



City of Mechanicville

Procurement

2025M-60 | April 2026

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Audit Results

City of Mechanicville



Audit Objective	Audit Period
Did City of Mechanicville (City) officials procure goods and services in accordance with the City's procurement policy, statutory requirements and good business practices?	January 1, 2022 – September 30, 2024
Understanding the Audit Area	
<p>One of the best methods for helping ensure that goods and services are acquired in a cost-effective manner is to seek competition, which is often required by State law or by locally adopted policy. One of the goals of seeking competition is to foster honest competition to obtain quality commodities and services at the lowest possible cost. Seeking competition also guards against favoritism, extravagance and fraud, while allowing interested vendors a fair and equal opportunity to compete. Whether using formal competitive bids, requests for proposals (RFPs)¹ or written and verbal quotes, a well-planned solicitation effort is needed to reach as many qualified vendors as possible.</p> <p>City officials made 3,808 payments for purchases totaling approximately \$19 million in goods and services during the audit period.</p>	

Audit Summary

City officials did not always procure goods and services according to the City's procurement policy, statutory requirements and good business practices. As a result, officials made purchasing decisions without proper oversight, did not maintain adequate financial and purchasing records and did not always use a competitive process when procuring goods and services. Officials also did not establish adequate procurement guidelines. Without clear purchasing guidelines and adequate oversight of the purchasing process, the City could pay inflated prices, inefficiently spend public funds, incur legal liability and diminish public trust in the City's operations.

During our review of the City's procurement policy and process, we identified the following discrepancies:

¹ An RFP provides detailed information on the type of goods and services needed and the evaluation criteria used to award the contract. Obtaining written proposals through an RFP process is an effective way to procure goods and services at the best value and document how service provider selections are made.

-
- City Department heads did not always comply with the procurement policy or document whether they used competitive bidding, as required by the policy. We reviewed a sample of 35 purchases totaling \$2.26 million and identified that 23 purchases totaling approximately \$760,000 (34 percent) did not comply with the procurement policy or statutory requirements. For example, competitive bidding was not used for five purchases totaling \$608,000 that exceeded \$20,000, quotes were not obtained for 13 purchases totaling \$106,500 that were between \$2,000 and \$20,000, and RFPs were not issued for five purchases totaling \$44,900 where required.
 - The City's Commissioner of Finance (Commissioner) and Deputy Commissioner of Finance (Deputy) did not verify that each purchase included the correct number of written or verbal quotes before paying vendors. Without these reviews and verifications, purchases might not comply with the procurement policy and potential financial discrepancies could occur.
 - The City's procurement policy was inadequate and inconsistent, which created confusion and increased the risk that staff would not comply with required procurement practices. The City also did not have formal, written procedures for its purchasing process or specific procurement guidelines for professional services in the procurement policy.
 - The City did not have an individual designated as its official purchasing agent. Instead, each Department head was responsible for purchasing within their respective departments. This approach could result in varied practices and challenges with maintaining uniformity across departments.
 - The procurement policy required Department heads to verify that funds were available before making purchases. However, the City's Finance office did not have updated accounting records, which made it difficult for Department heads to ensure that there were adequate funds for their purchases. Consequently, they made purchases without confirming there were available budget appropriations, which led to financial discrepancies and inefficiencies.

The report includes 13 recommendations that, if implemented, will improve the City's procurement practices and ensure economic use of public funds in the taxpayers' best interests. City officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate corrective action.

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 (GML). Our methodology and standards are included in Appendix C.

The City Council (Council) has the responsibility of initiating corrective action. We encourage the Council to prepare a written corrective action plan (CAP) that addresses the recommendations in this report and forward it to our office within 90 days. 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 Council to make the CAP available for public review.

Procurement: Findings and Recommendations

The City’s procurement policy is guided by local code, State law and recommended best practices, which emphasize competitive bidding, best value selection and internal controls to support transparency and fiscal responsibility. City officials are responsible for ensuring that purchases follow legal requirements and are supported by proper documentation.

More details on the criteria used in this report, as well as resources we make available to local officials that can help officials improve operations (Figure 1), are included in Appendix A.

Finding 1 – City officials did not ensure that purchasing staff complied with competitive procurement requirements.

Department heads did not consistently comply with the procurement policy or statutory requirements when making purchases. We reviewed a sample of 35 purchases totaling approximately \$2.26 million and determined that \$759,750 (34 percent) of those purchases were not properly procured. Noncompliance with competitive procurement requirements occurred across all competitive procurement thresholds and included not using formal bidding and not obtaining written and oral quotes (Figure 1).

Figure 1: Compliance with Competitive Procurement Thresholds

Requirements	Thresholds	Total \$ Purchases	Discrepancies	Total \$ Discrepancies
Use Competitive Bidding	>\$20,000 for purchase contracts, or >\$35,000 for public works	\$2,060,369	5	\$608,351
Obtain Three Quotes	>\$5,000 and <\$20,000	\$119,249	6	\$80,881
Obtain Two Oral Quotes	>\$2,000 and <\$5,000	\$36,522	7	\$25,618
Issue RFPs	Professional Services	\$44,900	5	\$44,900
Totals		\$2,261,040	23	\$759,750

Competitive Bidding – Department heads did not comply with competitive bidding requirements for five of 10 purchases totaling \$608,351 that exceeded \$20,000 (or \$35,000 for public works), as follows:

- Three purchase contracts totaling \$211,292 for asphalt, sidewalk and curb repairs and equipment and supplies for a water system capital project did not have support indicating that officials used competitive bidding.
- Two public works contracts totaling \$397,059 related to a dam capital project were not awarded to the lowest bidder and did not have written justification for selecting a higher-priced vendor.

The Commissioner and Deputy, who were responsible for entering purchase orders into the City’s accounting system, did not verify that the purchases met competitive bidding requirements or were supported by necessary documentation. They told us that they were unaware that verifying compliance with procurement requirements was part of their responsibilities.

Competitive Quotes – Department heads did not obtain competitive quotes, as required by the procurement policy, for 13 purchases totaling \$106,499 (out of 20 purchases totaling \$155,770), which included:

- Six purchases totaling \$80,881 (out of 10 purchases totaling \$119,249) did not have documentation to indicate that officials solicited written quotes.
- Seven purchases totaling \$25,618 (out of 10 purchases totaling \$36,522) were procured without two required oral quotes and did not contain any evidence that officials compared vendor pricing.

The Commissioner and the Deputy, who were responsible for overseeing purchasing activities, did not ensure that required bids and quotes were obtained or properly documented before purchases were made because they were unaware of the requirements to obtain bids and quotes. However, as the head of the Finance Department in charge of purchasing, the Commissioner’s lack of awareness of the City’s legal obligation to competitively procure purchases highlights her need for additional training and guidance.

Procurement of Professional Services – The City did not have written procedures or a defined process for procuring professional services. As a result, all five professional service purchases totaling \$44,900 for legal and accounting services that were made during the audit period did not contain procurement details or documentation. For example, when the City contracted for legal services, the Board passed a resolution authorizing the legal services. However, City officials could not provide us with documentation explaining why the vendor was selected, or a Board resolution approving the final award.

These procurement issues occurred because the City did not have controls in place for the procurement process and because officials did not provide sufficient oversight over the procurement process and did not enforce or understand procurement rules. As a result, the City may not be able to demonstrate fairness, consistency and fiscal responsibility within its purchasing process, which could lead to improper contract awards, favoritism, inefficiency, financial waste and loss of public trust and confidence in the City’s procurement practices.

Recommendations

The Commissioner and Deputy should:

1. Verify that purchases meet competitive bidding requirements and are supported by necessary documentation before entering purchase orders into the City’s accounting system.
2. Monitor the work of Department heads to ensure that they comply with the procurement policy and statutory requirements.

City officials should:

3. Implement a system for tracking competitive bidding documentation for all thresholds and ensuring that Department heads submit required supporting documentation in a timely manner before payments are processed.
4. Update the procurement policy to include specific provisions for procuring professional services and to establish written procedures for procuring professional services and ensuring transparency, fairness and consistency when awarding these contracts.
5. Attend training for legal requirements for procurement.

Department heads should:

6. Procure goods and services in accordance with GML.
7. Attach appropriate documentation of competition to purchase orders before submitting them for approval.
8. Provide written justification when awarding contracts to vendors that are not the lowest bidder.
9. Follow proper procedures when procuring professional services by providing recommended procurement details and documentation.

Finding 2 – The City had an inconsistent and inadequate procurement policy.

The City did not have an individual designated as its official purchasing agent. Instead, each Department head was responsible for purchasing within their respective departments. This resulted in varied practices and challenges with maintaining uniformity across departments and made it difficult for officials to properly track and manage purchases.

The policy required Department heads to complete handwritten purchase orders which are sent to vendors to confirm purchases. This manual process increased the risk that errors and delays could occur within procurement activities.

Furthermore, the policy contained conflicting language regarding the thresholds for obtaining quotes. One section stated that purchases between \$2,000 and \$2,999 require two oral quotes, while another allowed purchases under \$3,000 to be made at the purchaser's discretion. This inadequate procurement guidance created confusion among employees and contributed to inconsistent application of competitive purchasing requirements.

In addition, the procurement policy did not address obtaining RFPs for professional services as required by GML Section 104-b. City officials were unaware that GML requires the City to include

specific procurement guidelines for professional services in the procurement policy, and they did not recognize that these guidelines were missing from the policy.

These issues occurred because officials did not update the policy in several years and did not regularly review the policy to ensure that it aligned with current legal requirements and operational needs. These weaknesses limit oversight, increase the risk of noncompliance and may result in favoritism, inefficiencies and wasting public funds.

Recommendations

City officials should:

10. Consider designating an official purchasing agent.
11. Revise the procurement policy to ensure consistency in purchasing thresholds, remove any conflicting language, include specific provisions for procuring professional services and require Department heads to use a formal review process before purchasing goods and services.
12. Annually review the procurement policy and update it as needed, such as including formal written procedures for the purchasing process and guidance for officials when obtaining professional service providers.

Finding 3 – City officials did not verify that there were available appropriations before making purchases.

The procurement policy granted purchasing authority to Department heads and required that they verify that funds were available before making purchases. However, the Finance office did not have updated accounting records, which made it difficult for Department heads to ensure that there were adequate funds for their purchases.² For instance, the Finance office could not provide the Board with budget status reports because the City's 2022 and 2023 records were incomplete.

Because the budget records and reports were incomplete, we could not determine whether appropriations were available for 20 purchases totaling \$1.2 million that were made during the audit period. As a result, these 20 purchases were made without confirmation of available appropriations, which could lead to overspending or misallocation of funds. Without adequate accounting records, Department heads cannot ensure there are available appropriations for purchases and the Board cannot rely on the accuracy of budgetary information.

² Refer to the *City of Mechanicville – Financial Oversight* audit report (released April 2026) that describes how outdated accounting records, and the lack of monthly budget status reports, prevented officials from accurately monitoring appropriations.

Recommendation

13. City officials should implement a process to regularly update accounting records and ensure that current budget documents are accessible to Department heads for budget verification before they make purchases.

Appendix A: Profile, Criteria and Resources

Profile

The City is located in Saratoga County and is governed by a Council, which is the City's legislative and policy-making body. The Council includes five elected commissioners, one of whom is the Mayor. The Mayor is the City's chief executive officer and is responsible for overseeing all City departments and supervising the City's police and fire departments. The other four commissioners administer the City's Accounts, Finance, Public Works and Public Safety departments.

Each City Department head is responsible for procuring goods and services for their departments. Department heads verify available funds by checking their budgets, completing handwritten purchase orders and sending the purchase orders with supporting documentation (such as receipts, bills, invoices and packing slips or other proof of delivery) to the Finance office. The Finance office reviews the details of the purchase orders, which include fund codes, available appropriations, mathematical calculations and sales tax. After verification, the Commissioner and the Deputy enter the approved purchase orders into the accounting software for payment processing.

Criteria – Procurement

Generally, municipal purchases should be made in the best interest of the taxpayers. City officials and employees who make purchasing decisions must ensure that all procurement activities comply with the City's charter and general legislation in the form of City ordinances, GML Sections 103 and 104-b. These regulations and guidelines require using competitive bidding for purchases that exceed \$20,000 (or \$35,000 for public works). This is essential to ensure transparency and fairness and secure the best value for taxpayer dollars. Officials also must document the rationale for selecting vendors based on the best value approach – balancing quality, cost and efficiency – and ensure that any exceptions to competitive bidding, such as sole-source or State contract purchases, are properly justified and documented.

City officials must ensure that all procurement activities are supported by appropriate documentation. This includes requiring competitive bidding documentation for purchases above the prescribed thresholds, such as maintaining written quotes for purchases over \$5,000 and using competitive bids for purchases that exceed \$20,000. Also, all purchase orders should be completed, signed by an appropriate department head and submitted to the Finance office with necessary supporting documentation, such as receipts, invoices and packing slips. In addition, Department heads must provide appropriate State contract information for purchases made through State contracts that includes contract numbers and pricing. Providing adequate purchasing documentation helps ensure transparency and accountability in the procurement process.

Also, City officials must update the City's procurement policy to include clear guidelines for procuring professional services to comply with GML Section 104-b. City officials should establish written procedures for procuring these services and ensure that contracts are awarded in a transparent

and legally compliant manner. To ensure adherence to City ordinances, the procurement policy and legal requirements, officials who purchase professional services, and supervise those who procure professional services, should attend regular training intended to help them understand the legal requirements and best practices for professional services procurements.


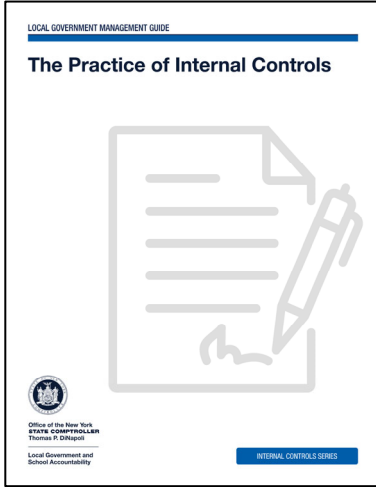
In addition, City officials must regularly review and update the City's procurement policy to ensure that it reflects current legal requirements and best practices. An established process for conducting annual policy reviews will allow officials to make updates in a timely manner and adapt to changing regulations and/or operational needs. Such reviews are key to maintaining efficient, legally compliant and cost-effective procurement practices, which ultimately support public trust in the City's financial integrity.

Finally, Department heads are responsible for verifying that sufficient funds are available before making any purchases. This requires City officials to maintain up-to-date accounting records and ensure that budget documents are readily accessible. By verifying available appropriations before making any purchases, Department heads can avoid overspending and ensure compliance with the City's budget. This process helps maintain the City's financial health and ensure proper use of public funds.

Additional Procurement Resources

Figure 2: OSC Publications

OSC *Local Government Management Guides* are available on our website to help officials understand and perform their responsibilities and implement effective internal controls.

<i>Seeking Competition in Procurement</i>	<i>The Practice of Internal Controls</i>
	
https://www.osc.ny.gov/files/local-government/publications/pdf/seeking-competition-in-procurement.pdf	https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf

In addition, our website can be used to search for audits, resources, publications and training for officials: <https://www.osc.ny.gov/local-government>.

Appendix B: Response From City Officials

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Secretary to Mayor

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Gina.kenyon@mechanicvilleny.gov

Date: March 26, 2026

Chief of Municipal Audits Office of the State Comptroller Glens Falls Regional Office

Re: Draft Audit Report – City of Mechanicville Procurement (2025M-60)

Dear Chief of Municipal Audits,

This letter is the City of Mechanicville’s official response to the draft audit report on Procurement (January 1, 2022 – September 30, 2024). It also serves as our Corrective Action Plan (CAP), reviewed and approved by the City Council.

Position on Findings We agree with all findings: non-compliance with competitive bidding/quoting (23 of 35 sampled, \$760K total), inconsistent/outdated policy (conflicts, no professional services rules), and no pre-purchase budget checks. These stemmed from legacy processes, decentralization, and weak tracking. We appreciate OSC’s insights and are acting now.

Corrective Action Plan Council will adopt an amended Procurement Policy (effective July 1, 2026). We’ve passed a Digital-First Policy (March 11, 2026; effective January 1, 2027) to default to digitized files—paper only for legal needs or backups. A City Guide for Financial Operations (CGFO) policies and procedures manual is in development to document operations and best practices. Below, we address each recommendation:

1. **Recommendation:** The Commissioner and Deputy should verify that purchases meet competitive bidding requirements and are supported by necessary documentation before entering purchase orders into the City’s accounting system.
 - **Action:** All purchases over \$500 require Finance Office requisition (description, cost, vendor, budget code, justification) prior to purchase order issuance.
 - **Responsible:** Finance Commissioner / Deputy Commissioner
 - **Timeline:** July 1, 2026

-
2. **Recommendation:** The Commissioner and Deputy should monitor the work of Department heads to ensure that they comply with the procurement policy and statutory requirements.
 - **Action:** Finance tracks digital submissions of requisitions; Department heads attach competition docs pre-approval.
 - **Responsible:** Finance Commissioner / Deputy Commissioner
 - **Timeline:** July 1, 2026
 3. **Recommendation:** City officials should implement a system for tracking competitive bidding documentation and ensuring Department heads submit required supporting documentation before payments are processed.
 - **Action:** Requisitions will require digital tracking of competitive bidding documentation; mandatory attachment of docs before payment.
 - **Responsible:** Finance Commissioner / Deputy Commissioner
 - **Timeline:** July 1, 2026
 4. **Recommendation:** City officials should update the procurement policy to include specific provisions for procuring professional services and to establish written procedures for procuring professional services and ensuring transparency, fairness and consistency when awarding these contracts.
 - **Action:** Revise policy—remove conflicts, add professional services rules (e.g., RFQs), require annual review. Separate resolution will standardize PSAs.
 - **Responsible:** Finance Commissioner / City Attorney
 - **Timeline:** Adopted by July 1, 2026
 5. **Recommendation:** City officials should attend training for legal requirements for procurement.
 - **Action:** Add training checklist to CGFO. Finance Commissioner, Deputies, Department heads, and requisition staff complete OSC Academy modules/webinars before system access.
 - **Responsible:** Finance Commissioner
 - **Timeline:** Checklist implemented March 1, 2026; mandatory training ongoing

-
6. **Recommendation:** Department heads should procure goods and services in accordance with GML.
 - **Action:** Require GML compliance; attach docs before approval. Procurement policy to be revised and adopted along with procedure updated to CGFO.
 - **Responsible:** Finance Commissioner / Deputy Commissioner
 - **Timeline:** July 1, 2026
 7. **Recommendation:** Department heads should attach appropriate documentation of competition to purchase orders before submitting them for approval.
 - **Action:** Electronic system mandates attachments pre-Finance approval.
 - **Responsible:** Finance Commissioner / Deputy Commissioner
 - **Timeline:** July 1, 2026
 8. **Recommendation:** Department heads should provide written justification when awarding contracts to vendors that are not the lowest bidder.
 - **Action:** Mandate three quotes for \$5K+; document justification for non-lowest.
 - **Responsible:** Finance Commissioner / Deputy Commissioner
 - **Timeline:** July 1, 2026
 9. **Recommendation:** Department heads should follow proper procedures when procuring professional services by providing recommended procurement details and documentation.
 - **Action:** Ban single/sole-source without Finance approval + documented justification. Requisitions will require documentation and justification.
 - **Responsible:** Finance Commissioner / Deputy Commissioner
 - **Timeline:** July 1, 2026
 10. **Recommendation:** City officials should consider designating an official purchasing agent.
 - **Action:** Interim: Policy proposes designated agent. Long-term: Council ballot proposition for City Manager form (November 2026 vote; effective January 1, 2027 if passed)—centralizes under professional manager.
 - **Responsible:** Finance Commissioner / City Attorney / Mayor
 - **Timeline:** Ballot November 2026

11. **Recommendation:** City officials should revise the procurement policy to ensure consistency in purchasing thresholds, remove any conflicting language, include specific provisions for procuring professional services and require Department heads to use a formal review process before purchasing goods and services.

- **Action:** Update policy for consistency, add PS rules, mandate annual review. CGFO updated annually.
- **Responsible:** Finance Commissioner / City Attorney / Mayor
- **Timeline:** July 1, 2026; annual reviews from 2027

12. **Recommendation:** City officials should annually review the procurement policy and update it as needed, such as including formal written procedures for the purchasing process and guidance for officials when obtaining professional service providers.

- **Action:** Assign Finance to annual CGFO/policy updates post-initial rollout.
- **Responsible:** Finance Commissioner / City Attorney / Mayor
- **Timeline:** Reviews start 2027

13. **Recommendation:** City officials should implement a process to regularly update accounting records and ensure that current budget documents are accessible to Department heads for budget verification before they make purchases.

- **Action:** Finance verifies budget/availability on every requisition. Integrate real-time tools (remote deposits, online payments).
- **Responsible:** Finance Commissioner / Deputy Commissioner
- **Timeline:** July 1, 2026

This rollout—policy, digital shift, training, charter push—locks in compliant, budgeted, competitive buys.

Thanks for the guidance—reach out anytime.

Sincerely,

Mayor Michael Butler City of Mechanicville

Appendix C: Audit Methodology and Standards

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

- We reviewed the procurement policy in the City’s charter to determine whether it was adequate and had written procedures.
- We reviewed purchasing and claims documentation and interviewed the Mayor, City officials and other employees to gain an understanding of the City’s purchasing procedures for procuring goods and services.
- From the 3,808 payments for purchases totaling \$19 million made during the audit period, we used our professional judgement to select a sample of 35 general fund purchases based on dollar amount, description and our knowledge of purchasing guidance related to GML and the procurement policy. We reviewed these purchases to determine whether the goods and services were purchased according to the procurement policy, statutory requirements and good business practices.

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 relevant population size and the sample selected for examination.

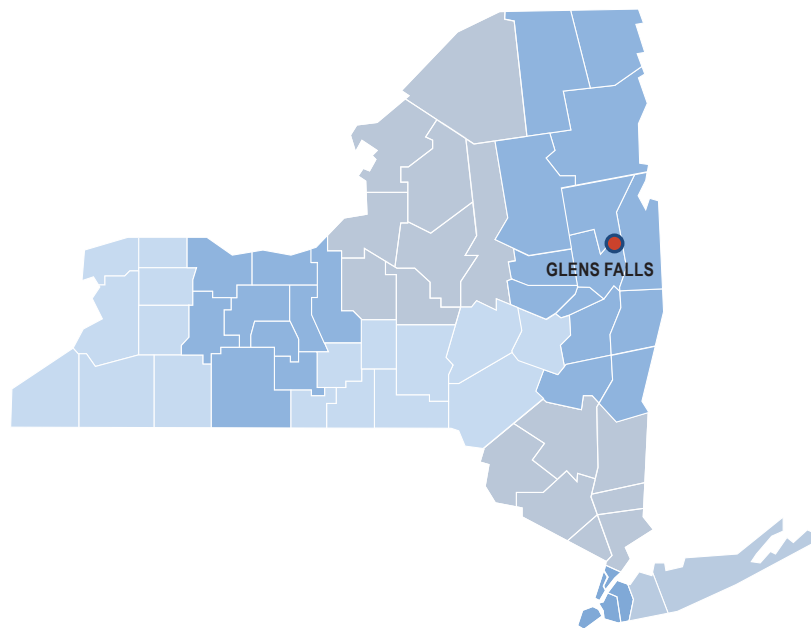
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