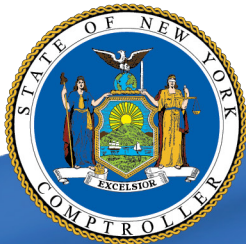


Arlington Fire District

Purchasing

JUNE 2018



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

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Report Highlights

Arlington Fire District

Audit Objective

Determine whether the Board ensured that goods and services were procured in accordance with the District's procurement policy (policy).

Noteworthy Achievements

District officials established adequate procedures to ensure that goods and services were procured in accordance with the District's policy.

- We reviewed 50 purchases totaling \$334,676 made during our audit period and found that they were properly procured.

We commend District officials for effectively designing and implementing its policy and procedures that ensure effective purchasing of goods and services.

There were no recommendations as a result of this audit.

Background

The Arlington Fire District is a district corporation of the State, distinct and separate from the Town of Poughkeepsie (Town). The District is one of three fire districts that serves the Town and responded to 5,981 emergency calls in 2017.

The District is governed by an elected Board of Fire Commissioners (Board) composed of five members. The Board is responsible for the District's overall financial management and safeguarding its resources.

The purchasing policy specifies that the account clerk and the Chief are responsible for ensuring compliance with the policy.

Quick Facts

2017 Budget	\$17.2 million
Purchases for the Audit Period	\$13.3 million

Audit Period

January 1, 2016 – December 11, 2017

Purchasing

What Is an Effective Procurement Policy?

Boards are required to adopt a written procurement policy.¹ 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.

The Board adopted an amended policy in March 2016. The policy provides guidance on procurement methods for purchase and public works contracts not required to be competitively bid, including the identification of specific dollar thresholds for obtaining verbal and written quotes.

Purchase contracts from \$1,000 to \$2,999 require two verbal quotes, from \$3,000 to \$4,999 require three written quotes and from \$5,000 to \$20,000 require more than three written quotes. Public works contracts from \$1,000 to \$2,999 require two verbal quotes, from \$3,000 to \$4,999 require two written quotes, and from \$5,000 to \$20,000 require more than three written quotes. The policy further states a good faith effort should be made to obtain the required number of proposals or quotes and requires the purchaser to document the action taken for each purchase.

The District Policy Is Effective

District officials established an adequate policy to ensure that purchases are of the desired quality at the lowest cost. Officials also established adequate procedures to ensure personnel followed the policy.

The District uses a manual purchase order (PO) numbering system in a shared file² that authorized personnel have access to. This ensures that PO numbers are used in sequence and issued before items are ordered. The PO number is recorded along with the vendor name, items ordered and the date and initials of the person who placed the order.

Once the item is received, the packing slip and invoice go to the account clerk who creates the purchase order in the system and prints it. If a verbal quote, proposal or bid was needed, they are available from the person who ordered the item, the account clerk or the Chief. The Chief reviews and signs the voucher packets before they are reviewed by two Commissioners to help ensure that the required quotes, proposals or bids were obtained.

District officials established an adequate policy to ensure that purchases are of the desired quality at the lowest cost. Officials also established adequate procedures to ensure personnel followed the policy.

1 New York State General Municipal Law Section 104-B

2 The shared file is, in this case, a spreadsheet that can be accessed by those with permission, to shared information.

We reviewed 50 purchases totaling \$334,676 made during our audit period to determine whether they were supported by adequate documentation to support that the purchase was made according to the policy and that all purchases had POs before the order was placed.

- Ten purchases totaling \$86,349 were obtained from vendors awarded a New York State Office of General Services (OGS) contract.³
- Four purchases totaling \$77,109 were competitively bid as required.
- Thirteen purchases totaling \$65,040 were obtained through the required verbal (documented) and or written quotes.
- Five purchases totaling \$29,006 fell into other areas, such as lawyers for ongoing litigation and insurance that was competitively acquired through a broker.
- Four purchases totaling \$27,449 were obtained through requests for proposals.
- Six purchases totaling \$21,333 were for multiple items that were all under the \$1,000 and therefore did not require any competitive quotes.
- Two purchases totaling \$11,485 were for leased space under a valid contract and related utility costs.
- Three purchases totaling \$9,833 were for properly documented emergency work and follow-up on that work.
- Three purchases totaling \$7,072 were obtained from properly documented sole source vendors.⁴

District officials made all these purchases in accordance with their policy and purchases were adequately supported, entered into the shared spreadsheet and had the required PO before the order was placed.

Conclusion

We commend District officials for establishing effective procedures for procuring purchases. Establishing and adhering to an effective procurement policy and procedures decreases the risk that errors or irregularities in processing and paying vouchers could occur and not be detected in a timely manner.

³ Pricing of items obtained from an OGS contract are acceptable and do not need additional quotes, proposals or bidding.

⁴ Sole source means a procurement in which only one vendor is capable of the required commodities or service.

Appendix A: Response From District Officials



Arlington Fire District

11 Burnett Boulevard
Poughkeepsie, NY 12603
www.afd.org

Business: (845) 486-6300
Fax: (845) 486-6322

For Emergencies
DIAL 911

"Safeguarding Our Community"

June 7, 2018

Tenneh Blamah
Chief Examiner
Newburgh Regional Office
33 Airport Center Drive, Suite 103
New Windsor, NY 12553

Re: *Arlington Fire District Response Draft Report of Examination 2018M-43*

Dear Ms. Blamah:

On behalf of the Board of Fire Commissioners ("Board") for the Arlington Fire District ("District"), be advised that the Board has received and reviewed the draft Report of Examination concerning the audit of the District's adopted procurement policy and the purchasing of District goods and services in accordance with that policy.

Based on its review, the Board concurs with the findings and conclusions of the audit. Specifically, that the District has adopted an effective procurement policy, and District officials have properly adhered to the policy when purchasing District goods and services. Furthermore, the Board commends District officials for their hard work and diligence to ensure that the purchasing of goods and services fully complies with the District's procurement policy.

The Board also extends its appreciation to the individuals from the N.Y.S. Comptroller's Newburgh Regional Office who conducted the audit. The professional, knowledgeable, and thorough manner in which they performed the audit ensures the Board, and more importantly, the residents of the District that the audit was conducted objectively in accordance with government audit standards, and that the audit findings and conclusion are accurate and valid.

Please do not hesitate to contact us if you have any questions.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Ralph P. Chiumento, Jr.", is written over the typed name.

Ralph P. Chiumento, Jr.
Chairman, Board of Fire Commissioners

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 reviewed Board meeting minutes from the 2016-17 fiscal year to verify that the Board approved abstracts.
- We interviewed District officials and the account clerk to determine the procedures for the review, approval and payment of vouchers.
- We judgmentally selected 50 purchases totaling \$334,676. We sorted purchasing data by vendor and by check number and selected 25 purchases made in 2016 and 25 in 2017. We selected our sample from the 2,167 vendor payments made to test all the purchasing thresholds outlined in the policy. We reviewed the voucher packets to determine whether purchases were obtained according to the District's purchasing policy.

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.

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.ny.gov

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

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

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