



Churchville-Chili Central School District

Procurement

2025M-18 | June 2025

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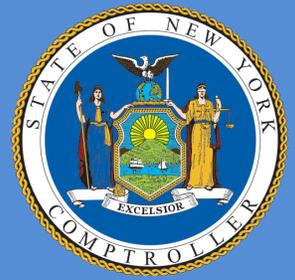
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Audit Results



Churchville-Chili Central School District

| Audit Objective | Audit Period |
|--|----------------------------------|
| Did Churchville-Chili Central School District (District) officials make procurements related to capital improvement projects (CIP) in accordance with statutory requirements and District policies? | July 1, 2022 – February 10, 2025 |
| Understanding the Program | |
| <p>Generally, school district purchases should be made in the taxpayers' best interest. One method for ensuring that goods and services are acquired in a cost-effective manner is to create as much competition as possible. Whether using formal competitive bids in accordance with New York State General Municipal Law (GML), requests for proposals, or written and verbal quotes, a well-planned solicitation effort is important to reach as many qualified vendors as possible.</p> <p>The District entered into 12 CIP contracts valued at approximately \$36.6 million during the audit period.</p> | |

Audit Summary

District officials did not ensure goods and services related to CIP contracts were competitively procured in accordance with the District's procurement policies or GML. As a result, officials cannot assure taxpayers the 12 CIP contracts entered into, and valued at approximately \$36.6 million, were procured in the most prudent and economical manner and without favoritism. Specifically, officials responsible for purchasing did not:

- Advertise in the District's official newspaper, as required by GML, for nine CIP contracts totaling \$32.6 million.
- Demonstrate that prior to awarding all three contracts, totaling approximately \$4 million, through a group purchasing agency (GPO), District officials reviewed the contracts to ensure the District was permitted to award the contracts pursuant to the "piggybacking" exception set forth in GML Section 103(16).
- Competitively bid for moving and storage services totaling \$35,535.

The report includes four recommendations that, if implemented, will improve the District's procurement process. District officials agreed with our recommendations and have initiated or indicated they planned to initiate corrective action.

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 (GML). Our methodology and standards are included in Appendix C.

The Board of Education (Board) has the responsibility to initiate corrective action. 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 the New York State General Municipal Law, Section 2116-a (3)(c) of the 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. The CAP should be posted on the District's website for public review.

Procurement Findings and Recommendations

GML Section 103 generally requires purchase contracts in excess of \$20,000 and contracts for public work in excess of \$35,000 be awarded by a school district to the lowest responsible bidder after public advertisement for sealed bids. GML also sets forth certain exceptions to the competitive bidding requirements. One exception, often referred to as “piggybacking,” allows school districts to procure certain goods and services using other governmental contracts, provided certain prerequisites are met.

The Board’s procurement policies include provisions of GML Section 103 and also require that purchase contracts and public works contracts over certain dollar thresholds are to be awarded to the lowest, responsible bidder after public advertisement for sealed bids.

More details on the criteria used in this report, as well as publications we make available to local and school district officials that can help them improve their procurement process (Figure 1), are included in Appendix A.

Finding 1 – District officials did not always solicit competition in accordance with GML when procuring goods and services for the CIP contracts.

We reviewed the 12 CIP contracts totaling approximately \$36.6 million that were entered into during the audit period and subject to competitive bidding. We identified three specific concerns relating to awarding the 12 CIP contracts:

- Although the District’s construction manager advertised the CIP projects on different online platforms (i.e., websites), District officials did not publicly advertise nine CIP contracts, totaling \$32.6 million, in the District’s official newspaper, as required by GML.
- District officials could not demonstrate that prior to awarding all three contracts totaling approximately \$4 million, through a GPO, that District officials conducted a review of the proposed procurements to ensure that each prerequisite for using the piggybacking exception, according to GML Section 103(16) had been met.
- District officials did not seek competitive bids for a moving and storage service totaling \$35,535 that exceeded the statutory dollar threshold set forth in GML.

The Assistant Superintendent of Business Services (Assistant Superintendent) stated that the decision to use GPO contracts stemmed from timing constraints and wanting to use specific brands for equipment (e.g., athletic field lighting). While the use of a GPO may be an acceptable method of procuring goods, when procuring goods or services through the use of a GPO as an exception to competitive bidding, District officials are responsible for reviewing the proposed procurement to determine, on the District’s legal counsel’s advice as appropriate, whether the procurement satisfies each prerequisite for using the piggybacking exception set forth in GML Section 103(16). Here, we determined that District officials did not verify that each prerequisite was met prior to the Board

awarding the three contracts. Instead, the Assistant Superintendent indicated that District officials relied on the construction management and architect team to review these contracts. For example, neither District officials nor the construction management and architect team, could provide documentation to support that an evaluation was performed to ensure that each prerequisite was met prior to selecting roofing contractors from a GPO contract.¹

When District officials do not seek or properly document competition, they cannot assure taxpayers that purchases are made in the most prudent and economical manner, without favoritism and in compliance with statute.

Recommendations

The Board should:

1. Ensure that officials use a competitive process, when required, to procure goods and services.
2. Revise the District's procurement policies to require District officials to review procurements involving a piggybacking exception, before awarding a contract, to determine whether each of the three prerequisites are satisfied, according to GML Section 103(16).

District officials should:

3. Document the analysis used to help ensure the contract is awarded in compliance with GML when piggybacking off other government contracts.

The Assistant Superintendent should:

4. Ensure all purchases comply with GML bidding requirements and the Board-adopted procurement policies.

¹ We note that this contract was awarded prior to a recent State supreme court case holding that the use of the piggybacking exception set forth in GML Section 103(16) is not available for public works, public works contracts, and public works projects.

Appendix A: Profile, Criteria and Resources

Profile

The District's boundaries include the Towns of Chili, Ogden, Riga and Sweden in Monroe County. The District is governed by the nine-member Board responsible for the general management and control of education and financial affairs. The Superintendent of Schools is the chief executive officer and is responsible, along with other administrative staff, for day-to-day management under the Board's direction. The Assistant Superintendent oversees the District's business operations and acts as the purchasing agent responsible for helping ensure all goods and services are procured in the most prudent and economical manner possible and in compliance with applicable statute and established policies and procedures.

Criteria – Procurement

Officials must comply with GML Section 103 that generally requires school districts to competitively bid purchase contracts above \$20,000 and public work contracts above \$35,000. However, GML sets forth certain exceptions to the competitive bidding requirements. One exception, often referred to as piggybacking, allows school districts to procure certain goods and services using other governmental contracts. For the exception to apply, certain prerequisites must be met, including the contract must have been:

- Let by the United States or any agency thereof, any state, or any other political subdivision or district therein;
- Made available for use by the other governmental entity; and
- Let to the lowest responsible bidder or on the basis of best value as defined in New York State Finance Law Section 163.

In some cases, GPOs may advertise the use of such governmental contracts to other local governments. This piggybacking exception allows school districts to benefit from the competitive process already undertaken by other local governments. However, when procuring goods and services in this manner, officials must review the contract to ensure it was awarded in a manner consistent with the exception set forth in GML Section 103(16). A recent State supreme court decision has held that the use of the piggybacking exception set forth in GML Section 103(16) is not available for public works, public works contracts, and public works projects.²

As such, school district officials should maintain appropriate documentation to demonstrate that they reviewed each prerequisite prior to procuring the good or service. As noted above, documentation may include such items as contract copies, as well as a contract analysis to help ensure it has met each prerequisite set forth in the piggybacking exception.

² See, [Matter of Daniel J. Lynch v Board of Education of the Maine-Endwell Central School District](#), 2025 NY Misc. LEXIS 711 (Broome Co. Sup. Ct. 2025).

GML Section 104-b further requires a school district board to adopt written policies and procedures governing the procurement of goods and services, such as professional services, that are not subject to GML's competitive bidding requirements. Such policies and procedures help ensure the prudent and economical use of public money, as well as help guard against favoritism, improvidence, extravagance, fraud and abuse. Written procurement policies and procedures also provide guidance to employees involved in the procurement process and help ensure that competition is sought in a reasonable and cost-effective manner. For example, the District's procurement policies require that purchase contracts and public works contracts over certain dollar thresholds are to be awarded to the lowest responsible bidder after public advertisement for sealed bids. Additionally, the policies permit the use of contracts let by other governmental agencies to purchase goods and services, provided such contracts are awarded in accordance with GML Section 103.

Additional Procurement Resources

- Piggybacking Law: Exception to Competitive Bidding – <https://www.osc.ny.gov/files/local-government/publications/pdf/piggybacking-law.pdf>

In addition, our website can be used to search for other audits, resources, publications and training for officials: <https://www.osc.ny.gov/local-government>.

FIGURE 1: OSC Publication

OSC *Local Government Management Guides* and other informational resources are available on our website to help officials understand and perform their responsibilities.

Seeking Competition in Procurement



<https://www.osc.ny.gov/files/local-government/publications/pdf/seeking-competition-in-procurement.pdf>

Appendix B: Response From District Officials



Churchville-Chili Central School District

Where learning leads to a lifetime of opportunities

Carmine Peluso, Ed.D.
Superintendent of Schools
x2300

**Superintendent's
Executive Cabinet**

Mr. Matthew DeAmaral, CPA
*Assistant Superintendent for
Business Services*
x2330

Mr. Giulio Bosco, Jr.
*Assistant Superintendent for
Instruction*
x2310

Mr. Lawrence M. Vito
*Assistant Superintendent for
Human Resources*
x2320

Ms. Nicole A. Livingston-Neal
*Assistant Superintendent for
Student Services*
x2460

June 2, 2025

Stephanie Howes, Chief of Municipal Audits
Division of Local Government and School Accountability
Office of the State Comptroller
The Powers Building
16 West Main Street, Suite 522
Rochester, NY 14614

Dear Ms. Howes:

We are in receipt of the draft report for the 'Churchville-Chili Central School District Procurement Audit' (Report ID 2025M-18). This letter serves as our official response to the audit finding and we appreciate the opportunity to have our response included as part of the report.

The Churchville-Chili Central School District Board of Education and District Administration take very seriously their roles as fiduciaries of taxpayer dollars. We constantly aim at providing our students and community with the highest level of educational programs and services while working to ensure that we are following all necessary laws and regulations.

In response to the draft report, the district realizes that not advertising in our official newspapers was not in alignment with GML. Although the bid advertisement was not published in the newspaper, the district did receive multiple competitive bids for the awarded contracts because the project was advertised by other means (e.g., websites). We acknowledge unintentional oversight; however, we are confident that the district will receive competitive bids for the work that was awarded.

We also recognize that there were several instances during our most recent capital improvement project where Group Purchasing Organizations (GPOs) were utilized without verifying compliance with GML Section 103(16). As stated in the report, the decision to utilize this method of procurement was rooted in a desire to keep to our planned construction timelines and ensure that the outcome of the project matched community expectations.

Similarly, the district realizes that we did not conduct a bid for moving services; however, it was not known at the onset of the project that the services would total over the statutory limit. It was not the intention of the district to avoid the competitive bidding processes. District officials will work with the construction managers to help estimate costs that may exceed bid thresholds so that proper competitive bidding processes can be followed at the beginning of future capital improvement projects.

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The district is in support of the recommendations and will be implementing policies and procedures related to the report's findings. District administration has begun preparing the formal corrective action plan and does not anticipate any difficulty in making the necessary adjustments.

The district also wishes to acknowledge the hard work and professionalism of the auditors. We appreciate their clear communication throughout the audit process as well as their willingness to engage in thoughtful discussion around the findings. As a result of their work, the district understands the improvements that should be made to enhance our procurement practices.

Sincerely,

Kathy Dillon
Board President

Carmine Peluso, Ed.D
Superintendent of Schools

Appendix C: 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 District officials and employees and reviewed policies, regulations and Board meeting minutes to gain an understanding of the District's procurement process.
- We reviewed documents from all 12 CIP vendors' contracts valued at approximately \$36.6 million and associated bidding documents to determine whether the purchases were made through competitive bidding in compliance with GML Section 103 or used exceptions to competitive procurement (e.g., State contract, GPOs, cooperative contracts, sole source vendors) and whether District officials documented the purchase decision as required by District policies and GML.
- We reviewed claims data from July 1, 2022 through December 3, 2024 to determine the amount paid for the CIP which totaled approximately \$27.4 million.

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.

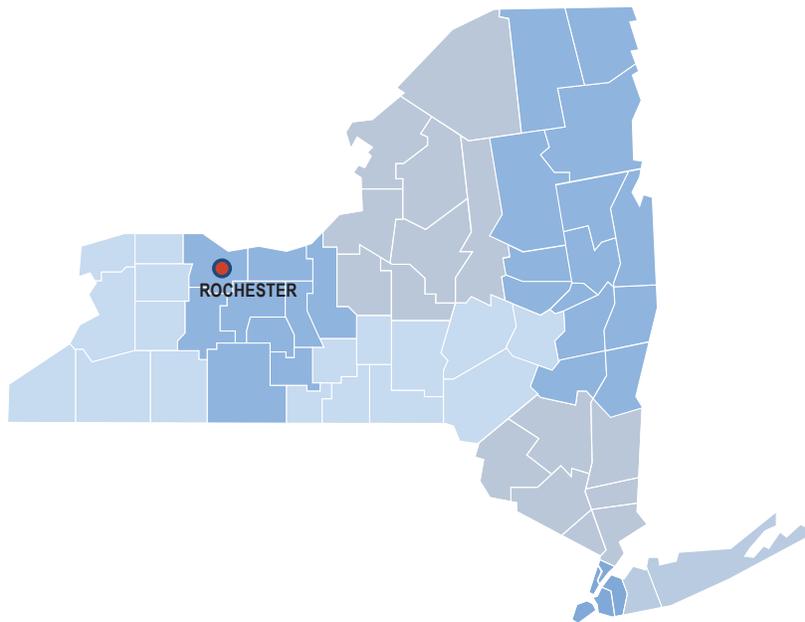
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