

Nichols Joint Fire District

Procurement

2025M-103 | January 2026

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Audit Results

Nichols Joint Fire District



Audit Objective

Audit Period

Did Nichols Joint Fire District (District) Board of Fire Commissioners (Board) and officials use a competitive process to procure goods and services?

January 1, 2024 – March 31, 2025

Understanding the Audit

A board of fire commissioners and its officials should seek competition for goods and services to ensure the best value for taxpayers, prevent conflicts of interest and maintain public trust. Seeking competition also guards against favoritism, extravagance and fraud, while allowing interested vendors a fair and equal opportunity to compete.

The District purchased approximately \$592,000 in goods and services during the audit period.

Audit Summary

The Board and District officials did not always use a competitive process to procure goods and services in accordance with statutory requirements set forth in New York State General Municipal Law (GML), the District's procurement policy (Policy) or best practices. When officials do not solicit competition as required by GML and District policies, there is an increased risk that goods and services are not obtained at a favorable cost, free from favoritism or for appropriate purchases. Adhering to GML and the Policy enhances public confidence in the procurement process and ultimately serves the best interests of taxpayers.

The Board did not:

- Adhere to the piggybacking exception or obtain competitive bids for two purchases totaling \$319,945 as set forth in GML and the Policy.
- Issue requests for proposals (RFPs) or use any other competitive process before procuring professional services from two vendors totaling \$38,873.
- Obtain quotes for seven purchases totaling \$27,810, as required by the Policy.
- Seek competition for fuel purchases, which may have saved the District \$3,626 over the audit period.

The report includes six recommendations that, if implemented, will improve the District's procurement process. District officials disagreed with certain aspects of our findings, but indicated they plan to initiate corrective action. See Appendix C for our comments on the District's response.

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 GML. Our methodology and standards are included in Appendix D.

The Board has the responsibility to initiate corrective action. Pursuant to Section 181-b of New York State Town Law (Town Law), a written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and forwarded to our office within 90 days. 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. We encourage the Board to make the CAP available for public review.

Procurement: Finding and Recommendations

One of the best methods for ensuring that goods and services are acquired in a cost-effective manner is to seek competition that is required by law or fire district policy adopted by the board of fire commissioners. One goal of seeking competition is to foster honest competition to obtain quality commodities and services at the best value. Whether soliciting formal competitive bids, issuing RFPs or obtaining written quotes, a well-planned solicitation effort is needed to reach as many qualified vendors as possible.

The District's Policy requires officials authorized to make purchases to analyze potential purchases to determine whether they must use a competitive bidding process to procure the goods and services. The analysis applies to any purchase of supplies or equipment that exceeds \$10,000 or is expected to exceed \$10,000 in aggregate for the same commodity or service within the fiscal year. It also applied to public works contracts exceeding \$20,000.¹

The Policy also requires that officials and employees seek competition to be presented to the Board for approval for select purchases below the bidding thresholds.

More details on the criteria used in this report, as well as resources we make available to local officials that can help District officials improve the District's procurement practices (Figure 2), are included in Appendix A.

Finding 1 – The Board did not always seek competition when procuring goods or services.

We reviewed purchases of goods and services totaling \$407,687 from January 1, 2024 through March 31, 2025, and determined that the Board did not always solicit competition in accordance with statutory requirements set forth in GML, the Policy or best practices.

Competitive Bidding – We reviewed two purchases totaling \$319,945 to determine whether the Board solicited competition in accordance with GML Section 103 or the Policy for purchases subject to bidding requirements. We determined that the Board did not adhere to the piggybacking exception set forth in GML or obtain competitive bids for both purchases reviewed. These purchases included:

- One purchase of a brush truck totaling \$284,799. The Board purchased the brush truck through another state's contract using a Group Purchasing Organization (GPO). The Chairman of the Board (Chairman) told us they used the piggybacking exception to the competitive bidding requirements after consulting with the District's attorney. However, the Board did not document that the necessary prerequisites were met before awarding contracts pursuant to the piggybacking exception. Specifically, the Board did not demonstrate that the contract through the GPO was awarded in a manner consistent with GML Section 103.

¹ GML Section 103 requires competitive bids for purchase contracts exceeding \$20,000 and public works contracts exceeding \$35,000. However, the board of fire commissioners may choose to be more restrictive and set lower thresholds.

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- One purchase for two extraction tools –a spreader for \$17,728 and a cutter for \$17,274 – totaling \$35,146.² The Chairman told us the Board received two informal quotes for the tools and chose to purchase the tools from the vendor that provided the lowest cost. However, due to the cost of the tools, the purchase amount exceeded the bidding threshold set forth in the Policy. Therefore, officials were required to advertise the purchase, receive sealed bids and award the contract to the lowest responsible bidder.

Insurance Coverage and Professional Services – The Policy exempts the acquisition of professional services from any competitive requirements. However, as a best practice, the Board should award contracts for insurance coverage and professional services only after seeking competition, such as issuing RFPs to obtain proposals or obtaining written quotes.

The Board did not issue RFPs or obtain written quotes before procuring insurance coverage totaling \$30,273 during the audit period. The Chairman told us the Board informally requested insurance coverage quotes several years ago and only two insurance providers offered coverage to fire districts. The Board compared the two providers and found no significant financial differences between them. The main differences identified were in the training materials and support documentation offered by the current carrier. However, the Board should document the reasons for selecting the current insurance provider and not seeking competition.

Additionally, the Board did not issue RFPs to obtain proposals for audit services totaling \$8,600, as required by Town Law Section 181-b. One commissioner told us that the Board informally requested quotes for audit services several years ago and the current fees for the services were reasonable and within the District's budget. The Treasurer told us that only two local accounting firms had audit experience with fire districts. Because the other firm no longer employed staff with fire district experience and the costs of the two firms were the same, the Board decided to retain the services of the current accounting firm. However, Town Law requires fire districts with annual revenues of \$400,000 or more to issue RFPs for annual audit services.

Although officials may be satisfied with the District's current professional service providers, officials should comply with Town Law Section 181-b for audit services and seek competition for other professional services and insurance coverage. Using RFPs or requesting written quotes increases the awareness of other professional service providers who could offer similar services at a more favorable rate, could result in existing professional service providers providing more favorable terms, and helps assure taxpayers that procurements are made in their best interest.

Purchases Under Competitive Bidding Thresholds – We reviewed eight purchases totaling \$29,426 to determine whether the Board properly sought competition for purchases not subject to competitive bidding requirements. Officials did not seek competition in accordance with the Policy for seven purchases totaling \$27,810. Examples of these deficiencies included:

² The total purchase price also included freight charges totaling \$144.

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- Three purchases for truck repairs and maintenance totaling \$10,566. While the Chairman told us the vendor responsible for truck repairs and maintenance was the only local provider of this service, it does not eliminate the competitive process required by the Policy.
 - One purchase for fire protection gear totaling \$8,836. While the fire chief told us that the firefighters prefer coats and pants from this vendor because the gear is more durable compared to gear provided by other vendors, it does not eliminate the competitive process required by the Policy.
 - Two purchases for equipment testing services totaling \$6,398. While the Chairman told us that the District lacked vendor options for testing services and that traveling to another town for testing services was impractical due to high costs, the Board did not document that a cost-benefit analysis was conducted.

Additionally, District officials did not seek competition for fuel purchases. We reviewed all 58 purchases totaling \$19,443 for gasoline, diesel, heating and propane fuel. We then compared the prices the District paid for these purchases to current vendors with those available under New York State Office of General Services (OGS) contracts and determined that if the District had adequate procedures and had been able to use the OGS contract pricing option,³ officials may have saved \$3,626 (19 percent) on fuel purchases.

One Commissioner told us that the District consistently used the vendor for heating and propane fuel for many years and was satisfied with their service. The Chairman told us that the Board did not use a competitive process to purchase heating and propane fuel because it lacked annual expenditure data for the propane fuel to determine whether it would have required competition. Although officials may have lacked historical data to determine how much propane the District would have required, as a best practice, officials should have received quotes for propane pricing to help ensure the District received the fuel at the lowest cost. The Chairman and Treasurer also told us that the gasoline and diesel vendor was local. The Chairman added that working with other vendors would lead to significant inconvenience, such as requiring additional time, fuel costs and effort to travel to another town to obtain fuel. However, the Board did not document a cost-benefit analysis demonstrating that using the current vendors was a better option than the competition.

When the Board does not use a competitive process to acquire goods and services, there is a greater risk that these items may not be obtained in the most cost-effective way. By not seeking competition, the Board cannot guarantee that the District secured the most favorable terms and conditions for the benefit of its taxpayers.

³ To obtain the contract pricing offered through OGS, officials would need to submit the District's necessary fuel requirements for the upcoming contract period, prior to awarding the contracts, or reach an agreement with the OGS contract vendor.

Recommendations

The Board should:

1. Comply with GML Section 103 and the Policy.
2. Update the Policy to include request for proposals or other competitive processes, such as written quotes, for professional services.
3. Review procurements involving the piggybacking exception to determine whether the prerequisites for using the exception are satisfied, according to GML Section 103.
4. Award contracts for insurance coverage and professional services only after soliciting some form of competition and periodically seek competition for these services at reasonable intervals, such as every three to five years.
5. Issue an RFP for annual audit services as required by Town Law.
6. Adhere to the Policy and retain appropriate supporting documentation of the actions taken when procuring goods and services.

Appendix A: Profile, Criteria and Resources

Profile

The District provides fire protection services and emergency medical services to approximately 2,350 residents in the Town of Nichols in Tioga County. The District's tax levy for the 2025 calendar year was \$503,220. The District is governed by an elected five-member Board that is responsible for the general management and control of financial operations. The Chairman is responsible for presiding over the Board's meetings and oversees the financial and administrative functions of the District. The Treasurer manages the District's finances, which includes receiving, safeguarding, and disbursing funds under the Board's authorization.

Criteria – Procurement

GML Section 103 generally requires fire districts to advertise for competitive bids for purchase contracts exceeding \$20,000 and for public works contracts exceeding \$35,000. However, the board of fire commissioners may choose to be more restrictive and set lower thresholds in their procurement policy.

In lieu of bidding, GML allows municipalities to make purchases under contracts with other political subdivisions, often referred to as piggybacking, if the contract is consistent with GML Section 103, such as OGS contracts. If the fire district uses vendors through other governmental contracts (e.g., piggybacking), it is the responsibility of the fire district's board to review each proposed procurement. The fire district's board should consult with the fire district's legal counsel, as appropriate, to determine whether the procurement qualifies for the exception. The contract should be awarded to either the lowest responsible bidder or based on the best value, consistent with GML Section 103. Furthermore, the fire district should maintain appropriate documentation to enable thorough reviews of the decision to use this exception to competitive bidding by fire district officials, external auditors and taxpayers.

GML Section 104-b requires the board of fire commissioners to adopt formal procurement policies and procedures for procuring goods and services that are not required to be competitively bid by law. GML further stipulates that the procurement policy should necessitate the board of fire commissioners to maintain adequate documentation to support and verify all actions taken. State contracts for procuring goods or services are made available to fire districts through OGS. Therefore, fire districts can purchase goods and services at the same prices and under the same terms as the State.

As a best practice, the board of fire commissioners should award contracts for insurance coverage and professional services after issuing RFPs or obtaining written quotes. Using an RFP process or obtaining written quotes are effective methods to help ensure that a fire district obtains the desired good or service at the best price.

Town Law Section 181-b requires all fire districts with annual revenues of \$400,000 or more to obtain an audit each year. These fire districts must use a competitive RFP process when contracting for the annual audit, no longer than five consecutive years.

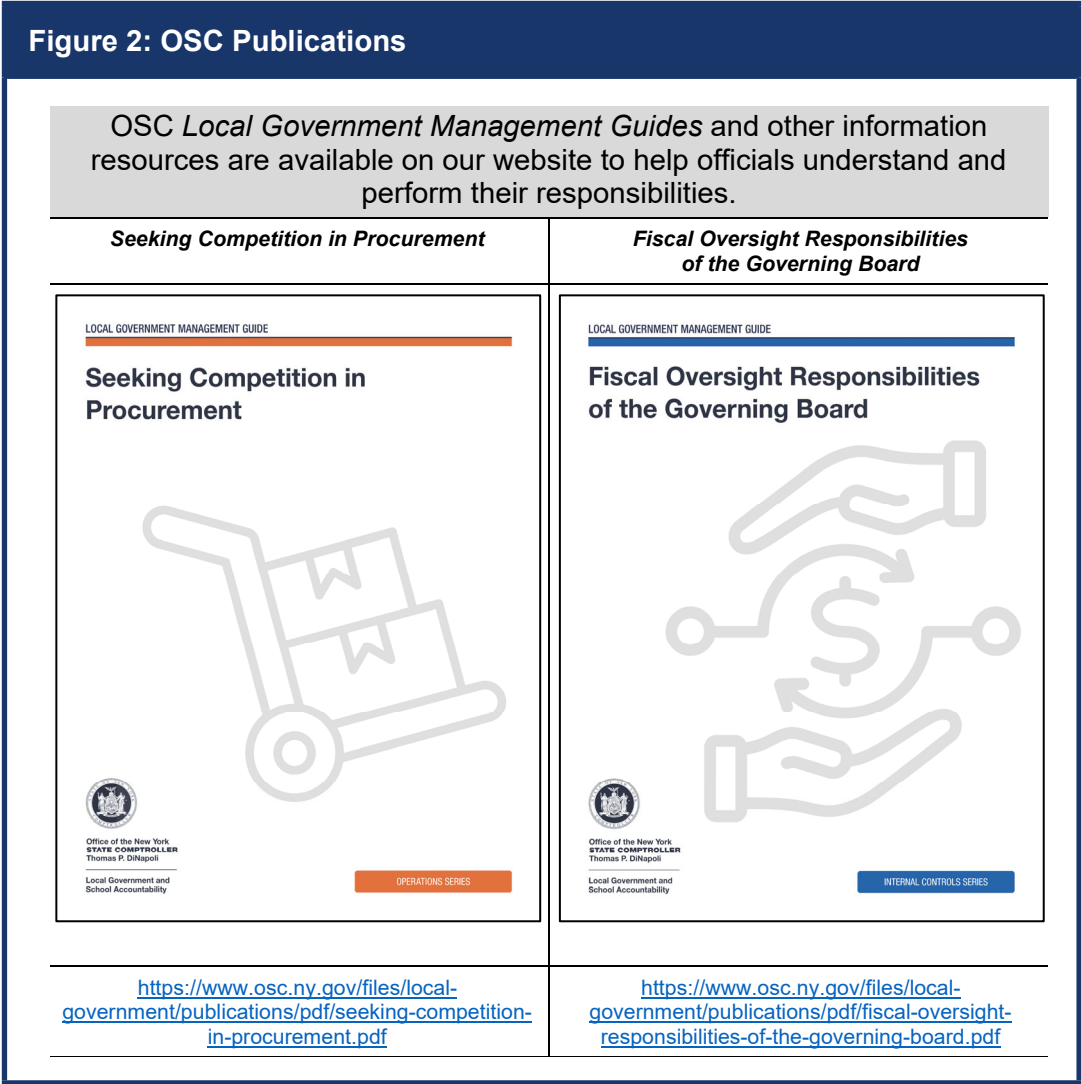
The District's Policy requires officials authorized to make purchases to analyze potential purchases to determine whether they must use a competitive bidding process to procure the goods and services. The analysis applied to any purchase of supplies or equipment that exceeds \$10,000 or is expected to exceed \$10,000 in aggregate for the same commodity or service within the fiscal year. It also applied to public works contracts exceeding \$20,000.

The Policy also required that officials and employees seek competition to be presented to the Board for approval for select purchases below the bidding thresholds (Figure 1).

Figure 1: The Policy's Requirements for Seeking Competition for Purchases Below the Bidding Thresholds

Contract Type	Dollar Range	Requirements
Purchase Contracts	\$5,001 - \$10,000	RFP, written/fax quotes from three vendors
	\$1,001 - \$5,000	Oral request, oral/fax quotes from two vendors
Public Works Contracts	\$10,001 - \$20,000	RFP, written/fax proposals from three contractors
	\$3,001 - \$10,000	RFP, written/fax proposals from two contractors

Additional Procurement Resources



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 District Officials

NICHOLS JOINT FIRE DISTRICT

106 W RIVER ROAD
PO BOX 335
NICHOLS, NY 13812

2025 December 29,

Dear NYS Controller Audit Team,

Thank you for performing the audit of the Nichols Joint Fire District (NJFD) expenses. We have been working to improve our operations and your findings will help us with those improvements. There are findings that we, the Board of Fire Commissioners (BOFC), agree with and disagree with.

Competitive bidding:

The auditors noted that NJFD did not follow procurement policies according to GML Section 103 for the purchases of the brush truck and the extraction tools. We disagree with the finding that we did not strictly follow the policy, but do agree that we did not obtain/save documentation that confirms that the policy was followed.

See
Note 1
Page 12

The NJFD BOFC engaged with our legal counsel to ensure that we were following all NY State requirements for the purchase of the brush truck (amount of \$284,799). This included procurement using an affiliated state contract award. The NJFD did not download any documents from the website showing compliance, nor did we have our meetings with legal counsel recorded, so we have no evidence of these activities.

See
Note 1
Page 12

We did not receive guidance from legal counsel that we needed to obtain such documentation and that it needed to be saved. Further, there were no specific requirements mentioned during our Fire Commissioner training that noted that we needed to keep such documentation. However, we see the value in having this documentation. We will update our procurement policies to include obtaining and storing the associated documents required to show compliance with GML Section 103 policies.

Insurance coverages and professional services:

The auditors found that we did not have a formal RFQ process for professional services, i.e. insurance, legal, annual truck and hose testing, and auditing. NJFD BOFC agrees that a formal RFQ process needs to be developed and those records archived when contracting for professional services. We will update our policies that include ensuring formal RFQs are developed for professional services, and that the documentation is retained in our files.

Seeking quotations for small dollar purchases:

The NJFD BOFC Standard Operating Guidelines (SOGs) required that we obtain two quotations for purchases between \$1,000 and \$5,000, and three quotations for purchases greater than \$5,000. The values set by NJFD BOFC are more stringent than those required by NY State.

See Note 2 Page 12

While every effort was made to obtain the required number of quotations, it was either not feasible because of the number of suppliers available, or NJFD BOFC did not have sufficient records to show compliance. We agree that having these records are important. However, we also recognize that our requirements are more stringent than those required by NY State. We will update our procurement policy to comply with minimums established by NY State and reinforce the requirements of having auditable documentation.

Purchases Under Competitive Bidding Thresholds:

The auditors found that NJFD did not purchase fuel using state contracts. There are no facilities within the district that have state fuel contracts. Further, NJFD does not have on-site storage capabilities for fuel associated with the fire trucks. Going to the nearest location that has a state contract would be 21.6 miles and would negate any savings associated with purchasing fuel using state contracts.

The auditors provided examples of how other fire districts that have situations similar to ours have been able to save money by purchasing fuel using state contract pricing. The NJFD BOFC has contacted Town officials to see if we can piggy-back on their contract and use fuel from their storage tanks and re-imburse the town for those expenses. Elections occurred in November that will see a change in the Supervisor's position. The NJFD BOFC will re-engage with the Town in 2026 to determine viability of this option.

I and the NJFD BOFC would like to thank the auditors for their efforts and recommendations. We will adopt the recommendations noted by the auditors and add this to our own efforts as we seek further improvements in the operation of NJFD.

Sincerely,

Bryan Cole
Chairman, Board of Fire Commissioners
Nichols Joint Fire District

Appendix C: OSC Comments on the District's Response

Note 1

Although the Board purchased the brush truck through another state's contract using a GPO, it did not demonstrate that the contract through the GPO was awarded in a manner consistent with GML Section 103. The District should maintain appropriate documentation to enable District officials, external auditors and taxpayers to thoroughly review the decision to use this exception to competitive bidding. Furthermore, although the Board received two informal quotes for the extraction tools, the cost of the tools exceeded the bidding thresholds set forth in the District's Policy. As a result, District officials were required to advertise the purchase, receive sealed bids and award the contract to the lowest responsible bidder.

Note 2

GML Section 104-b does not establish dollar thresholds for seeking competition for purchase contracts of \$20,000 or less or for public works contracts of \$35,000 or less; it requires the Board to establish these thresholds. Therefore, officials should adhere to the Board-established thresholds when seeking competition.

Appendix D: 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 interviewed Board Commissioners and reviewed District policies and procedures and Board meeting minutes to gain an understanding of and evaluate the adequacy of the District's policies and procedures.
- We reviewed all bank statements, canceled check images and corresponding invoices and identified two purchases totaling \$319,945 subject to competitive bidding during the audit period. We interviewed District officials and reviewed corresponding purchase documentation to determine whether the Board solicited competitive bids or used an alternative purchasing method in accordance with GML Section 103 and the Policy.
- We used our professional judgment to select a sample of eight purchases totaling \$29,426 of 36 purchases totaling \$80,779 that were not subject to competitive bidding requirements to determine whether officials obtained quotes as required by the Policy. We reviewed all bank statements and corresponding invoices and identified purchases based on the descriptions from the invoices for each threshold established in the Policy.
- We reviewed all 10 payments totaling \$38,873 made to the District's insurance provider and external auditor during the audit period to determine whether the Board sought competition for these services.
- We reviewed all 58 payments totaling \$19,443 made for the District's gasoline, diesel, heating and propane fuel during the audit period. We compared the total amount with the prices from the OGS contract to determine whether the District overpaid for fuel.

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.

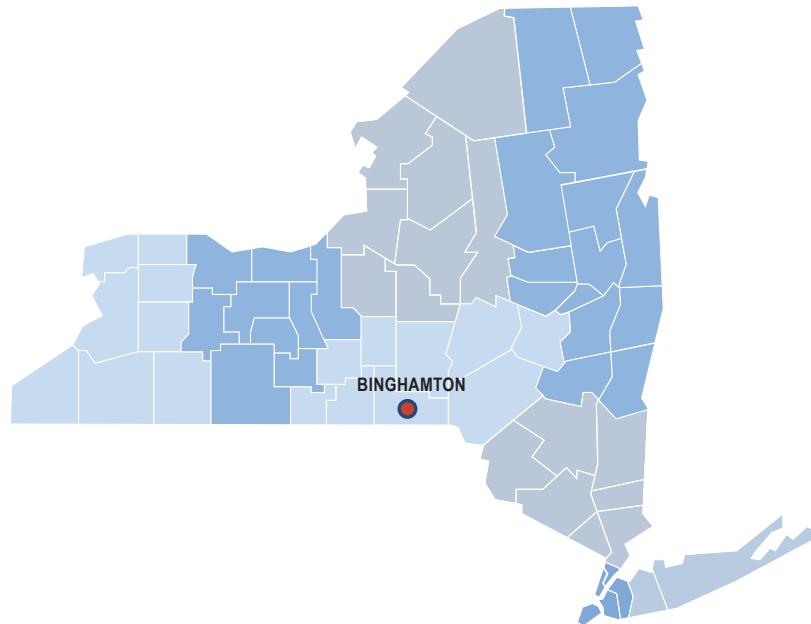
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