritism, extravagance and fraud.

The Project included the construction of a combined building for the Village and the Groton Fire Department (Department),[1] and Project costs totaled $4.1 million.

Audit Summary

The Board did not competitively procure certain goods and services for the Project. Although the Project's original construction contracts, totaling $3.7 million, were properly procured, the Board subsequently procured $135,900 in goods and services without seeking competition in accordance with New York State General Municipal Law (GML) Section 103 or the Village's procurement policy (Policy). As a result, the Board cannot ensure the Village obtained quality goods and services at the lowest possible cost. Seeking competition also guards against favoritism, extravagance and fraud while providing interested vendors a fair and equal opportunity to compete.

Specifically:

- Purchases totaling $99,100 were not competitively procured in accordance with GML.
- Purchases totaling $36,800 were not procured in compliance with the Policy.

This report includes three recommendations that, if implemented, will improve the Village's procurement practices and help ensure future capital project procurements are competitive and comply with applicable requirements. Village officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate, corrective action.

This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the Office of the New York State Comptroller's (OSC's) authority as set forth in Article 3 of GML. The audit's methodology and standards are included in Appendix C.

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 OSC within 90

1 The Department is a not-for-profit corporation, composed of volunteer members and governed by its own board, that provides fire protection and emergency services within the Village.

days, pursuant to Section 35 of GML. For more information on preparing and filing the CAP, please refer to the OSC brochure, *Responding to an OSC Audit Report*, which was provided with the draft audit report. The Board is encouraged to make the CAP available for public review in the Clerk-Treasurer's office.

Capital Project: Finding and Recommendations

Village boards are responsible for overseeing capital projects, including ensuring that projects are properly authorized, planned and managed. To help ensure that project costs are realistic and in the best interest of taxpayers, goods and services for the project should be competitively procured. GML generally requires village boards to solicit competitive bids for purchase contracts exceeding $20,000 and public works contracts involving expenditures exceeding $35,000.

With construction undertakings, changes or amendments to the project are generally expected, given the possibility of many unknown variables at the start of a project. In the case of a capital project, a change order is typically a formal construction contract modification, agreed upon by village officials and the contractor, to authorize an alteration of the capital project's construction scope, cost or estimated completion time. When the original construction contract was subject to competitive bidding and an agreed-upon modification materially varies from the original contract specifications, the agreement by village officials and the contractor to modify the original contract may not occur without further competitive bidding.

The Policy governs the procurement of goods and services that are not subject to competitive bidding requirements. With certain exceptions, the Policy requires that alternative options for goods and services be secured by use of either requests for proposals (RFPs) or verbal or written quotes (Figure 1).

Figure 1: Policy Requirements

Contract Type	Dollar Range	Requirements
Purchase Contracts	$8,000 to $19,999	Written/fax quotes or written RFPs
	$2,501 to $7,999	Verbal quotes
	Up to $2,500	Competition not required
Public Works Contracts	$12,500 to $34,999	Written/fax/email proposals or written RFPs
	$2,501 to $12,499	Verbal quotes
	Up to $2,500	Competition not required

Although the Policy does not specify how many written or verbal quotes or RFPs must be obtained, the Policy does state that "[A] good-faith effort shall be made to obtain at least two quotations." In the event that a purchaser is unable to obtain two quotes, the Policy requires the purchaser to "document the attempt made at obtaining the proposals." More details on the criteria used in this report, as well as resources we make available to officials that can help officials improve activities, are included in Appendix A.

Finding 1 – The Board did not comply with competitive bidding requirements and the Policy for Project change orders.

The Board partnered with the Department to construct a new combined municipal building and fire station, due to the deteriorated condition of the former Village Hall. As part of this combined Project, the Board acted as the lead agent in overseeing and procuring the Project. In 2017, the Board purchased property to construct the Project. In November 2018, the Board authorized the construction of the new building at a maximum estimated cost of $5.4 million and the issuance of up to $4.4 million in bonds for the building's construction. The Board planned to fund the Project through the issuance of $4.4 million in bonds, an $800,000 contribution from the Department, and the use of $160,700 of the Village's capital reserve funds. In 2019, the Board received initial competitive bids, ranging from $8 to 10 million, all of which were significantly over the Project's budget. As a result, the Board paused the Project to redesign the plans to stay within the estimated maximum cost. In 2023, the Board restarted the Project and awarded contracts totaling approximately $3.7 million.

Throughout construction, the Board approved 12 change orders, which totaled a net increase of $126,700.[2] We tested all 12 change orders to determine whether they were awarded through a competitive process. We determined six change orders, which increased total costs by $135,900, were subject to either competitive bidding or Policy requirements (Figure 2).

Figure 2: Change Orders Subject to Competition

Criteria	Work/Material Description	Amount
Subject to Competitive Bidding	Change Order 1: Overhead Doors and Side Cart Door	$39,800
	Change Order 4: Additional Nova Brick to go around Overhead Doors	37,900
	Change Order 8: Flooring Upgrade	21,400
Subject to the Policy	Change Order 11: Sewer Line and Electric Sign	15,800
	Change Order 10: Memorial Paver Garden Upgrade	12,300
	Change Order 7: Window, Counter and Rolling Fire Door for Kitchen	8,700
	Total:	**$135,900**

Change Orders Subject to Competitive Bidding – We determined that three change orders, totaling $99,100, materially varied from the Project's original bid specifications and required competitive bidding in accordance with GML. These included:

- Change order 1, totaling $39,800, which upgraded the overhead doors to include more glass on the Department's bay doors and the display door for an antique hose cart.
- Change order 4, totaling $37,900, for additional brick veneer on the Department's side of the building.
- Change order 8, totaling $21,400, for flooring material upgrades in portions of the building due to the unavailability of the original bid material.

Although change orders 1 and 4 were requested by the Department, which reimbursed the Village for the increased costs, the change orders involved aesthetic changes that materially varied from the original Project specifications, which were subject to competitive bidding. As a result, officials should have competitively bid change orders 1 and and 4 in accordance with GML. For change order 8, the Mayor told us that the flooring officials originally chose was no longer available when the contractor attempted to purchase it and, therefore, the Board had to select another option. However, even though the original material was no longer available, the flooring purchase was still subject to competitive bidding requirements.

Change Orders Subject to the Policy – We identified three change orders totaling $36,800 for purchases that materially varied from the original Project specifications or were for new work altogether, and thereby required either written quotes, RFPs, or verbal quotes under the Policy. These included:

- Change order 11, totaling $15,800, for the increased cost of the Village building's new electronic sign ($13,300) and the addition of a sewer line ($2,500). The bid accepted by the Village included $20,000 for the sign; however, the Board chose signage that cost $33,300, an increase of $13,300. This occurred because the Village's bid packet regarding the sign was vague, stating, "style to be chosen by Village." Adding more detail in the Village's bid specifications would help contractors make more accurate estimates and minimize variations from the original contract. Additionally, the installation of the

2 Ten change orders resulted in cost increases totaling $181,700, and two change orders resulted in cost decreases totaling $55,000.

sewer line was separate and unrelated to this portion of the Project, and the Board should have separately procured the sewer line as it was not included in the bid specifications for the Project.

- Change order 10, totaling $12,300, involved the addition of a memorial paver garden with a clock. This change order had elements of a purchase contract (the materials) and a public works contract (the installation). The Policy states, at a minimum, that officials must obtain verbal quotes for such a purchase. This policy requirement would also include a change order. Depending on the actual costs of materials and labor involved, which were not itemized in the change order, officials may have needed to obtain both written and verbal quotes for the change order.
- Change order 7, totaling $8,700, was for the addition of a window and countertop between the kitchen and apparatus room, including a fire-rated rolling door. This change order had elements of a purchase contract (the door and the counter) and a public works contract (the installation). The Policy required officials to obtain at least verbal quotes, if not written/faxed quotes or written RFPs, before making a purchase in this amount. Depending on the actual costs of materials and labor involved, which were not itemized in the change order, officials may have needed to obtain both written and verbal quotes for the change order.

Allowing for material contract modifications or adding items not included in the Project specifications, whether as part of the Project scope or as an alternate design, without further competitive bidding or adherence to the Policy, places potential and/or unsuccessful bidders at a disadvantage because they are not afforded the opportunity to compete with having full knowledge of the Project.

Recommendations

The Board should:

1. Solicit competition for change orders in compliance with GML and the Policy, as applicable.
2. Have a thorough understanding of capital projects' overall scope and provide sufficient detail in the bid specifications to help ensure more accurate bids are received.
3. Competitively procure work that is unrelated to or omitted from a capital project's bid specifications, rather than including the additional work in a capital project's change order(s).

Appendix A: Profile, Criteria and Resources

Profile

The Village is located in the Town of Groton in Tompkins County. The Village is governed by the elected five-member Board which consists of the Mayor and four Trustees. The Mayor is responsible for the Village's day-to-day management under the Board's direction. The Clerk-Treasurer is the Village's chief fiscal officer and is responsible for the Village's financial activities, including processing disbursements and recording capital projects' revenues and expenditures.

Criteria

Village boards are responsible for the oversight and management of capital projects, including ensuring that projects are properly authorized, planned and managed. Proper planning of a capital project requires the board to have a thorough understanding of the project's overall scope, estimated cost, and financing sources before authorizing the project and adopting an itemized capital project budget and timeline.

With construction undertakings, changes or amendments are generally expected, given the possibility of many unknown variables at the start of the project. In a capital project, a change order is often a formal construction contract modification, agreed upon by village officials and the contractor, to authorize a change in the project's scope, cost, or estimated completion time. Because a village board authorizes construction contracts, it should also review proposed changes to these agreements. When the original contract is subject to competitive bidding and an agreed modification materially varies from the original contract specifications, an agreement by village officials and the contractor to modify the original contract may not occur without further competitive bidding. Otherwise, allowing for such modifications places potential and/or unsuccessful bidders at a disadvantage because they were not afforded an opportunity to compete on the agreement as amended.

To ensure that capital projects are properly procured, village boards should comply with GML Section 103, which generally requires villages to award purchase contracts exceeding $20,000 and public works contracts exceeding $35,000 to the lowest responsible bidder (or on the basis of best value, where applicable).

In addition, GML Section 104-b requires villages to adopt written policies and procedures governing the procurement of goods and services that are not subject to the competitive bidding requirements. Such policies and procedures help ensure the prudent and economical use of public money, as well as help guard against favoritism, improvidence, extravagance, fraud and abuse. Written procurement policies and procedures also provide guidance to officials involved in the procurement process that help ensure that competition is sought in a reasonable and cost-effective manner.

Additional Resources

OSC's *Local Government Management Guides,* and other informational resources that are available on OSC's website to help officials understand and perform their responsibilities, include:

- *Capital Projects Fund:* https://www.osc.ny.gov/files/local-government/publications/pdf/capital-projects-fund.pdf
- *Seeking Competition in Procurement:* https://www.osc.ny.gov/files/local-government/publications/pdf/seeking-competition-in-procurement.pdf

In addition, local officials can use OSC's website to search for audits, resources, publications and training for officials at: https://www.osc.ny.gov/local-government

Appendix B: Response From Village Officials

The content below is a reproduced copy of the original response letter issued by Village officials, is reformatted to meet the Americans with Disabilities Act *Web Content Accessibility Guidelines (WCAG)*,[3] and may have included changes to spelling and grammar. The substance of the content was not changed.

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Re: Response to Audit Findings — Change Orders and Municipal Training

The Village of Groton appreciates the opportunity to respond to the findings and recommendations identified by the New York State Office of the State Comptroller (NYS OSC) as part of its audit of the Village.

The Village takes its fiscal responsibilities, procurement requirements, and stewardship of public funds very seriously. We recognize the importance of ensuring that change orders and project modifications are properly evaluated, documented, authorized, and supported by a clear public purpose.

Change Orders

The audit identified several change orders associated with the Village's building project that require clarification and response:

Change Order No. 1 — $39,800

Change Order No. 1, totaling $39,800, provided for upgrades to the overhead doors serving the Department's bays, including the addition of more glass to the doors. The change order also included an upgraded display door for display of an antique hose cart.

These modifications were made to improve the functionality and appearance of the building while also providing an appropriate means of displaying an item of historical and community significance. The Village recognizes, however, that improvements beyond the original bid specifications must be carefully reviewed and documented to ensure compliance with applicable procurement and municipal requirements.

Change Order No. 4 — $37,900

Change Order No. 4, totaling $37,900, provided for additional brick veneer on the Department's side of the building.

The additional brick veneer was incorporated to provide a more complete and consistent exterior finish and to address the building's appearance and integration with the surrounding structure. The Village acknowledges

3 https://www.ada.gov/resources/2024-03-08-web-rule/#highlights-of-the-requirements-in-the-rule

that the addition constituted work beyond the original contract scope and that the basis, necessity, and authorization for such work should be clearly documented as part of the Project record.

Change Order No. 8 — $21,400

Change Order No. 8, totaling $21,400, addressed upgrades to flooring materials in portions of the building due to the unavailability of the material originally specified in the bid documents.

The change was necessary to address material availability and allowed the project to proceed without utilizing the unavailable original product. The replacement material represented an upgrade to the specified flooring material.

The Village understands the importance of maintaining a clear distinction between necessary project changes, substitutions necessitated by material availability, and discretionary upgrades. Going forward, the Village will place greater emphasis on documenting the specific reason for each proposed change, whether the change is necessary to complete the project, whether it is consistent with the original project purpose, and the financial impact before authorization.

Corrective and Educational Measures

In response to the audit process, the Village has taken steps to enhance its knowledge and understanding of municipal procurement, capital projects, change orders, contracting, and financial oversight.

On June 23, 2026, the Village of Groton hosted an all-day educational training program entitled "Municipal Capital Projects from Start to Finish." The Village intentionally structured this training not only as an educational opportunity for its own employees and officials, but also as an opportunity to share important municipal education with other local governments throughout New York State.

The training included presentations from professionals with significant expertise in municipal government, finance, procurement, bonding and governmental accountability, including representatives from:

- **[redacted]**
- **[redacted]**
- **[redacted]**
- **[redacted]**

The program was attended by **47 participants representing 25 municipalities and one accounting firm from across New York State.**

The Village believes this training demonstrates its commitment to continuous improvement and to ensuring that municipal officials and employees understand the requirements and best practices associated with capital projects and public expenditures. The Village was also pleased to provide an opportunity for other municipalities to benefit from the same educational resources.

The Village recognizes that proper municipal oversight extends beyond simply approving expenditures. It includes understanding the procurement process, establishing appropriate controls, maintaining adequate documentation, monitoring contracts, evaluating change orders, and ensuring that public funds are spent in a manner consistent with the governing body’s authorization and applicable law.

Commitment to Improvement

The Village of Groton appreciates the guidance provided by the NYS Office of the State Comptroller through this audit. The Village considers the audit process an important opportunity to review its existing practices and strengthen internal controls.

Going forward, the Village will continue to improve its procedures relating to capital projects and change orders, including:

1. Requiring sufficient written justification for proposed change orders;
2. Clearly identifying whether a change is required, necessary due to unforeseen circumstances or material availability, or represents an elective upgrade;
3. Documenting the financial impact and funding source for each change;
4. Ensuring that change orders receive appropriate review and authorization before work proceeds whenever practicable;
5. Maintaining complete project documentation supporting the Village's decisions; and
6. Providing continuing education to Village officials and employees regarding municipal procurement, contracting, capital projects, and financial oversight.

The Village of Groton is committed to responsible fiscal management and to continually improving its policies and procedures. We appreciate the work of the NYS Office of the State Comptroller and the opportunity to use the audit findings as a means of strengthening the Village's operations and accountability to its residents.

Respectfully submitted,

Christopher Neville, Mayor
Village of Groton

Appendix C: Audit Methodology and Standards

OSC auditors obtained an understanding of internal controls that were deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of the work on internal controls, as well as the work performed in the audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed Village officials and employees and reviewed policies and Board meeting minutes to gain an understanding of operations related to the Project.
- We reviewed the Board meeting minutes, bid documents and contracts to determine whether the Board properly authorized the project, including the scope, cost and means of financing.
- We reviewed all 12 change orders totaling $126,700 to determine whether Village officials followed the bidding requirements of GML and/or the Policy. We reviewed Board meeting minutes and interviewed Village officials to determine whether the change orders were for unanticipated site conditions or were to address conditions that may have changed since the bid specifications were drawn up and to determine whether they were properly approved.

OSC auditors conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objective. Auditors believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objective.

Questions?

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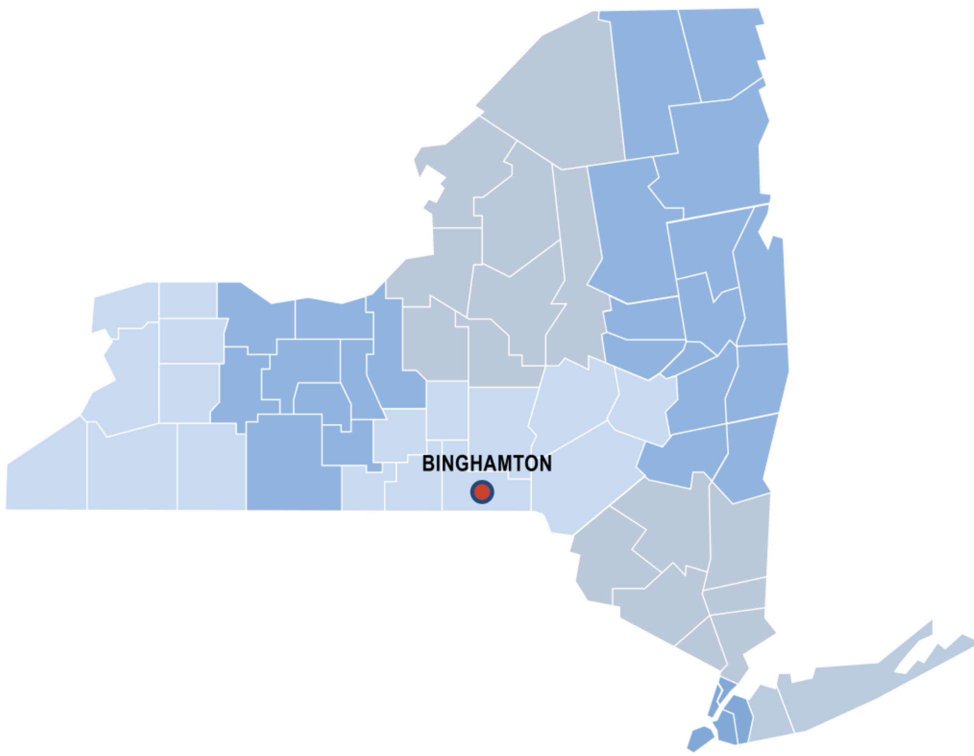

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