

# Bellevue Fire District #9

## Procurement

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**APRIL 2018**

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OFFICE OF THE NEW YORK STATE COMPTROLLER  
**Thomas P. DiNapoli, State Comptroller**

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# Report Highlights

## Bellevue Fire District #9

### Audit Objective

Determine whether District officials followed their procurement policy when procuring goods and services.

### Key Findings

- District officials did not seek competition for three purchases totaling \$142,346 or obtain quotes for 28 purchases totaling \$134,579 during the audit period.
- District officials did not verify State and County contract pricing for four purchases totaling \$29,306 during the audit period.

### Key Recommendations

- Comply with the procurement policy when making purchases.
- Verify State and County contract pricing was obtained on purchases made using these methods.

District officials agreed with our recommendations and indicated they planned to initiate corrective action.

### Background

The Bellevue Fire District #9 (District) provides fire protection services for the Town of Cheektowaga in Erie County (County). The Board of Fire Commissioners (Board) is composed of five elected members and is responsible for the overall financial management and safeguarding resources.

The Board appoints a Treasurer that is responsible for receiving and maintaining custody of funds, disbursing and accounting for those funds, preparing monthly and annual financial reports and meeting any other reporting requirements.

#### Quick Facts

<b>Total Population</b>	9,000
<b>Firefighters</b>	45
<b>2018 Budgeted Appropriations</b>	\$812,000

### Audit Period

January 1, 2016 – November 22, 2017

# Procurement

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## How Should District Officials Procure Goods and Services?

The District's procurement policy (policy), adopted in 2014, requires that District officials purchase goods and services in a manner to ensure the prudent and economical use of public money, in the best interest of District residents, at the maximum quality, lowest possible cost, and to guard against favoritism, improvidence, extravagance, fraud and corruption.

The policy requires soliciting competitive bids for purchase contracts that equal or aggregate to more than \$20,000 and public works contracts that equal or aggregate to more than \$35,000 in a 12-month period.<sup>1</sup> Competitive bidding is not required when the District purchases from a vendor awarded a New York State Office of General Services (OGS) contract or County contract.

The policy requires District officials to obtain two written or verbal quotes for purchase contracts between \$2,000 and \$4,999 and three written or verbal quotes for purchase contracts between \$5,000 and \$19,999. The policy requires three written or verbal quotes for public works contracts between \$10,000 and \$34,999. No quotes are required for purchase contracts below \$2,000 and public works contracts below \$10,000. Furthermore, the policy requires officials to make all reasonable attempts to obtain bids for general insurance coverage every three years.

## Officials Did Not Comply With the Procurement Policy

We reviewed seven purchases totaling \$261,439 that were required by policy to be competitively bid. We found that three purchases totaling \$142,346 were not bid as required. District officials did not obtain bids for general insurance coverage in 2016 totaling \$43,129 and 2017 totaling \$38,138, and obtained quotes instead soliciting competitive bids for parking lot paving and concrete curbing totaling \$61,080. The remaining four purchases, totaling \$119,093, were purchased from valid State and County contracts. However, officials did not verify whether the correct pricing was obtained. We compared the invoices for these purchases to the relevant State and County contracts and did not find any exceptions.

We also reviewed 32 purchases totaling \$163,885 that were required by policy to have two or three verbal or written quotes. Officials could provide no evidence of quotes for 28 purchases totaling \$134,579. These purchases included \$31,342 for fire truck maintenance, \$13,935 for pagers and 2-way radios, \$12,065 for cleaning services and \$10,908 for emergency lighting.

In addition, District officials did not obtain quotes for lawn services totaling \$6,975. Officials told us that they contacted three other lawn service companies and chose the company with the lowest price. However, District officials were unable

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<sup>1</sup> Also see New York State General Municipal Law.

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to provide us with evidence to show that they obtained quotes or who the quotes were from.

For the remaining four purchases totaling \$29,306 for firefighting gear (\$15,855), parking lot sealing (\$7,000), fuel (\$3,346) and firefighter jackets (\$3,105), District officials used State and County contracts but did not verify that the District received the contract price. We compared these invoices to the relevant State and County contracts and did not find any exceptions with the prices charged.

When officials do not follow their policy, the Board cannot be sure that goods and services are being procured in the most economical way and in the District's best interests.

### **What Do We Recommend?**

District officials should:

1. Review and update the procurement policy annually to be sure it is current and that all purchasers are familiar with the established procedures.
2. Comply with the policy when making purchases.
3. Verify State and County contract pricing is obtained on purchases made through these methods.

# Appendix A: Response From District Officials

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## BELLEVUE FIRE DISTRICT No. 9

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March 27, 2018

Jeffrey D. Mazula  
Chief Examiner of Local Government and  
School Accountability  
295 Main Street, Suite 1032  
Buffalo, New York 14203-2510

**Re: *Bellevue Fire District #9 Audit***

Dear Mr. Mazula:

We are writing in response to your draft audit findings. We want to thank the Comptroller's office for meeting with the commissioners and taking the time to assist our Board of Fire Commissioners with fine tuning our internal procedures. The Board of Fire Commissioners has carefully reviewed your findings and suggestions and is eager to implement enhanced methods of operational record keeping.

We are very pleased that you spent a significant amount of time with us in reviewing our operations and our records for the twenty-three month period. We are also pleased that your review only resulted in three suggestions as to our processes and that no discrepancies were found in our records.

As to your suggestions, you suggested that the District officials should:

1. Review and update the procurement policy annually to be sure it is current and that all purchasers are familiar with the established procedures.
2. Comply with the policy when making purchases.
3. Verify State and County contract pricing is obtained on purchases made through these methods.

We will, as a Board, periodically review the procurement policy to ensure it is current and we will ensure that a periodic review of the costs for general insurance coverage is obtained pursuant to the District's purchasing policy. We will also ensure that when the District enters into cooperative agreements with other municipalities for labor services as part of a public works project, the Board complies with the procurement policy in obtaining the commodities portion of the public works project. We note that our purchasing policy properly allows the Fire District to participate with other municipalities in the procurement of commodities, such as paving materials and concrete curbing.

We will ensure that any District official proposing a purchase provide documentation to the Board of the appropriate number of verbal or written quotes required by the purchasing policy for each proposed purchase, prior to the Board approving the purchase. We will also ensure that the evidence of the verbal or written quotes is maintained as part of the Treasurer's documentation for each purchase.

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511 Como Park Boulevard ■ Cheektowaga, New York 14227 ■ Hall 685-3011 ■ Fax 685-0696

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We will also, as a Board, ensure that all invoices and claims vouchers are compared with the State and County contract upon which the purchase is made, upon receipt of the goods and prior to payment of the voucher. Evidence of the comparison between the claims voucher and the contract will be attached to all applicable claims vouchers, maintained as part of the Treasurer's records, and be referenced in the Fire District's minutes.

Should you believe that there are other improvements which can be made by our District, please do not hesitate to contact us. This document will also serve as our plan of correction. If you have any questions, please do not hesitate to contact us.

VERY TRULY YOURS,

Michael Rusiniak  
Chairman of the Board  
Bellevue Fire District #9

## Appendix B: Audit Methodology and Standards

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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 reviewed the District's procurement policy to assess its adequacy.
- We interviewed District officials to gain an understanding of their purchasing procedures and to discuss why bids and quotes were not obtained.
- We reviewed 39 purchases totaling \$425,324, of 155 purchases made during the audit period totaling approximately \$1.2 million (excluding professional services), for compliance with the District's procurement policy. We judgmentally selected all purchases of more than \$2,000, excluding professional services. We reviewed bid documents to determine whether purchases were properly bid and that the lowest responsible bidder was selected. We also reviewed documents to determine whether purchases were made using a State or County contract.
- We reviewed paid claims and other supporting documentation to determine whether District officials complied with the procurement policy and obtained the required number of quotes.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). 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.

The Board has the responsibility to initiate corrective action. Pursuant to Section 181-b of New York State 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.

## Appendix C: Resources and Services

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### **Regional Office Directory**

[www.osc.state.ny.us/localgov/regional\\_directory.pdf](http://www.osc.state.ny.us/localgov/regional_directory.pdf)

### **Cost-Saving Ideas** – Resources, advice and assistance on cost-saving ideas

[www.osc.state.ny.us/localgov/costsavings/index.htm](http://www.osc.state.ny.us/localgov/costsavings/index.htm)

### **Fiscal Stress Monitoring** – Resources for local government officials experiencing fiscal problems

[www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm](http://www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm)

### **Local Government Management Guides** – Series of publications that include technical information and suggested practices for local government management

[www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm](http://www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm)

### **Planning and Budgeting Guides** – Resources for developing multiyear financial, capital, strategic and other plans

[www.osc.state.ny.us/localgov/planbudget/index.htm](http://www.osc.state.ny.us/localgov/planbudget/index.htm)

### **Protecting Sensitive Data and Other Local Government Assets** – A non-technical cybersecurity guide for local government leaders

[www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.pdf](http://www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.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/localgov/finreporting/index.htm](http://www.osc.state.ny.us/localgov/finreporting/index.htm)

### **Research Reports/Publications** – Reports on major policy issues facing local governments and State policy-makers

[www.osc.state.ny.us/localgov/researchpubs/index.htm](http://www.osc.state.ny.us/localgov/researchpubs/index.htm)

### **Training** – Resources for local government officials on in-person and online training opportunities on a wide range of topics

[www.osc.state.ny.us/localgov/academy/index.htm](http://www.osc.state.ny.us/localgov/academy/index.htm)

## 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](mailto:localgov@osc.ny.gov)

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

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**BUFFALO REGIONAL OFFICE** – Jeffrey D. Mazula, Chief Examiner

295 Main Street, Suite 1032 • Buffalo, New York 14203-2510

Tel (716) 847-3647 • Fax (716) 847-3643 • Email: [Muni-Bufferalo@osc.ny.gov](mailto:Muni-Bufferalo@osc.ny.gov)

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