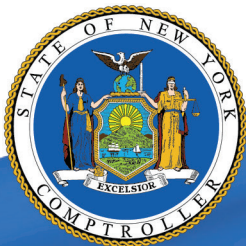


Village of Blasdell

Purchasing

JANUARY 2018



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

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Report Highlights

Village of Blasdell

Audit Objective

Determine whether the Board ensured that goods and services were purchased in accordance with the Village's purchasing policy and applicable laws.

Key Findings

- We examined 40 claims totaling approximately \$204,500 and found 18 claims totaling approximately \$82,400 showed no evidence of proposals or quotes.
- The purchasing policy contains inconsistent requirements for quotes and does not address professional services or quotes above \$10,000 but below competitive bidding thresholds.
- The Board does not consistently audit claims prior to payment.

Key Recommendations

- Seek the necessary number of quotes as required by the purchasing policy.
- Annually review the purchasing policy to ensure its provisions are up-to-date, clearly defined and reflect the Village's current requirements.
- Audit claims prior to payment.

Village officials agreed with our recommendations and have initiated, or indicated they planned to initiate, corrective action.

Background

The Village of Blasdell (Village) is located in the Town of Hamburg in Erie County.

The Village is governed by an elected Board of Trustees (Board) composed of four Trustees and a Mayor. The Board is responsible for the general management and control of Village finances and for safeguarding Village assets. The Mayor is the Village's chief executive officer and appoints all non-elected officers subject to the Board's approval, including the Clerk-Treasurer. The Clerk-Treasurer serves as the Village's chief financial officer and oversees the purchasing function.

Quick Facts

Employees	35
Population	2,600
2017-18 General Fund Budgeted Appropriations	\$2.4 Million

Audit Period

June 1, 2015 – August 1, 2017

Purchasing

How Should a Village Purchase Goods and Services?

New York State General Municipal Law (GML) requires the Board to advertise for bids on purchase contracts involving expenditures of more than \$20,000 and on contracts for public works involving expenditures of more than \$35,000. Exceptions from competitive bidding requirements include, but are not limited to, purchases through a New York State Office of General Services (OGS) contract or a County contract. GML further requires the Board to adopt a written purchasing policy for the purchase of goods and services that do not have to be competitively bid. The policy should outline when Village officials should use alternative competitive methods and require adequate documentation of actions taken. These methods can include competitive bidding, sending out requests for proposals and obtaining written and verbal quotes.

The Village's purchasing policy requires a good faith effort to obtain the required number of proposals or quotes. If the purchaser is unable to obtain the required number of proposals or quotes, the purchaser should include documentation of the attempts with the purchase order. The purchasing policy also requires a Trustee to cosign certain purchases over \$5,000. The Board should perform an annual review of the policy to ensure its provisions are up-to-date, clearly defined and reflect the Village's current requirements. The Board should monitor compliance with its policy and GML by auditing claims prior to payment to ensure they are supported with proposals or quotes and are in accordance with applicable contract terms. New York State Village Law allows certain payments to be made in advance of Board audit;¹ however, the Board should audit all other claims prior to payment.

The Village Complied With Competitive Bidding Statutes But Did Not Obtain Quotes

We reviewed four payments totaling approximately \$257,600 that were subject to competitive bidding requirements and found that all payments complied with competitive bidding statutes and were for appropriate Village purposes. Village officials solicited competitive bids or used OGS contracts. For example, the Village paid approximately \$164,660 for fire equipment and supplies using an OGS contract bid.

We also reviewed 40 claims totaling approximately \$204,500 that were below competitive bidding thresholds, to determine if quotes were obtained. The Village used competitive bidding or OGS contract bid for 17 claims totaling approximately \$78,900. Quotes should have been obtained for the remaining 23 claims totaling

¹ Payments for public utility services, postage, freight and express charges. These claims should be audited at the next regular Board meeting.

approximately \$125,600. Although the claims were for appropriate Village purposes, only five claims included evidence that Village officials obtained quotes from the vendors providing the goods and/or services. In addition, officials did not obtain quotes or the purchasers did not document their attempts for the remaining 18 claims totaling approximately \$82,400. For example, there was no evidence officials obtained quotes for concrete work costing \$9,550 or roof repairs costing \$6,950. In addition, while the Clerk-Treasurer initialed her approval for most of the claims we reviewed, we did not see evidence that a Trustee cosigned approval for purchases over \$5,000 as required by the purchasing policy. Without consistent adherence to the purchasing policy, the Village risks acquiring goods and services at higher costs than necessary.

The Board Has Not Updated the Purchasing Policy

The adopted purchasing policy has not been recently updated and contains inconsistent quote requirements for purchases that do not require competitive bidding. In one section of the policy, quotes are required from three reliable vendors for all purchases. In another section, two quotes are required for purchases between \$5,000 and \$9,999 and no quotes are required for purchases below \$5,000. As a result, the policy is unclear and may cause confusion regarding when quotations are necessary.

In addition, the policy does not address professional services or quotes for purchases and public works contracts above \$10,000 but below competitive bidding thresholds. Although the policy does not include the date it was last reviewed or updated, it appears that it has not been updated since at least 2009, when the bidding statutes were changed. This is a further indication that the Board is not annually reviewing the policy as required by GML.

The Board Does Not Always Audit Claims Prior to Payment

Officials told us that the Board usually meets once per month and audits claims prior to these meetings. From June 1, 2015 through May 31, 2017, we identified 66 check run dates when payments were made. However, the Village held Board meetings on only 33 of these dates. Any payments made on dates other than when regularly scheduled Board meetings were held were generally paid without Board audit. Examples include credit card payments, employee reimbursements, the purchase of picnic tables and grills, the installation of roof shingles, blacktop sealing and concrete work, all of which are not allowed to be paid in advance of Board audit. Officials told us that any claims paid prior to Board audit are reviewed at the next regularly scheduled Board meeting. Regardless, Board oversight of the purchasing process is diminished when claims are paid before the Board has the opportunity for review. As a result, there is an increased risk that quotes will not be obtained in accordance with the purchasing policy and that claims could be paid that include inappropriate or unnecessary costs.

What Do We Recommend?

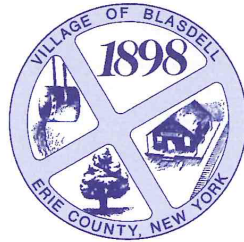
The Board should:

1. Ensure that each claim contains the correct number of quotes and supporting documentation in compliance with the purchasing policy.
2. Annually review the purchasing policy to ensure its provisions are up-to-date, clearly defined and reflect the Village's current requirements.
3. Audit claims prior to payment.

Appendix A: Response From Village Officials

MICHAEL PETRIE
Mayor

ROBERT HEFNER
KATHY SEUFERT KING
BOBBY PIROWSKI
NICHOLAS CIROCCO
Trustees



JANET L. PLARR
Village Administrator
Village Clerk & Treasurer

JAMES SHAW
Village Attorney

DANIEL P. GRASSO
Village Justice

Village of Blasdell

“Gateway to the Southtowns”

January 16, 2018

Office of the State Comptroller
Jeffrey D. Mazula, Chief Examiner
295 Main Street, Room 1032
Buffalo, New York 14203-2510

Re: Report of Examination
Village of Blasdell
2017M-195

Dear Mr. Mazula:

The Village of Blasdell has received and reviewed the above referenced audit report for the period covering June 1, 2015 – August 1, 2017, please let this correspondence serve as both our response and corrective action plan.

The Village of Blasdell Board of Trustees has reviewed the current Purchasing Policy and will be adopting a new Policy that will ensure that it is up to date, clearly defined and in accordance with law. After the adoption of the Policy meetings will be held with all department heads ensuring that the policy is understood by all involved in procurement of goods and services. The Board of Trustees has also committed to an annual review of this policy at each years reorganizational meeting.

In the past the Board of Trustees met twice a month with all claims being audited prior to payment. In recent years at times claims were processed prior to the board’s audit and review. To ensure that claims are reviewed and in compliance with the Purchasing Policy prior to payment, a procedure has been developed whereby board members are notified via email that the claims have been prepared for review. Upon review and sign off by a majority of the board the claims are then processed for payment.

As a Board of Trustees we take our fiduciary responsibilities seriously and this audit has assisted us in reviewing and revising our policies and procedures. I would like to thank you and your staff for their assistance and guidance throughout this process.

Very truly yours,

Michael Petrie
Mayor

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 interviewed Village officials and employees involved in the purchasing process.
- We reviewed the Village's adopted purchasing policy.
- We judgmentally selected 44 purchases totaling approximately \$462,100 from 2015-16 through 2016-17, whose amounts were greater individually or in aggregate than \$2,000. Four purchases totaling approximately \$257,600 were subject to competitive bidding requirements and 40 purchases totaling approximately \$204,500 were below bidding thresholds. We reviewed claims and other supporting documents to determine whether officials complied with the purchasing policy and GML.
- We documented all Board meetings and check run dates for 2015-16 and 2016-17 to identify payments made prior to Board audit.

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 size of the relevant population and the sample selected for examination.

A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law. 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 in the Clerk-Treasurer's office.

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

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.state.ny.us

www.osc.state.ny.us/localgov

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

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