



# Half Hollow Hills Central School District

## Procurement

### Report of Examination

Period Covered:

July 1, 2014 – March 31, 2016

2016M-239



Thomas P. DiNapoli

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# State of New York Office of the State Comptroller

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## **Division of Local Government and School Accountability**

August 2016

Dear School District Officials:

A top priority of the Office of the State Comptroller is to help school district officials manage their districts efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support district operations. The Comptroller oversees the fiscal affairs of districts statewide, as well as districts' compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving district operations and Board of Education governance. Audits also can identify strategies to reduce district costs and to strengthen controls intended to safeguard district assets.

Following is a report of our audit of the Half Hollow Hills Central School District, entitled Procurement. This audit was conducted 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.

This audit's results and recommendations are resources for district officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller  
Division of Local Government  
and School Accountability*

# Introduction

## Background

The Half Hollow Hills Central School District (District) is located in the Towns of Huntington and Babylon in Suffolk County. The District is governed by the Board of Education (Board), which is composed of seven elected members. The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools is the District's chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction. The Board appointed a purchasing agent to be responsible for ensuring that the Board's procurement policies are implemented and that the District is in compliance with statutory procurement requirements.

The District operates nine schools with approximately 8,550 students and 2,105 employees. The District's budgeted appropriations for the 2015-16 fiscal year were \$238.7 million, which were funded primarily with State aid, real property taxes and grants. The District's 2016-17 budgeted appropriations are \$241.3 million.

## Objective

The objective of our audit was to examine the District's procurement procedures. Our audit addressed the following related question:

- Did the Board ensure that District personnel used competitive methods when procuring goods and services that were not subject to competitive bidding?

## Scope and Methodology

We examined the District's procurement procedures for the period July 1, 2014 through March 31, 2016.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report. 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.

## Comments of District Officials

The results of our audit have been discussed with District officials, and their comments, which appear in Appendix A, have been considered in preparing this report. District officials agreed with our findings.

## Procurement

General Municipal Law (GML) requires District officials to adopt written policies and procedures governing procurement for goods and services not subject to the competitive bidding requirements. One of the Board's responsibilities is to establish, implement, monitor and enforce compliance with its procurement policy. Procurement policies and procedures should help ensure that competition is sought in a reasonable and cost-effective manner for procurements below the bidding threshold and for other contracts exempt from bidding.

When procurement is not subject to bidding requirements, GML generally requires that the procurement policy provide that alternative proposals or quotations be obtained by the use of written requests for proposals, written quotations, verbal quotations or any other method that furthers the purposes of GML. The procurement policy may set forth circumstances when, or types of procurements for which, in the Board's sole discretion, the solicitation of alternative proposals or quotations will not be in the District's best interest.

The Board adopted a procurement policy in July 1996, which was updated in September 2014. In addition, the District has established a process for the procurement of purchases that do not require competitive bidding. This process requires officials to procure goods and services in the most cost-effective manner possible by following established guidelines for purchases falling between specific dollar thresholds. The District requires three documented verbal quotes for purchase contracts of \$1,001 to \$2,999 and public works contracts of \$3,000 to \$9,999. The District requires three written quotes for purchase contracts from \$3,000 to \$9,999 and public works contracts from \$10,000 to \$19,999.

The District procured goods and services in accordance with its policy and the statutory requirements. We reviewed 25 purchases<sup>1</sup> totaling \$109,213 that were subject to competitive quotes in accordance with the District's procurement policy. We found that 16 of these purchases were purchased using State and county contracts, which is an allowable exception to obtaining bids and quotes. Of the remaining purchases, five contained appropriate documentation indicating they were purchased from a sole source vendor and four were made after officials obtained the required number of quotes.

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<sup>1</sup> See Appendix B for our sample selection methodology.

Except for minor discrepancies that we discussed with District officials, purchases were made in accordance with the District's policy. We commend District officials for establishing and implementing an effective system to ensure goods and services were procured in accordance with their procurement policy and applicable statutes.

## **APPENDIX A**

### **RESPONSE FROM DISTRICT OFFICIALS**

The District officials' response to this audit can be found on the following page.

# HALF HOLLOW HILLS CENTRAL SCHOOL DISTRICT

OF HUNTINGTON AND BABYLON

KELLY FALLON  
Superintendent of Schools

August 10, 2016

Mr. Ira McCracken, Chief Examiner  
Office of the NYS Comptroller  
Division of Local Government and School Accountability  
Hauppauge Regional Office  
NYS Office Building, Room 3A10  
250 Veterans Memorial Highway  
Hauppauge, NY 11788-5533

Dear Mr. McCracken:

Please accept this correspondence as the Half Hollow Hills Central School District's official response to the Procurement Report of Examination (2016M-239) for the period covering July 1, 2014 through March 31, 2016.

The Half Hollow Hills Central School District is appreciative of and acknowledges the efforts by the New York State Comptroller's Office Audit Team for its thoroughness and professionalism while conducting the audit. The District is pleased that this extensive examination has resulted in the Comptroller's Office commending District officials for its procurement practices. This report reinforces the District's unwavering commitment to the responsible management of public funds.

Again, thank you for your valuable services to the Half Hollow Hills Central School District.

Very truly yours,



Mrs. Kelly Fallon  
Superintendent of Schools



Mr. Eric Geringswald  
Board of Education President

cc: Board of Education  
Assistant Superintendent for Finance and Facilities





## **APPENDIX B**

### **AUDIT METHODOLOGY AND STANDARDS**

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We interviewed key individuals regarding District procurement policies and procedures.
- We reviewed the procurement policy and procedures to gain an understanding of the District's procurement process.
- We judgmentally selected 25 claims, focusing in the areas of athletics, facilities and office supplies.
- We reviewed each claim to determine if the District obtained quotes, bids or proposals in accordance with statutory requirements and the District's policy and procedures.
- We compared invoices to contract/quote documentation to determine whether payments were made according to the agreed-upon rates and that they were proper District purchases.

We conducted this performance audit in accordance with 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.

## APPENDIX C

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**DIVISION OF LOCAL GOVERNMENT**  
**AND SCHOOL ACCOUNTABILITY**

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