

West Seneca Fire District #1

Purchasing

MARCH 2018



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

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Report Highlights

West Seneca Fire District #1

Audit Objective

Determine whether District officials obtained required quotes for the purchase of goods and services.

Key Finding

- District officials did not obtain and retain quotes for 10 purchases totaling \$64,000 as required by their procurement policy.

Key Recommendation

- Ensure that purchases include itemized supporting documentation and evidence that the required number of quotes were obtained as required by the procurement policy.

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

Background

The West Seneca Fire District #1 (District) is a district corporation of the State, distinct and separate from the Town of West Seneca in Erie County.

An elected five-member Board of Fire Commissioners (Board) is responsible for the District's overall financial management and for safeguarding its resources. The Board appoints a Treasurer who acts as the chief fiscal officer and is responsible for receiving, disbursing and accounting for funds, preparing monthly and annual financial reports and meeting any other reporting requirements.

The District budget is funded primarily by real property taxes.

Quick Facts

2016 Budgeted Appropriations	\$482,000
2017 Budgeted Appropriations	\$480,000
Number of Purchases Reviewed	13
Amount of Purchases Reviewed	\$102,175

Audit Period

January 1, 2016 – September 1, 2017

Purchasing of Goods and Services

What are Effective Procurement Practices?

The Board is required to adopt written procurement policies and procedures governing all purchases of goods and services which are not subject to competitive bidding, in accordance with New York State General Municipal Law (GML). An effective procurement policy ensures that District officials purchase goods and services of the desired quality and quantity at the lowest cost in the best interests of the residents. Typical methods used to ensure this occurs include obtaining written quotes, verbal quotes or any other method of procurement which furthers the purpose of GML.

The Board-adopted procurement policy (policy) provides guidance on procurement methods for purchase contracts and public works contracts not required to be competitively bid, including the identification of specific dollar thresholds for obtaining verbal or written quotes. The policy requires three verbal quotes for purchase contracts from \$100 to \$2,500 and for public works contracts from \$4,000 to \$20,000. Three written quotes are required for purchase contracts from \$2,501 to \$19,999 and for public works contracts from \$20,001 to \$35,000.

District Officials Did Not Always Get Quotes

District officials did not always obtain the number of quotes required by their policy. When officials obtained quotes, the supporting information was not always documented and retained.

We reviewed 13 purchases totaling \$102,175 to determine whether District officials complied with the policy and found that 10 purchases totaling \$64,000 did not have any documentation indicating that quotes were obtained. For example, officials did not obtain the required number of quotes for the purchase of a server (\$3,030) and a 65 inch television (\$1,231). We attempted to determine whether these items could have been purchased at lower cost if officials had compared prices. We found that the District could have saved \$100 on the television, but the claim for the other purchase was not adequately itemized to allow us to conduct a price comparison.

Although the purchases we reviewed were for appropriate District purposes and some of these purchases contained quotes, the Board did not ensure that the required number of quotes were always obtained. District officials indicated they discarded some quotes that were obtained.

Without such information the Board is unable to determine whether District officials complied with the policy when it conducts an audit of claims. While the Board documented its approval of nine of these purchases in the minutes, such approval does not eliminate the need to obtain and maintain quotes as required by the policy. As a result, District officials may acquire goods and services at higher costs than necessary.

What Do We Recommend?

The Board should:

1. Ensure that purchases include itemized supporting documentation and evidence that the required number of quotes were obtained as required by the procurement policy.

Appendix A: Response From District Officials

West Seneca Fire District No. 1

514 Harlem Road West Seneca, New York 14224

Telephone / Fax: [716] 824-5922

Board of Fire Commissioners:

Jeffrey Blidy Chairman
John "Jack" Maroney
Daryl Krawczyk
John Mett
John Rusinski

Treasurer:
Timothy Eberle

Deputy Treasurer:

Secretary:
Thomas Gasiewicz

February 5, 2018

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

RE: Unit Name: West Seneca Fire District #1
Audit Report Title: Purchasing
Report of Examination
Audit Report Number: 2017M-272

RESPONSE TO PRELIMINARY DRAFT FINDINGS AND CORRECTIVE ACTION PLAN

The Board of Fire Commissioners of West Seneca Fire District #1 have reviewed the Draft Purchasing Report of Examination and the one (1) recommendation contained therein and agree with the OSC's findings.

For each recommendation included in the audit report, the following is our corrective action(s) taken or proposed. For recommendations where corrective action has not been taken or proposed, we have included the following explanations:

Audit Recommendation:

Ensure that purchases include itemized supporting documentation and evidence that the required number of quotes were obtained as required by the procurement policy.

Implementation Plan of Action(s):

The Board has previously adopted and amended a procurement policy and intends to follow its policy closely. While some previous purchases during the audit period may reflect no, inadequate or discarded supporting detail on the required quotes, it is this Board's intent to

Jeffrey D. Mazula
February 5, 2018
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establish the following procedures to ensure compliance with its purchasing policy and New York State General Municipal Law:

- 1. Implement a new purchasing approval form to be used for all purchase contracts and public works contracts exceeding the threshold requiring three (3) quotes;*
- 2. Require the written approval (as indicated by signature upon the purchasing approval form – copy attached) of three (3) of the five (5) members of the Board of Fire Commissioners before the purchase may be made;*
- 3. Retain the original, completed purchasing approval form and supporting quotes with the minutes of the Board's monthly meeting at which payment of such purchase was authorized.*

Implementation Date:

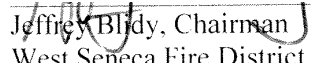
Immediately

Person Responsible for Implementation:

The Board of Fire Commissioners of West Seneca Fire District #1

Signed:

Date: February 5, 2018


Jeffrey Blidy, Chairman
West Seneca Fire District #1
Board of Fire Commissioners

**WEST SENECA FIRE DISTRICT #1
PURCHASE ORDER APPROVAL**

Completed PO must be attached
to Payment Voucher

**Purchase contracts from \$1,500 to \$5,000 OR public works* contracts from \$4,000 to \$20,000 (verbal quotes only)
CIRCLE SELECTION**

Item	Quote 1	Quote 2	Quote 3
	Vendor: Contact: Price:	Vendor: Contact: Price:	Vendor: Contact: Price:
	Vendor: Contact: Price:	Vendor: Contact: Price:	Vendor: Contact: Price:
	Vendor: Contact: Price:	Vendor: Contact: Price:	Vendor: Contact: Price:

Purchase contracts from \$5,001 to \$20,000 OR public works* contracts from \$20,001 to \$35,000 (written quotes MUST BE ATTACHED) CIRCLE SELECTION

Item	Quote 1	Quote 2	Quote 3
	Vendor: Contact: Price:	Vendor: Contact: Price:	Vendor: Contact: Price:
	Vendor: Contact: Price:	Vendor: Contact: Price:	Vendor: Contact: Price:
	Vendor: Contact: Price:	Vendor: Contact: Price:	Vendor: Contact: Price:

Submitted by: _____ Date: _____

Approved: _____ Name: _____
3 signatures required

Name: _____

* A three-prong test is applied to determine whether a particular project is public work and subject to the prevailing wage requirements of Labor Law § 220 and article 1, § 17 of the State Constitution: (1) a public agency must be a party to a contract involving the employment of laborers, workmen, or mechanics; (2) the contract must concern a project that primarily involves construction-like labor and is paid for by public funds; and (3) the primary objective or function of the work product must be the use or other benefit of the general public.

Appendix B: Audit Methodology and Standards

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, we performed the following audit procedures:

- We reviewed the District's procurement policy.
- We interviewed District officials involved in the procurement process.
- We judgmentally selected 13 purchases totaling \$102,175 from a population of \$287,580 to determine whether District officials complied with the policy.
- We requested and reviewed documentation relating to the selected purchases we tested.
- We reviewed Board minutes for Board approval of purchases.

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

Regional Office Directory

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

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

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

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

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

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

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

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

Contact

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www.osc.state.ny.us/localgov/index.htm

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

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