

Briarcliff Manor Union Free School District

Procurement

MARCH 2021



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

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Report Highlights

Briarcliff Manor Union Free School District

Audit Objective

Determine whether Briarcliff Manor Union Free School District (District) officials used a competitive process to procure goods and services.

Key Findings

District officials generally used a competitive process to procure goods and services. However, they did not periodically seek competition for professional services.

- We tested 14 vendors paid a total of \$3,961,336 and found that District officials used a competitive process to procure the goods and services.
- While District officials initially sought competition for all professional service providers we reviewed, they did not seek competition for three out of the six professional service providers in the past five years.

Key Recommendation

- Ensure periodic competition is sought at least every five years for all professional service providers.

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

Background

The District, located in the Village of Briarcliff Manor in Westchester County, is governed by an elected five-member Board of Education (Board).

The Board is responsible for the general management and control of the District's financial and educational affairs.

The Superintendent of Schools (Superintendent) is the District's chief executive officer and is responsible, along with other administrative staff, for day-to-day District management under the Board's direction.

The Assistant Superintendent for Finance and Operations (Assistant Superintendent) is the Board-designated purchasing agent responsible for ensuring compliance with the District's policies and procedures.

Quick Facts

2019-2020

Appropriations	\$53 million
Total Purchases Subject to Competitive Bidding	\$6,490,783
Payments to Professional Service Providers	\$243,478
2018-19 Enrollment	1,430

Audit Period

July 1, 2019 – June 30, 2020

Procurement of Goods and Services

How Should District Officials Procure Goods and Services?

Generally competitive bidding is required for purchase contracts of \$20,000 or more and public works contracts of \$35,000 or more, with certain exceptions. A school district is authorized to make purchases using contracts awarded by the New York State Office of General Services (State contracts) or cooperative bids by other governments, school districts and boards of cooperative educational services (BOCES). Goods and services not required to be competitively bid must be procured in a manner to ensure the prudent and economical use of public funds in the taxpayers' best interest and to facilitate the acquisition of goods and services of maximum quality at the lowest possible cost or best value basis. Advertising requests for proposals (RFPs) or obtaining written or verbal quotes are effective ways to ensure that a district receives the needed goods and services for the best price.

The District's purchasing policy designates the Assistant Superintendent as responsible for overseeing the purchasing program to ensure compliance with Board policy and procedures. The policy requires officials to solicit competition for professional services, which are services that require specialized skill and or training such as legal service, medical service, auditing service, property appraisal or insurance. Specifically, the policy requires the District to utilize written RFPs for professional services expected to exceed \$10,000. The written proposals submitted by applicants should be maintained for at least six years. Further, District officials should periodically, but generally not less than every five years, issue professional service RFPs and may conduct interviews as part of the RFP process.

Officials Complied with the Procurement Policy for Purchases Requiring Competitive Bidding

We identified 56 vendors that were paid a total of \$6,490,783 which were subject to competitive bidding requirements. We selected a sample of 14 vendors who were paid \$3,961,336 and found that they were all properly procured through competitive bids, sole source, State contract and piggy back purchasing alliance (Figure 1).

Figure 1: Goods and Services Requiring Competition

Types of Competition ^a	Payments
Competitive Bidding (6)	\$3,286,327
Sole Source Provider (3)	255,327
NYS Contract (3)	323,961
Piggyback Alliance (2)	95,721
Total	\$3,961,336

^a number of competitive bid types in each category is shown in parentheses

We commend the District for establishing a comprehensive policy and adhering to an effective procurement process.

Officials Did Not Always Periodically Seek Competition for Professional Services

District officials established a comprehensive policy for the procurement of professional services that requires officials to obtain proposals for professional services expected to exceed \$10,000. Additionally, the policy requires District officials to periodically issue RFPs for professional services.

We reviewed the District’s procurement of professional services for six providers totaling \$243,478 during our audit period to determine whether the services were procured using RFPs as required by District policy. While District officials initially sought competition for their professional services, they did not periodically seek competition for three professional services totaling \$153,756 in the past five years in accordance with their policy:

- The District spent \$126,723 on legal services during the 2019-20 school year. However, we found that District officials have not issued an RFP for those services since 2009. District officials indicated the firm is familiar with District operations and decided to retain their services rather than request proposals for new attorneys.
- A third party insurance broker for the District’s self-insured dental plan was paid \$15,758 for the audit period. District officials hired the broker in 2002. We found that District officials did not periodically issue a new RFP for the provider’s service. District officials stated they did not issue an RFP for this service due to the long standing relationship the District has with the provider, and were concerned that switching providers could result in changes to the negotiated insurance benefits provided to bargaining units.
- The claims auditor was paid \$11,275 for the audit period. We found that District officials have not issued an RFP for these services since 2010. District officials did not retain the original RFP that was issued in 2010

We commend the District for establishing a comprehensive policy and adhering to an effective procurement process.

because it exceeded the record retention period. Subsequent to our audit fieldwork, District officials issued an RFP for claims auditing services beginning January 1, 2021.

Although District officials generally sought competition for professional services, they did not periodically issue new RFPs. When professional services are procured without seeking competition, the Board does not have the assurance that the procurement was made in the most economical manner that protects the integrity of the process.

What Do We Recommend?

1. District officials should ensure competition is sought periodically at a minimum of every five years in accordance with their policy for all professional service providers.

Appendix A: Response From District Officials



BRIARCLIFF MANOR UNION FREE SCHOOL DISTRICT 45 Ingham Road Briarcliff Manor, NY 10510

Dr. James Kaishian
Superintendent of Schools

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March 3, 2021

Ms. Lisa Reynolds, Chief Examiner
Office of the State Comptroller
Division of Local Government and School Accountability
33 Airport Center Drive, Suite 103
New Windsor, NY 12553

Dear Ms. Reynolds:

The Briarcliff Manor UFSD wishes to thank the State Comptroller's Office for the opportunity to have its procurement practices reviewed.

We are pleased that your office has commended the District for establishing a comprehensive policy and adhering to an effective procurement process. This is strong affirmation of just one of the many policies and procedures the District has put in place to ensure compliance with Comptroller guidelines. It is of the utmost importance that the District seek the most economical means of procuring goods and services while exercising its best judgement on the value of retaining certain professional services that benefit from long standing district familiarity such as legal services or that may have larger financial implications on the District and various collective bargaining agreements such as changing provider for insurance brokerage firms.

In closing, the District thanks the Comptroller's Office for conducting this examination and confirming that the District has comprehensive and effective procurement processes and offering recommendations on how to improve its practices.

Sincerely,

Dr. James Kaishian
Superintendent of Schools

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, our audit procedures included the following:

- We interviewed District officials and employees and reviewed relevant laws and the District's procurement policy and procedures to gain an understanding of the bidding and professional services process.
- We reviewed cash disbursement data for our audit period and removed payroll, debt services, and tuition and reimbursement transactions. We then filtered the data to identify vendors that exceeded the bidding threshold and found 56 vendors who were collectively paid \$6,490,783 during the audit period. We used our professional judgment to identify a sample of 14 vendors who were paid \$3,961,336. We reviewed the documentation to determine whether they were procured in accordance to policy and applicable laws.
- We reviewed cash disbursement data for our audit period and removed payroll, debt services, and tuition and reimbursement transactions. We then filtered the data to identify potential professional services providers and found six professional service providers who were paid \$10,000 or more, totaling \$243,478. We requested and reviewed all RFPs, related documentation and payments to the providers to determine whether District officials sought competition when awarding contracts for professional services. When competition was sought, we reviewed documentation to determine whether justification for the award was reasonable. For those professional services where the District did not periodically, but generally less than five years, issue new RFPs we made inquiries of officials to determine the reason(s).

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 must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-a(3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. 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 in the Clerk's office.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2018-12/regional_directory.pdf

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

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263196&issued=All

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

www.osc.state.ny.us/local-government/fiscal-monitoring

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

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263206&issued=All

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

www.osc.state.ny.us/local-government/resources/planning-resources

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

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2020-05/cyber-security-guide.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/local-government/required-reporting

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

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263211&issued=All

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

www.osc.state.ny.us/local-government/academy

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