



Town of Throop

Procurement

2022M-173 | May 2024

Contents

- Report Highlights 1**

- Procurement 2**
 - How Should a Town Procure Goods and Services? 2
 - Town Officials Did Not Always Seek Competition When Required . . . 2
 - Officials Did Not Always Solicit Competition for Professional Services 4
 - What Do We Recommend? 5

- Appendix A – Response From Town Officials 6**

- Appendix B – Audit Methodology and Standards 8**

- Appendix C – Resources and Services. 9**

Report Highlights

Town of Throop

Audit Objective

Determine whether the Town of Throop (Town) Board (Board) ensured that Town officials solicited competition for purchases subject to competitive bidding and for professional services.

Key Findings

The Board did not always ensure that officials solicited competition for purchases subject to competitive bidding or for professional services.

- Competitive bidding requirements were not followed for 72 purchases totaling \$887,952 of the 180 purchases totaling \$1.3 million we reviewed.
- Competition was not sought for professional services from seven providers totaling \$595,996, 99 percent of the \$601,037 total services obtained from eight vendors.

Key Recommendations

The Board should ensure officials:

- Follow statutory competitive bidding requirements.
- Procure professional services in a competitive manner.

Town officials agreed with our recommendations and indicated they were initiating corrective action.

Audit Period

January 1, 2017 – April 28, 2021

Background

The Town is located in Cayuga County and is governed by the elected Board which includes the Town Supervisor (Supervisor) and four Board members. The Board is responsible for the general management and control of financial operations, including establishing financial policies. The Supervisor serves as the chief fiscal officer.

The Town provides services to its residents, including street maintenance and improvements, snow removal, water, justice court and general government support.

Quick Facts

Total 2021 Appropriations	\$1.2 million
Total Purchases Requiring Competitive Bidding 1/1/17 – 4/28/21	\$1.3 million
Total Professional Services 1/1/17 – 4/28/21	\$601,037

Procurement

How Should a Town Procure Goods and Services?

A board should comply with New York State General Municipal Law (GML) Section 104-b which requires a board to adopt written policies and procedures for procuring goods and services not subject to competitive bidding requirements, including the procurement of professional services. These policies and procedures should describe the methods and procedures for promoting competition for purchases not subject to competitive bidding, require documentation of actions taken with each procurement method and identify the individuals responsible and their titles.

Towns are generally required to solicit competitive bids for purchase contracts of \$20,000 or more and public works contracts of \$35,000 or more, with certain exceptions. In determining the necessity for competitive bidding, officials should consider the aggregate amount to be expended for the same commodity or service within the 12-month period from the purchase date. Goods and services in excess of competitive bid limits that are not required to be competitively bid or acquired through an exception to that requirement, must be procured in a manner to assure the prudent and economical use of public money in the taxpayers' best interests and that is not influenced by favoritism, extravagance, fraud or corruption.

The town's procurement policy should clearly define the competitive process to be used prior to awarding professional service contracts. The use of a request for proposal (RFP) or quotation process at reasonable intervals would help ensure that a board obtains needed qualified services on the most favorable terms and conditions. Although a policy may set forth circumstances where soliciting alternative proposals or quotations would not be in the best interest of the town, such circumstances should be clearly defined. Finally, a written agreement should be entered into for professional services between the town and the service provider to clearly define: the mutually agreed-upon contract period, the services to be provided and the basis of compensation for those services.

Town Officials Did Not Always Seek Competition When Required

Although the Board was required, per GML Section 104-b, to adopt a procurement policy, the Board did not do so until September 9, 2020. Therefore, prior to September 2020, officials and employees did not have consistent guidelines, nor were they made aware of statutory requirements, when purchasing goods and services. The Town's current policy requires officials and employees to follow competitive bidding guidelines, when applicable, and award contracts to either the lowest responsible bidder or the bid that represents the best value. Although the policy describes methods required to promote competition for purchases not subject to competitive bidding, such as written proposals or quotations, the policy excludes certain purchase types from these requirements, including the

Towns are generally required to solicit competitive bids for purchase contracts of \$20,000 or more and public works contracts of \$35,000 or more, with certain exceptions.

acquisition of professional services, unless directed by the Board. Under these circumstances, the official or employee must indicate on the associated purchase order or voucher that the purchase fell under one of the listed exceptions per the procurement policy and, as a result, written proposals or quotations were not obtained.

We reviewed 180 purchases totaling \$1.3 million for goods and services subject to competitive bidding made during our audit period to determine whether Town officials followed proper competitive bidding guidelines and whether purchases were for appropriate Town purposes. We found that while all purchases were for appropriate Town purposes, Town officials did not comply with competitive bidding requirements for 72 purchases totaling \$887,952 (68 percent). Town officials did not consider aggregate amounts when determining whether competition was necessary, which resulted in certain purchases, as highlighted in Figure 1, not being competitively bid as required.

Figure 1: Total Purchases Not Competitively Bid as Required

Vendor Type (Total Number)	2017	2018	2019
Trucks	\$27,963 (1)	\$31,096 (1)	\$27,982 (1)
Playground Equipment		50,317 (1)	
Contractors (paving, water line repairs, etc.)	81,870 (14)	42,972 (10)	43,600 (14)
Construction Services			559,311 (4)
Equipment Repairs			22,841 (26)
Total	\$109,833 (15)	\$124,385 (12)	\$653,734 (45)

For example, the Town Clerk along with a Board member indicated they sought information from several playground companies to find the best fit for the Town in terms of square footage and minimizing disruptions to the soccer fields at a Town park. The Town did not send out a formal request for bids, and instead only retained a written quote from the company to which the contract was awarded.

Furthermore, the Town procured construction services for a bridge repair project. The engineering firm in charge of the project bid out these services for the Town and provided officials with a written analysis of the five construction companies that submitted bids. The Town retained a copy of the bid from the company that was awarded the contract. However, officials were unable to demonstrate that the bidding requirements were appropriately adhered to because the Town did not have a copy of the bid advertisement or the actual bids received from the other four construction companies.

Town officials were unaware of the proper procurement process. In January 2021, the Board adopted a procedure which requires all Town employees to review the procurement policy and sign off acknowledging their understanding of the procurement process. Purchasing and seeking competition in accordance with statutes helps ensure that officials procure goods and services of maximum quality at the lowest possible cost and guards against favoritism, improvidence, extravagance, fraud and abuse.

Officials Did Not Always Solicit Competition for Professional Services

The Town did not require soliciting competition (e.g., issuing RFPs or obtaining quotes) when procuring professional services during our audit period. This weakness was not remedied by the adoption of the Town’s procurement policy. In addition, written procedures for seeking competition when procuring professional services were not developed, including specifying the documentation that should be maintained to support Board decisions. As a result, the Board and officials often did not solicit competition when procuring professional services.

For our audit period, Town officials obtained professional services from eight service providers who were paid a total of \$601,037. Town officials sought competition when procuring IT services in 2020. However, officials did not seek competition for services from the remaining seven providers who were paid a total of \$595,996, as highlighted in Figure 2.

Figure 2: Professional Services Obtained Without Seeking Competition

Professional Service Type	Number of Providers	Total Paid
Engineering	2	\$287,638
Insurance	3	247,710
Legal	1	54,148
Accounting	1	6,500
Total	7	\$595,996

Town officials had written agreements on file for six of the eight (75 percent) professional service providers, all of which had sufficient terms including the agreed-upon services to be provided, length of contract and compensation. However, during our fieldwork, Town officials could not provide written agreements for two service providers, who performed legal and engineering services totaling \$106,188. Following our audit fieldwork, the Town signed a written agreement with the engineering firm on July 5, 2021.

We generally found that the professional services procured were for legitimate and appropriate Town purposes. However, when a competitive process is not used, the Board cannot ensure that professional services are procured with the most advantageous terms and conditions and in the best interest of taxpayers. In addition, without written agreements, Town officials cannot ensure that the parties have a clear understanding of the services expected and the compensation for those services.

What Do We Recommend?

The Board should:

1. Ensure officials and employees follow competitive bidding statutes and procurement policy requirements.
2. Review and update the procurement policy and procedures to ensure detailed guidance for procuring professional services at reasonable intervals, such as describing officials' duties and responsibilities, thresholds for using written RFPs, written or verbal quotes and documentation requirements for the selection process are included.
3. Enter into a written agreement with each professional service provider, indicating the agreed-upon contract period, the services to be provided and the basis of compensation for those services.

Town officials should:

4. Ensure all necessary competitive bidding documentation, quotes and proposals are obtained and retained to support procurements were made in accordance with applicable statutes and the Town's procurement policy.

Appendix A: Response From Town Officials



Office of the State Comptroller
Division of Local Government and School Accountability
Rochester Region
16 W Main St- Suite 522
Rochester NY 14614

April 27, 2024

With regard to the following audits:

- 2022M-173 (Procurement)

The town of Throop hereby accepts this report in its entirety.

See below responses to the recommendations contained within the report:

The Board should:

1. Ensure officials and employees follow competitive bidding statutes and procurement policy requirements. – The town currently does this.
2. Review and update the procurement policy and procedures to ensure detailed guidance for procuring professional services at reasonable intervals, such as describing officials' duties and responsibilities, thresholds for using written RFPs, written or verbal quotes and documentation requirements for the selection process are included. – The town currently does this.
3. Enter into a written agreement with each professional service provider, indicating the agreed-upon contract period, the services to be provided and the basis of compensation for those services. - The has implemented this policy
4. Ensure all necessary competitive bidding documentation, quotes and proposals are obtained and retained to support procurements were made in accordance with applicable statutes and the Town's procurement policy. – The town currently does this

Town of Throop
7471 Robinson Road, Auburn, NY 13021
315.252.7373

The Town of Throop is an Equal Opportunity Employer



We are committed to implementing these recommendations and improving our financial practices to better serve the residents of the Town of Throop. If you have any further questions or require additional information, please do not hesitate to contact us.

Sincerely,

Eric Ridley
Town Supervisor
Town of Throop, NY

Town of Throop
7471 Robinson Road, Auburn, NY 13021
315.252.7373

The Town of Throop is an Equal Opportunity Employer

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. 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 Board members and officials to gain an understanding of the procurement process and reviewed Board meeting minutes and any related policies.
- We reviewed all 180 claims (totaling \$1.3 million) that required competitive bidding between January 1, 2017 and April 28, 2021, to determine whether purchases were made in accordance with GML and the Town's policy and procedures.
- We reviewed cash disbursement data and identified eight professional services providers paid a total of \$601,037 during our scope period. We reviewed RFP documentation, if any, to determine whether Town officials sought competition for the services. We also obtained written agreements for all professional service providers, if any, and reviewed for adequate terms.

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.

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.

The Board has the responsibility to initiate corrective action. 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 Town Clerk's office.

Appendix C: Resources and Services

Regional Office Directory

www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/fiscal-monitoring

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/resources/planning-resources

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

www.osc.ny.gov/files/local-government/publications/pdf/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.ny.gov/local-government/required-reporting

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/academy

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

<https://www.osc.ny.gov/local-government>

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

ROCHESTER REGIONAL OFFICE – Stephanie Howes, Chief of Municipal Audits

The Powers Building • 16 West Main Street – Suite 522 • Rochester, New York 14614-1608

Tel (585) 454-2460 • Fax (585) 454-3545 • Email: Muni-Rochester@osc.ny.gov

Serving: Cayuga, Livingston, Monroe, Ontario, Schuyler, Seneca, Steuben, Wayne, Yates counties

[osc.ny.gov](https://www.osc.ny.gov)

