

The Town of Westport

IA 17-02 Audit of Vendor Contracts Findings and Recommendations

Final Report
March 2017

Table of Contents

	Page #
I. Project Overview.....	3
II. Purchasing/Contract Overview.....	4-9
III. Audit Findings & Recommendations.....	10-15
IV. Recommendation Priority List.....	16
V. Contract Analysis.....	17-23
VI. Accounts Payable/Contract Validation.....	24
VII. Appendix.....	25-27
A. Interview List.....	25
B. Workflow Diagrams.....	26-27

I. Project Overview

A. Background

The Town of Westport (hereinafter, also referred to as the “Town”) engaged BlumShapiro Consulting to review and audit the processes used for vendor contracts within the Town and School District. BlumShapiro provided internal auditing services for both the Town and School District that included the following:

1. Evaluation of internal processes
2. Assessment of control practices
3. Identification of areas for improvement and/or better implementation of best practices related to to bidding procedures and vendor contracts.

BlumShapiro worked with the Audit Manager/Senior Accountant to identify/select particular contracts from both the Town and School District for a closer examination and evaluation of adherence to Town and School District purchasing protocols. BlumShapiro interviewed management and personnel from both the Town and School District that are involved in the bidding and contract process. In total, BlumShapiro interviewed seven (7) staff associated with the contract processes in the Town and School District.

B. Methodology

The goals and objectives of this assessment included the following:

- Review existing contract/vendor management practices of the Town and School District to assess compliance with:
 - The Town’s procurement policy, including the Town of Westport Charter
 - Westport’s Board of Education procurement policy
 - Contract processing best practices that lead to better efficiencies associated with appropriate controls
- Identify opportunities for strengthened controls and efficiencies associated with current contract/vendor management practices.
- Review a selected number of contracts over the past three years and perform analysis of the process followed for each against documented procurement policies and procedures within the Town and School District.

C. Acknowledgements

BlumShapiro would like to thank the Town of Westport and School District staff for their participation, support, on-going dialogue, and feedback during this project.

II. Purchasing/Contracts Overview

A. Both the Town and School District have documented policies to ensure that there are standard purchasing and bidding processes to follow

1. The Town and School District have been cautious to ensure that the purchasing policy be followed fairly and consistently and as such, have implemented controls to avoid misuse/abuse of purchasing procedures
 - a. Town policy states, “Orders for like items or services that would ordinarily be purchased on one (1) purchase order, and that may exceed \$10,000 cannot be separated into multiple requisitions for the purpose of avoiding the approval process.”
 - b. The School District policy states, “Orders for like items or services that would ordinarily be purchased on one (1) purchase requisition cannot be separated into multiple purchases to keep the total below the bidding guidelines of \$3,000 for verbal quotes, \$5,000 for written quotes, and \$25,000 for formal bid.”
 - i. These provisions ensure that there is limited opportunity for a department to “skirt” the formal protocol for purchasing/bidding

B. Multiple reviews, approvals, and sign offs occur prior to the execution of a contract

1. The Board of Selectman approves all Town written contracts
 - a. Per discussions with Town Finance, a contract will not be signed and approved by the Board of Selectman if the price/cost listed is higher than the Town’s appropriated amount
 - b. In some instances, construction prices may end up being higher than initially expected/anticipated. In these cases, the Town must go through the appropriation process to re-allocate money and ensure available funds. It is only after this formal procedure, that a contract will be signed
 - c. Appropriations involve input and approvals from the Town’s Board of Finance and the Representative Town Meeting (RTM) legislative bodies
2. Per discussion with Town Finance, all contracts are reviewed by the Assistant Town Attorney (outsourced from Berchem, Moses and Devlin law firm) and are signed by the Attorney’s office
3. The Town Finance Director also signs the contract after ensuring that the contract is in compliance with Town codes and ordinance

II. Town of Westport – Audit of Vendor Contracts – Purchasing/Contracts Overview

4. In addition, the Westport First Selectman signs all contracts after his review
5. Lastly, all contracts are signed by the contractor/vendor
6. All School District contracts are reviewed and signed by the Director of School Business Operations
7. The School District has outsourced its legal function to Shipman and Goodwin for validation of all major contracts
 - a. Special Education contracts are reviewed by Berchem, Moses and Devlin, P.C.

C. The Town Purchasing Officer is utilized heavily by Departments in the purchasing process

1. Departments work with the Purchasing Officer to establish bids, Request for Proposals (RFPs), and Request for Qualifications (RFQs) and to determine which is the most suitable for them
 - a. Bids occur when a department knows what they are seeking and/or has already obtained a study to inform them of what they specifically require
 - b. When there is more subjectivity, and it is more “open-ended” as to how a project may be done, the department will opt for a Request for Proposal (RFP)
 - c. A Request for Qualifications (RFQ) is used to narrow down, and prequalify vendors. A Town RFQ will not request any dollar amounts or job costing, rather, it is a means to vet vendors prior to requesting a proposal from them
2. As bids and vendor documents come in, the Purchasing Officer records who bids and the dollar amount in a summary format/table for the department
 - a. He also uses Microsoft Excel to calculate the lowest bid and double check all vendor calculations
3. Departments and committees (where applicable) are responsible for selecting the vendor and then the department enters the requisition into MUNIS
 - a. The department is responsible for monitoring the contract, project, and services from this point forward

D. The School District Business Office and individual departments share the responsibility for vendor selection and overseeing/monitoring contracts

1. For the School District, most contracts are construction or facilities-based
 - a. Per discussion with the School Business Office, the Facilities Department will monitor and oversee all construction projects for performance, timeliness, and progress
 - b. The Facilities Department will recommend when the Business Office should make payments on a project

2. Other projects that are technical in nature include the Director of Technology for vendor selection and contract/project monitoring

E. The Town and School District manage purchases and vendors using different financial management systems

1. The Town is utilizing Tyler Technologies MUNIS
 - a. Within MUNIS, the Town electronically enters and approves requisitions with an automated workflow and approval
 - b. At the time a requisition is entered, MUNIS will encumber the dollar amount; should the requisition be cancelled or not proceed due to denials and lack of approvals, MUNIS will release the funds back to the budgeted account
 - i. This serves as an internal control to prevent overspending
 - ii. Department Heads also have the ability, within MUNIS to check their Departmental accounts prior to entering a requisition to assess fund balances and availability for spending
 - c. MUNIS also allows for the electronic attachment of written vendor price quotes (this is part of the documented Town purchase order process)
2. The School District is currently using SunGard Pentamotion eFinancePLUS
 - a. The School District has also configured the system for electronic entering of requisitions and electronic approvals and workflow
 - i. A requisition cannot be processed if inadequate funds are available; an override is needed to continue which requires a formal request and approval through the Director of School Business Operations
 - ii. Requests for line item transfers must also be approved by the Director of School Business Operations
 - iii. Department Heads also have the ability, within SunGard to check their Departmental accounts prior to entering a requisition to assess fund balances and availability for spending

II. Town of Westport – Audit of Vendor Contracts – Purchasing/Contracts Overview

F. For Town purchases, the following dollar thresholds and process is to be adhered to:

Town Purchasing Process	
under \$500	Entered into FMS
\$500 - \$9,999	2 verbal quotes
\$10,000 - \$24,999	3 written quotes
\$25,000 and over	Formal Bid/RFP

G. For School District purchases, the following dollar thresholds and process is to be adhered to:

BOE Purchasing Process	
under \$3000	Pricing may be developed by comparing costs in current catalogs and should be confirmed with vendor
\$3,000 - \$5,000	At least 3 verbal price quotes
\$5,000 - 25,000	3 formal written quotes
Over \$25,000	Formal Bid

H. The Town and School District each have controls and designated approvers/authorities that monitor all purchases

1. For the Town, the Purchasing Officer reviews all purchase requisitions in MUNIS, regardless of dollar amount
 - a. All purchases must originate as a requisition; the Town does not enter purchase orders directly. Only emergency purchases may circumvent this process; Town policies include specific procedures for emergency purchases.
2. The Town Purchasing Officer acts as the second approver (within MUNIS) after the Department Heads, of any and all requisitions entered into the system
 - a. Based on dollar amount, requisitions may only require the approval of the Purchasing Officer, while those with a higher cost, require additional approvals beyond the Purchasing Officer
 - b. MUNIS is configured electronically for the workflow of approvals to route through the appropriate authority/personnel based on dollar amount
 - i. As such, the MUNIS system maintains an audit approval trail showing who approved the requisition and when

II. Town of Westport – Audit of Vendor Contracts – Purchasing/Contracts Overview

c. The following table outlines the designated requisition approvers and workflow for the Town:

Town Approvers	
Dollar Amount	Approver
Less than \$10,000	Department Head; Purchasing Officer
\$10,000 - \$24,999	Purchasing Officer; Finance Director
\$25,000 and over	Purchasing Officer; Finance Director; First Selectman

3. The Town Purchasing Officer ensures that all requisitions follow protocol based on price (i.e., correct amount of price quotes attached)
4. For the School District, all purchases flow electronically through the Business Office for approval:

BOE Approvers	
Dollar Amount	Approver
Less than \$3,000	School Principal, Director of School Business Operations
Over \$3,000	Director of School Business Operations (Business Office)

- a. Purchases below \$3,000 are initially approved by a School Principal, though the requisition will still ultimately need approval from the Director of School Business Operations, regardless of cost
5. According to the School District Purchasing Policy, “the duties of purchasing shall be centralized under the Director of School Business Operations who shall be responsible for all purchase transactions for the District.”

II. Town of Westport – Audit of Vendor Contracts – Purchasing/Contracts Overview

I. The Town and School District have a solid working relationship as it pertains to purchasing and contracts

1. Per discussion with the interviewees, the Town Finance Department and School Business Office communicate weekly in regards to procurement and potential joint purchases in an effort to get the best prices for the Town and School District
2. The School District Purchasing Policy states, “In accordance with the Westport Town Charter, the Director of School Business Operations is the designated representative of the Board of Education to act with the Finance Director of the Town to maximize economies of purchasing through sharing of purchases in all areas practicable.”
3. The Town Purchasing Procedure and Policy, section C7-3 (in reference to the Town Charter) reads, “...The Finance Director, as Purchasing Authority, shall establish standards for purchasing, subject to approval of the Board of Selectman and the Board of Education on an annual basis, which shall provide in part for sharing of purchases between the Town and Board of Education...”
 - a. Our interviews have indicated that the Town and School District have made several efforts at combining/aligning purchases for utilizes including ongoing communication in regards to fuel oil and natural gas
 - i. The Town and School District are also currently utilizing one vendor for natural gas (managed via two separate contracts)
 - ii. The Town and School District have partnered on one (1) electricity supplier (separate contracts) for economies of scale
 - iii. Per discussion with the Director of School Business Operations, the two (2) are also sharing a VOIP system and joint copier lease

III. Findings and Recommendations

A. The Town and School District each have documented policies and procedures pertaining to purchasing and bidding

1. The Town currently utilizes the Westport Town Charter, Chapter 12, Section C12-4, Purchasing, along with a documented Purchasing Procedure and Policy approved in 2015
2. The School District’s Purchasing Policy, 3320(a), and Procedure, 3320(b), were most recently amended and approved in 2014
3. Neither the Town or School District have a formally scheduled timeframe/process to review policies and procedures pertaining to purchasing

A. RECOMMENDATION – Review and Update all purchasing and bidding policies and procedures on a regular basis

1. The Town and School District should regularly review and update documented policies and procedures to ensure that they align with current operations and practices
 - a. For example, there is no mention of automated financial system workflow as it pertains to the purchase requisition approval process in MUNIS
 - i. This finding and recommendation has been noted in IA 10-01, Internal Audit Report, performed by the Town’s Audit Manager/Senior Accountant
2. The Town and School District should ensure that all departments receive training when new purchasing policies are implemented, edited, or updated

B. When assessing Town procurement and bidding policies, minor inconsistencies were noted

1. The Town Charter and Town Purchasing Procedure and Policy have a minor discrepancy in regards to which person will validate funding and appropriation for an expense
 - a. Section C12-4 of the Town Charter states, “No officer or employee of the Town shall make any purchase or any contract for service until the Controller has certified that there is sufficient unexpended and unencumbered balances of the appropriation and appropriation item against which the expense is to be charged and that the purchase is consistent with the standards of purchasing provided in Section C7-3.”

- b. The Town Purchasing Procedure and Policy section C12-4 (in reference to Town Charter) states, “No officer or employee of the Town shall make any purchase or any contract for service until the Finance Director has certified that there is a sufficient unexpended and unencumbered balance of the appropriation and appropriation item against which the expense is to be charged and that the purchase is consistent with the standards of purchasing provided in section C7-3.”
 - i. Based on our interviews with Town personnel, the Town Purchasing Procedure and Policy is currently inaccurate stating that this responsibility is that of the Finance Director, it should be aligned to match the Charter and state that the validator of the sufficient funds is the Controller
 - ii. In actual operations, the financial management system (FMS), MUNIS, is configured to validate that appropriate funding exists prior to a purchase requisition progressing through the system for approval. If funds are insufficient, a requisitioner cannot proceed with entering the requisition within the software

B. RECOMMENDATION – Align Town Purchasing Procedure and Policy with Town Charter

- 1. The Town has already been made aware of this minor textual discrepancy and is in the process of updating the Town Purchasing Procedure and Policy document
- 2. In addition, we recommend that the Town consider editing the policy to reflect the use of the MUNIS financial system in regards to the validation of funds prior to processing/entering a requisition into the system. It should be documented that MUNIS will, in theory, prevent someone from over-spending on a line item or going over budget by making purchases as long as the requisition is entered into the system prior to actual purchase. If a requisitioner needs additional funds, they will need to contact the Finance Department for an appropriation, line-item transfer, etc.

C. When evaluating the School District purchasing policy and procedures, a small dollar amount/threshold discrepancy was identified

- 1. The Purchasing Policy “Bidding” section and Purchasing Procedures “Bidding Guidelines” section have \$1 discrepancies in their threshold listings
 - a. The Policy bidding threshold ranges for purchases are documented as the following:
 - i. \$3,000 - \$5,000
 - ii. \$5,000 - \$25,000
 - iii. Above \$25,000

- b. The Procedures threshold ranges for bidding guidelines are documented as the following:
 - i. Under \$3,000
 - ii. \$3,000 - \$4,999
 - iii. \$5,000 - \$25,000
 - iv. Over \$25,000

C. **1. RECOMMENDATION – Align School District Purchasing Policy “Bidding” section with the “Bidding Guidelines” section of the School District Purchasing Procedures**

- 1. We recommend that the School District ensure that threshold ranges are identical across the Purchasing policy and Purchasing Procedures document
 - a. We suggest that the School District consider using the ranges provided in the Procedures document as it does not allow an overlap of one (1) dollar amount in two (2) “categories” which leaves room for requisitions to interpret the threshold as they see fit
 - i. For example, if a requisitioner has an item or service costing exactly \$5,000, under the policy threshold ranges, they could interpret the good or service as falling into the first range (\$3,000 - \$5,000) rather than the second threshold range (\$5,000 - \$25,000) and as such, only get three (3) verbal price quotes vs. three (3) formal written vendor quotations
 - b. This will leave no room for misinterpretation or lack of consistency in regards to the regulations for School District requisitions based upon clearly delineated dollar thresholds

C. **2. RECOMMENDATION – Consider adding a third level approval threshold that includes the School District Superintendent**

- 1. We recommend that the School District consider adding a \$25,000 (and over) approval threshold that requires the approval of the School District Superintendent
 - a. This will allow the purchasing thresholds to more similarly align with the Town thresholds
 - b. In addition, it will provide the added benefit of ensuring that large spending endeavors align with the Superintendent’s mission and goals for the District

D. There is no documented bid waiver procedure

1. Per our interviews with Town and School District staff and after evaluation of purchasing and bidding policies and procedures, there does not appear to be a documented procedure in place for bid waivers
2. Section 3 of the Purchasing Procedure and Policy, “Exceptions to Formal Bid/RFP Process,” states that the two (2) qualifying exceptions to the formal bid/RFP process are:
 - a. State contracts (including contracts negotiated through cooperatives or consortiums) and;
 - b. Waiver due to unique circumstances (scenarios where the Finance Director certifies that there is only one provider of a unique product or service). In these instances, the First Selectman may authorize a waiver of the formal bid/RFP requirement.
3. In our analysis of some sample contracts, it was noted that in some additional circumstances, the Town has opted to not follow the bid process
 - a. For example, the Town may decide to utilize a vendor that is already doing business with the Town in another department
 - b. In these instances, the Board of Selectmen were made aware, and approved of the purchase without the normal bidding or proposal requirements but no form or bid waiver documentation exists
4. The School District policy notes which types of purchases are not subject to competitive bidding including goods purchased under state contracts, sole source goods or services, etc. but there is no associated waiver form to complete and file with the purchase

D. RECOMMENDATION – Develop and document formal bid waiver procedures

1. The IA 10-01, Internal Audit Report, performed by the Town’s Audit Manager/Senior Accountant included a recommendation for the Town and School District to develop a bid waiver form that shall accompany each purchase considered an exception to the normal bidding or proposal requirements
2. BlumShapiro recommends that the Town and School District proceed with this existing recommendation, as well as ensuring that the bid waiver procedure/policy includes the following:
 - a. Who has the authority to waive the regular bid/purchasing process
 - b. When it is suitable and/or appropriate to waive the regular bid/purchasing process

III. Town of Westport – Audit of Vendor Contracts – Findings and Recommendations

3. After approval and acceptance, bid waivers should be filed and retained by the Finance Department and/or School Business Office

E. The School District does not require an attorney’s review and validation for all contracts

1. At this time, the School District only involves their attorney on a case-by-case basis depending on the nature and cost of a project
2. There is no standard for a legal/attorney’s approval of all contracts for the School District
3. The specific protocol for when to utilize legal counsel for School District contracts is not documented within the School District Purchasing Policy 3320(b)

E. **RECOMMENDATION – Document parameters for when to obtain attorney review and approval of contracts**

1. We recommend that the School District document within its policies and procedures the specific project/contract parameters that require the School District to obtain a legal validation and approval of the formal vendor contract/agreement
 - a. The School District should consider including dollar amount/project cost, size and scope of project, and any other significant areas that may should require the inclusion of legal counsel approval
 - b. The School District may also consider documenting specific scenarios/projects that do not require legal approval
 - i. i.e. “Legal counsel advisement on contracts only required when deemed necessary by the First Selectman, Superintendent, Director of School Business Operations, etc.”
 - ii. This will make it clear for all bidding procedures going forward

F. There is no tickler system or electronic notification of auto-renewing contracts

1. It was noted in our interviews with the Town, that there is no central tickler (reminder) system or log that monitors projects/vendors with automatically renewing contracts
2. Per discussion with the Town Attorney, some vendors require a three-month (90 day) notification prior to the auto-renewal should the Town want to end the service and vendor agreement
3. Without someone constantly monitoring contract termination/renewal dates, this poses a risk for the Town to be automatically renewed with a vendor they no longer wish to continue doing business with

4. The School District does not have an automatic notification or tickler systems at this time

F. **RECOMMENDATION** – Implement an automatic notification of contracts that auto-renew process/procedure

1. We recommend that the Town (and School District, if applicable) implement an auto-notification mechanism for the Finance Department (and/or Business Office) that flags or informs staff that a contract is about to renew
 - a. It is possible that this configuration may be a capability within MUNIS and eFinancePLUS
 - b. The Town and School District could implement tasks within Microsoft Outlook to notify them of upcoming contract renewals
 - c. Another option would be for the Town and School District to manage this information in Microsoft Excel; this would require a staff person to regularly review the Excel file for upcoming dates and renewals
 - i. The Town and School District should determine which mechanism (Outlook, Excel, etc.) will work best for them and will be most easily managed over time
2. The notice or flag should be set to occur at 120 days prior to a renewal date of any contract
 - a. This will provide Finance (or the Business Office) with adequate time to review, discuss, and determine whether or not the contract should be renewed and/or require Board of Selectmen approval
3. The notification should be sent to multiple staff to ensure it is not missed and require an acceptance or electronic acknowledgement by each decision-making party

IV. Recommendations Priority List

We recommend that the Town and School District of Westport implement the above recommendations and best practices in the following order:

Recommendations:

1. Add a third level purchasing approval threshold at \$25,000 for the School District that includes Superintendent approval
2. Develop bid waiver form and procedure
3. Implement tickler/notification system for auto-renewing contracts
4. Update and align purchasing policies and procedures; set a schedule for regular policy review (annual/bi-annual)

V. Contract Analysis

As part of the audit, the Town has asked BlumShapiro to evaluate selected contracts from both the Town and School District. With assistance and input from the Town Audit Manager/Senior Accountant, BlumShapiro Consulting evaluated the following contracts against documented policies and procedures in regards to bidding, purchasing, and contracts:

<u>Town</u>	<u>School District</u>
1. Enviro Express	1. Chartwells/Food Services Management Companies
2. Greater Bridgeport Regional & Wheelabrator Bridgeport, L.P	2. Wireless Contractor/Electrical Contractor (Staples HS)
3. Royal Environmental Services	3. Outplaced Student Transportation
4. Holdsworth, Pelton and Associates, Inc.	4. Environmental Systems Corporation
5. Active Network	5. Shoreline Restoration, LLC
6. Total Communications	6. Custodial Supplies

For all contracts/projects selected, BlumShapiro sought to validate the following:

1. Who won the contract
2. The approximate cost of the project (if available)
3. If (based on the cost), the contract was awarded only after appropriate dollar threshold procedures occurred and corresponding approvals were made (i.e. formal bid with approval by First Selectman)
4. If the original RFP was available for review
5. If a summary of all bids for the project/service was performed
6. If an evaluation/decision process occurred prior to vendor selection
7. If legal counsel validated the contract
 - a. Any exceptions were noted as part of this process
 - b. The table below summarizes our findings:

V. Town of Westport – Audit of Vendor Contracts – Contract Analysis

Contract Number	Project/Contract Name	Contract Winner	Cost (\$)	Threshold Requirements	Requirements met	Notes for exceptions	Original RFP Reviewed	Bid Results/ Summary Exists	Evaluation Process Occurred	Purchasing Authority Approval	Legal Validation of Contract Exists	Notes for exceptions
N/A	Town - Transfer Station Services	Enviro Express	\$186,108 \$14.78 per Ton (transport fee) (fees change per qtr.)	Purchasing Collaborative - not subject to competitive bidding	✓	ENVIRO EXPRESS – Until 12/31/08, participating municipalities in the Connecticut Resources Recovery Authority (CRRA) had their trash hauled to the Wheelabrator site in Bridgeport by Enviro Express, but this work was contracted through CRRA. After that, municipalities were to contract directly with Enviro. This is a continuation of contract (first of three renewal terms).	N/A	N/A	N/A	✓	✓	Approved by the Board of Selectman (Attorney attends meeting). This was one of three renewals for a continuation of contract. Consortiums do not require formal bid/RFP.
N/A	Town	Wheelabrator Bridgeport, L.P	N/A	Purchasing Collaborative - not subject to competitive bidding	✓	Two related contracts; GBR Solid Waste Interlocal Agreement (towns to collectively manage/dispose of solid waste) and GBR Solid Waste and Wheelabrator (provider of waste disposal services)	N/A	N/A	N/A	✓	N/A	Consortiums do not require formal bid/RFP. Approved by the RTM 2/4/14 upon recommendation by Public Works Director and BOS. Contract negotiated by Interlocal Agreement. The Town was already a part of the Interlocal.
13-719T	Town - Hauling & Disposal of Non-Hazardous Liquid Sewage Sludge	Royal Environmental Services	Price per Gallon 5 yrs. \$0.1088 yr. 1 \$0.1120 yr. 2 \$0.1154 yr. 3 \$0.1189 yr. 4 \$0.1225 yr. 5	Formal bid with approval by First Selectman (Gordon Joseloff)	✓	N/A	✓	✓	✓	✓	✓	N/A
N/A	Town - Fire, Rescue and HazMat Billing Services	Holdsworth, Pelton and Associates, Inc.	N/A	Formal bid with approval by First Selectman	X	This was not bid. It is a software used by EMS that worked well and is now used for Fire Dept.	N/A	N/A	N/A	✓	✓	Approved by BOS 10/10/07. (Attorney attends meeting).

V. Town of Westport – Audit of Vendor Contracts – Contract Analysis

Contract Number	Project/Contract Name	Contract Winner	Cost (\$)	Threshold Requirements	Requirements met	Notes for exceptions	Original RFP Reviewed	Bid Results/ Summary Exists	Evaluation Process Occurred	Purchasing Authority Approval	Legal Validation of Contract Exists	Notes for exceptions
N/A	Town - Hosted software for online transaction processing; third party products (Parks & Rec)	Active Network	\$ 23,841.00	Formal bid with approval by First Selectman (Gordon Joseloff)	X	This was not bid. Potentially - limited number of vendors.	N/A	N/A	N/A	✓	✓	Approved by BOS 2/13/08. (Attorney attends meeting).
15-767T	Town - Cisco VoIP Equipment Maintenance Service	Total Communications	\$ 182,695.24	Formal bid with approval by First Selectman (James Marpe)	✓	Joint effort between Town, BOE, and Library.	✓	✓	✓	✓	✓	N/A
N/A	Town - 10 meg internet circuit (Fire Dept.)	Fibertech	\$66,000 (\$1100 MRC for 60 month term)	Formal bid with approval by First Selectman (Gordon Joseloff)	N/A	State Contractor - Town requested price quote from LightPath but it was higher than Fibertech.	N/A	N/A	N/A	✓	✓	N/A
16-009	BOE - Food Services Management Companies	Chartwells	N/A	Formal bid	✓	Only one bidder; Approved contract by CSDE; no further no legal review necessary; email from the state authorizing it	✓	N/A	✓	✓	✓	Legally approved via CSDE.
17-005	BOE - Purchase & Installation of Outdoor Wireless Mesh (Staples)	Consolidated Computing; Northeastern Communications	N/A	Formal bid	✓	N/A	✓	✓	✓	✓	N/A	N/A
17-002	BOE - Outplaced Student Transportation	Various	N/A	Formal bid	✓	N/A	✓	✓	✓	✓	N/A	N/A
16-006	BOE - CES Air Conditioning Cafeteria	Environmental Systems Corporation	\$ 215,430.00	Formal bid	✓	N/A	✓	✓	✓	✓	N/A	N/A
16-004	BOE - CES Asphalt Shingle Roof	Shoreline Restoration, LLC	\$ 136,544.00	Formal bid	✓	N/A	✓	✓	✓	✓	✓	N/A
16-010	BOE - Custodial Supplies	Several vendors	Various	Formal bid	✓	N/A	✓	✓	✓	✓	N/A	N/A

A. Enviro Express

1. This contract was for Transfer Station services for the Town of Westport
2. Until 12-31-2008, participating municipalities (including Westport) in the Connecticut Resources Recovery Authority (CRRA) contracted jointly for trash hauling through Enviro Express. After this date, municipalities were required to contract independently with the vendor, Enviro Express.
 - a. As such, this contract is considered an exception to the formal bid/RFP process
- 3. No exceptions to standard procedures or best practices noted.**

B. Greater Bridgeport Regional & Wheelabrator Bridgeport, L.P.

1. This assessment included two (2) related agreements. The first was the purchasing collaborative with other municipalities for the collective management/disposal of solid waste (Greater Bridgeport Regional Interlocal Agreement) and the second was between the Greater Bridgeport Regional purchasing collaborative and Wheelabrator Bridgeport, L.P. (the provider of waste disposal services).
 - a. Because this purchase was managed via consortium, is it considered an exception to the formal bid/RFP process.
 - b. The interlocal arrangement was approved by the RTM upon recommendation by the Board of Selectmen and Public Works Director.
 - c. The pricing and contract for services with Wheelabrator Bridgeport, L.P. was negotiated and contracted via the purchasing collaborative/interlocal body.
- 2. No exceptions to standard procedures or best practices noted.**

C. Royal Environmental Services

1. Royal Environmental Services was engaged by the Town of Westport for hauling and disposal of non-hazardous liquid sewage sludge.
2. BlumShapiro was able to identify and validate all steps of the formal bid process for this contract.
- 3. No exceptions to standard procedures or best practices noted.**

D. Holdsworth, Pelton, and Associations, Inc.

1. This agreement is specific to the Fire Department for Fire, Rescue, and HazMat billing services. Per our discussions with Town personnel and review of documentation, this purchase did not follow formal bid procedure.
 - a. It was noted that these services were already used by Emergency Medical Services (EMS)
2. The purchase of this program was approved by the Board of Selectmen 10-10-2007.
3. **Finding Noted: Did not follow formal bid/RFP protocol; no bid waiver or exemption validation found.**

E. Active Network

1. This agreement was for a hosted software for online transaction processing in the Parks and Recreation department.
2. Per our interviews with Town staff, it is possible that there were a limited numbers of vendors for these services, and as such, the Town opted to engage this vendor directly without going through the formal bid/RFP procedure.
 - a. The staff person who oversaw this purchase for Parks and Recreation is no longer employed with the Town so BlumShapiro was unable to obtain details surrounding this purchase process.
3. The purchase of this program was approved by the Board of Selectmen 2-13-2008.
4. **Finding Noted: Did not follow formal bid/RFP protocol; no bid waiver or exemption validation found.**

F. Total Communications

1. This purchase was made jointly by the Town, School District, and Westport Library for Cisco Voice-Over-IP (VoIP) equipment maintenance service.
2. BlumShapiro was able to identify and validate all required steps of the formal bid process for this contract.
3. **No exceptions to standard procedures or best practices noted.**

G. Fibertech

1. This contract was for a 10 Meg internet circuit for the Westport Fire Department.
2. Fibertech was a state contractor; this is considered an allowable exception to the formal bid/RFP process.
3. BlumShapiro was able to identify and validate all required steps of the formal bid process for this contract.
4. **No exceptions to standard procedures or best practices noted.**

H. Chartwells/Food Services Management Companies

1. Chartwells food services company was the only bidder for school food service management services. This was a state approved contract by the Connecticut State Department of Education (CSDE).
2. CSDE approved contracts include legal validation through the State of Connecticut.
 - a. According to School District policy, goods purchased under state contracts are not subject to competitive bidding procedures.
3. **No exceptions to standard procedures or best practices noted.**

I. Wireless Contractor/Electrical Contractor

1. A wireless contractor and electrical contractor were engaged by the School District for the purchase and installation of wireless mesh at Staples High School.
2. BlumShapiro was able to identify and validate all steps of the formal bid process for this contract.
3. **No exceptions to standard procedures or best practices noted.**

J. Outplaced Student Transportation

1. Several bussing/transportation companies were engaged for the transportation of outplaced Westport students.
2. BlumShapiro was able to confirm the formal bid procedure was followed and an evaluation of bidders for each offsite/out of district location occurred.
3. BlumShapiro was able to identify and validate all steps of the formal bid process for this contract.
4. **No exceptions to standard procedures or best practices noted.**

K. Environmental Services Corporation

1. Environmental Services Corporation was contracted by the Westport School District for air conditioning in the cafeteria and gym at Coleytown Elementary School.
2. BlumShapiro was able to identify and validate all steps of the formal bid process for this contract.
3. **No exceptions to standard procedures or best practices noted.**

L. Shoreline Restoration, LLC

1. Shoreline Restoration, LLC was contracted by the Westport School District for asphalt shingle roof replacement at Coleytown Elementary School.
2. BlumShapiro observed evidence of the School District's outsourced legal counsel approving this contract.
3. BlumShapiro was able to identify and validate all steps of the formal bid process for this contract.
4. **No exceptions to standard procedures or best practices noted.**

M. Custodial Supplies

1. Several vendors were solicited for custodial supplies for the Westport School District.
2. BlumShapiro was able to identify and validate all steps of the formal bid process for this contract.
3. **No exceptions to standard procedures or best practices noted.**

VI. Town of Westport – Audit of Vendor Contracts – Accounts Payable/Contract Validation

VI. Accounts Payable / Contract Validation

As part of the audit, the Town has asked BlumShapiro to do a short assessment of accounts payable transactions for the past year for both the Town and School District. After obtaining reports of accounts payable activity from the financial management system of each (Town and School District), BlumShapiro selected a sample of five (5) payments from each to validate that a corresponding contract and/or purchase order exists. BlumShapiro did not identify any exceptions or concerns. The table below summarizes our findings:

AP/Contracts Validation								
Town/BOE	Vendor	Purchase	Price	Purchase Details	Formal Contract	Designated Approver(s)	Approval Exists	Exceptions found:
Town	Wheelabrator Bridgeport, L.P	Solid Waste Disposal	\$ 885,969.70	Agreement btwn. GBR and Wheelabrator	✓	GBR Committee	✓	N/A
Town	Westport Public Library	N/A	\$ 4,556,339.98	Town appropriation for Westport Library (part of budget)	N/A	N/A	N/A	N/A
Town	Reilly Green Mountain Platform Tennis		\$ 151,310.00	Tennis court upgrades, design and build of 2 platform tennis courts (Bid 15-778T) validated via PO	N/A	Purchasing Officer, Finance Director	✓	N/A
Town	Maxorplus	Pharmacy Benefit Mgmt. Services	\$ 1,435,461.73	N/A	✓	First Selectman, Gordon Joseloff	✓	N/A
Town	Deering Construction, INC	Railroad Station Parking Lot Reconstruction	\$ 1,172,482.76	N/A	✓	First Selectman, James Marpe	✓	N/A
BOE	Total Communications TCI	Totalnet software	\$ 20,332.30	N/A	N/A	Director of School Business Operations	✓	N/A
BOE	Stetson/Boston Chemical	Custodial supplies	\$ 18,409.60	N/A	N/A	Director of School Business Operations	✓	N/A
BOE	Stanley Convergent Security	Monitoring fees	\$ 55,931.64	Monitoring fees for Burg.	N/A	Director of School Business Operations	✓	N/A
BOE	Creative Library Concepts Inc.	Wall mount counter	\$ 13,896.94	Project 102-44	N/A	Director of School Business Operations	✓	N/A
BOE	A to Z Rentals/Johanson Enterprises	Snow Utility vehicle	\$ 17,800.00	Snow Utility Vehicle for BMS/SHS (payment 1; 2 vehicles for total of \$35,600)	N/A	Director of School Business Operations	✓	N/A

A. Interview List

The following staff was directly involved in providing information for the Contracts Audit Assessment. The BlumShapiro Team thanks all who participated for their time, knowledge and efforts. The individuals that participated included:

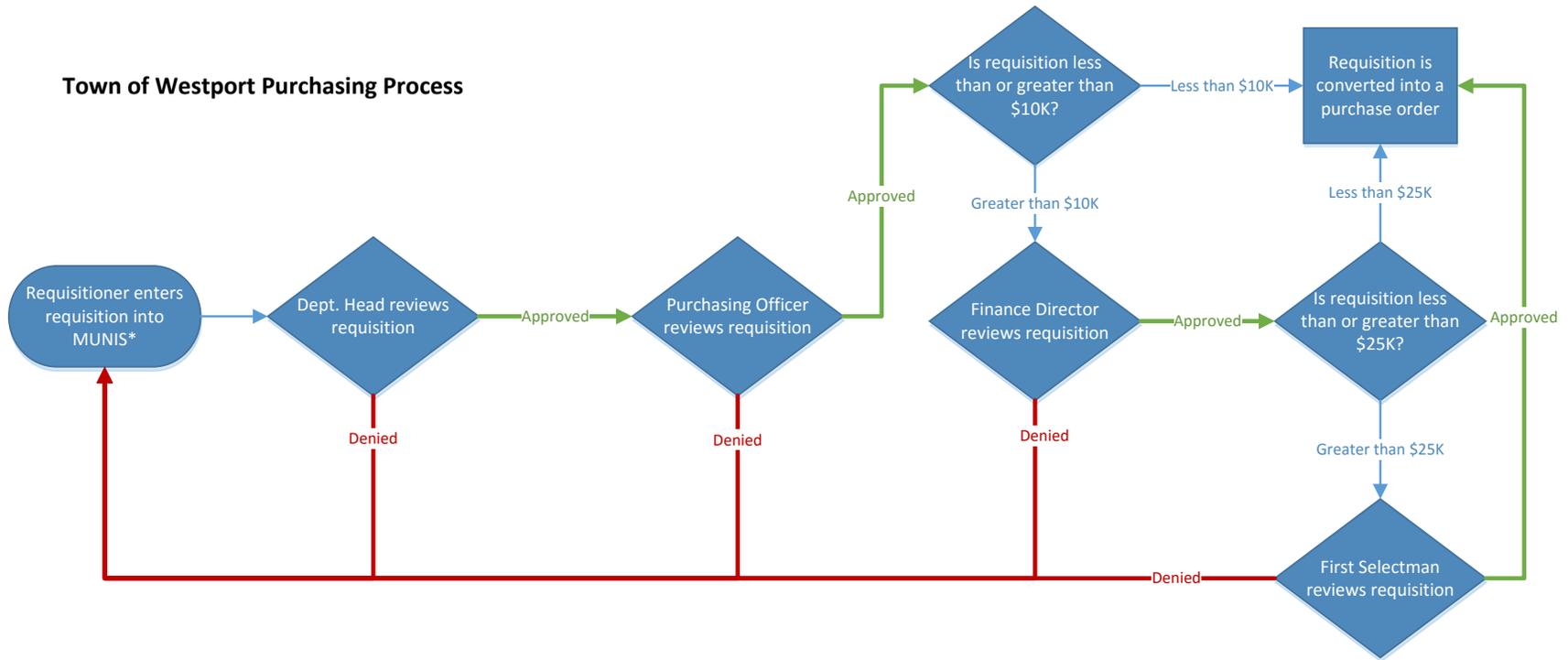
Town and School District of Westport

<i>Westport Town and School District Staff</i>	
<ul style="list-style-type: none"> Lynn Scully, Audit Manager/Senior Accountant 	<ul style="list-style-type: none"> Elio Longo, Director of School Business Operations
<ul style="list-style-type: none"> Sheila Carey, Controller 	<ul style="list-style-type: none"> Phillip Cross, Assistant Director of School Business Operations
<ul style="list-style-type: none"> Gary Conrad, Finance Director 	
<ul style="list-style-type: none"> Richard Kotchko, Town Purchasing Officer 	
<ul style="list-style-type: none"> Gail Kelly, Town Attorney 	

B. Workflow Diagrams

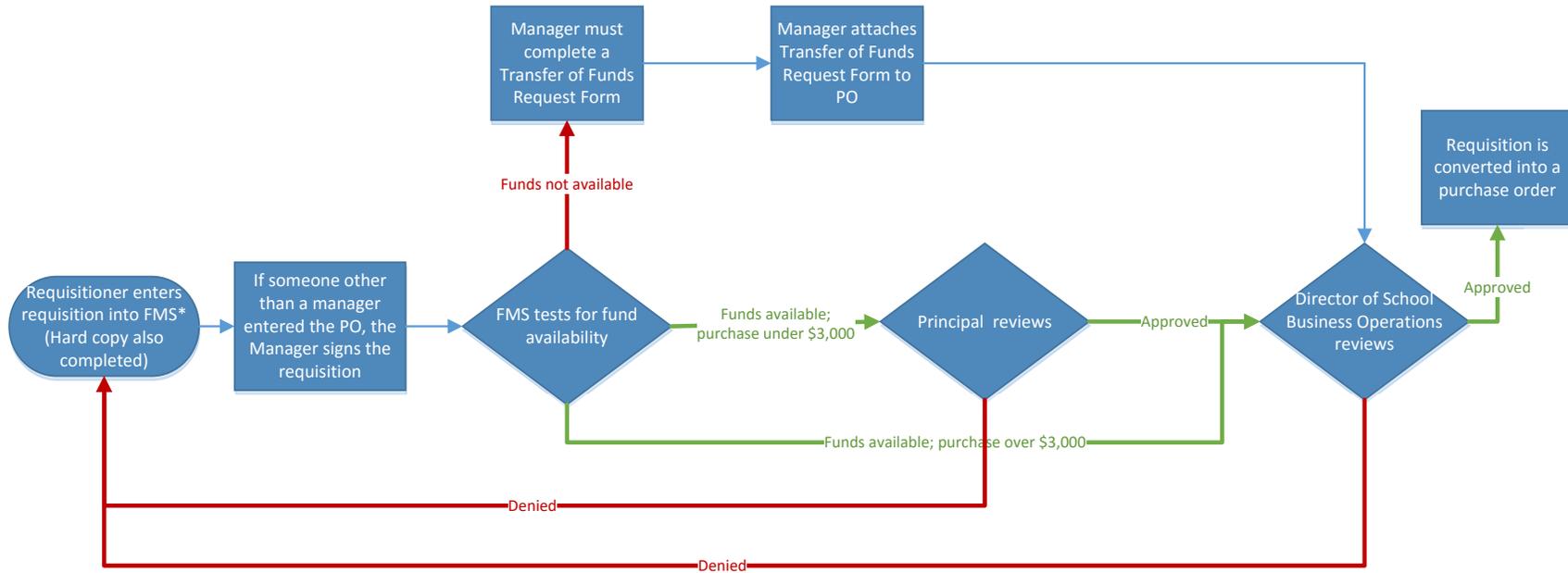
The following diagrams are high-level workflows for the purchasing processes (including approvals) within the Town and School District of Westport. The diagrams were created based on our assessment of the documented Town and School District Purchasing Processes and interviews and discussions with Town and School District staff.

Town of Westport Purchasing Process



* MUNIS will not allow a requisitioner to proceed with entering a requisition if the account does not have adequate funds.

Westport BOE Purchasing Process



* Only designated cost center managers, i.e., administrators and non-certified managers, may initiate a purchase requisition. Managers may designate other staff to prepare the requisition. However, Managers must always sign the purchase requisition.