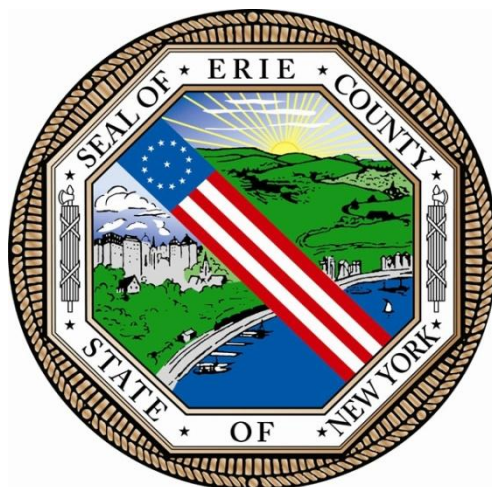


April 2026

**Audit of the Erie County Division of Purchase
Purchase Orders and Bid Files
July 1, 2024, through December 31, 2024**



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April 8, 2026

Erie County Legislature
92 Franklin Street, 4th Floor
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Dear Honorable Members:

The Erie County Comptroller's Office, Division of Audit and Control, completed a performance audit of the Erie County Division of Purchase procurement process for selected Purchase Orders (POs) and bid files for the period July 1, 2024, through December 31, 2024.

The objectives of this audit were to evaluate the adequacy and effectiveness of internal controls over the Division's procurement process, including the management of itemized POs, competitive bidding procedures, vendor evaluation, contract and payment terms, and the fairness and competitiveness of Requests for Bids (RFBs) and Requests for Proposals (RFPs). Supporting documentation was reviewed for accuracy, completeness, and compliance with county policies and applicable laws.

During audit testing, additional matters were identified that warranted expanding the scope. The expanded scope included Erie County's helicopter procurements to assess compliance with applicable county policies, New York State laws and regulations, and other governing requirements, as well as whether appropriate budgetary appropriations and authorizations were in place at the time of purchase.

BACKGROUND

The Erie County Division of Purchase ("Division") is responsible for administering the county's procurement activities in accordance with the Erie County Charter and Administrative Code, county policies, and applicable federal, state, and county laws and regulations. The Division's mission is to procure goods, services, and equipment for county departments while promoting open competition, transparency, fiscal responsibility, and regulatory compliance.

The Division oversees the full procurement lifecycle, including solicitation planning, bid and proposal processes, vendor evaluation and selection, contract execution, and the issuance and administration of POs and bid files. Procurement activities are conducted through formal and informal methods based on the nature and dollar value of the procurement. POs serve as binding contractual instruments between the County and vendors and are intended to ensure that goods and services are acquired only after appropriate authorization, budgetary approval, and compliance with procurement requirements.

On February 25, 2025, the Division of Audit and Control issued an engagement letter notifying the Division of the commencement of a performance audit of procurement processes related to POs and bid files. During testing, the Audit Division expanded the scope by letter dated January 6, 2026, to include the procurement of multiple helicopters.

AUDIT OBJECTIVES

The primary objective of this performance audit was to evaluate the adequacy and effectiveness of policies, procedures, and internal controls related to the Division's procurement processes.

Specific objectives were to determine whether:

- Procurement activities were conducted in compliance with applicable provisions of New York State General Municipal Law (GML) and Erie County procurement policies;
- POs and bid files were properly authorized, adequately documented, and accurately recorded;
- Internal controls were adequately designed and operating effectively to promote transparency, accountability, and appropriate segregation of duties;
- Competitive procurement requirements were followed, including appropriate use of formal competitive bids, informal quote process, Office of General Services (OGS), cooperative purchasing and sole source procurements;
- Vendors were selected by a fair and equitable process that promoted open competition and best value; and
- The procurement and purchase of multiple helicopters complied with applicable procurement requirements and were supported by valid budgetary appropriations and authorizations.

EXECUTIVE SUMMARY

Based on documentation reviewed and testing performed, the audit identified weaknesses in procurement governance and internal controls related to funding verification, bidding practices, and compliance with OGS and cooperative purchasing requirements. While many transactions were properly supported, some procurement files did not consistently demonstrate compliance with the county's procurement policy and applicable laws, including GML §103 and §104-b, as well as capital budgetary control requirements and internal control standards. These conditions reduce transparency and increase the risk of noncompliance.

Major observations identified the following recurring control weaknesses:

- Incomplete or inconsistent procurement file documentation supporting competitive bidding, vendor compliance, and award determinations.
- Missing vendor quotes or insufficient documentation supporting exceptions to quote requirements.
- Insufficient documentation supporting contract eligibility and pricing verification for certain cooperative purchasing and OGS transactions.
- Inadequate documentation and oversight of sole source procurements.
- Weaknesses in segregation of duties within the county's accounting system, with the Division not consistently following its own compensating controls for purchases.
- Documentation and governance weaknesses associated with the helicopter procurement, including funding verification, cooperative purchasing support, and record retention.

These conditions do not necessarily indicate that all procurements were noncompliant; however, they demonstrate that procurement documentation and internal control procedures were not consistently maintained to clearly evidence compliance with procurement requirements and sound public sector practices.

Strengthening documentation practices, procurement oversight, and internal control safeguards would improve transparency, enhance accountability, and strengthen the County's ability to demonstrate compliance with applicable laws and policies.

METHODOLOGY

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the U.S. Government Accountability Office. 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 the audit objectives. We believe that the evidence obtained provides a reasonable basis for the findings and conclusions presented in this report.

Internal Control Review

To obtain an understanding of internal controls relevant to the audit objectives, the Auditor reviewed Internal and System Control Questionnaires, applicable policies and procedures, and related documentation. Internal control deficiencies identified during testing were evaluated in relation to the audit objectives and are discussed within the findings where relevant.

This review was performed to evaluate the design and implementation of controls over:

- PO processing
- competitive bidding
- informal bidding (quote requests)
- OGS and cooperative purchasing
- sole-source procurements
- compliance with applicable laws and county requirements

Formal Competitive Bidding Purchases

For purchases subject to formal competitive bidding, the audit population consisted of 260 POs processed between July 1, 2024, and December 31, 2024, that exceeded the following thresholds:

- Above \$20,000 for commodities and services
- Greater than \$35,000 for public works

The population consisted of:

- 83 Blanket POs (A PO issued to a vendor that authorizes multiple deliveries or services over a defined period or until a specified dollar limit is reached, allowing departments to make recurring purchases under a single PO rather than issuing separate orders for each transaction.)
- 177 Regular Itemized POs

From this population, the Auditor randomly selected 91 POs and selected an additional 22 POs to ensure coverage of high-value and bid-related transactions, resulting in a total sample of 113 POs, including:

- 40 Blanket POs
- 73 Regular Itemized POs

Each sampled PO was reviewed within the County's SAP system to identify the vendor and any associated bid or contract. Among the sampled transactions:

- 62 POs were associated with the County's formal bid contracts
- 14 referenced OSC contracts
- 10 referenced cooperative contracts
- 27 were processed as sole-source procurements

Quote Request Process Purchases

For purchases subject to the Quote Request Process, the audit population consisted of 435 POs processed during the same period that met the following thresholds:

- \$5,001 to \$20,000 for commodities and services;
- \$5,001 to \$35,000 for public works

The population included:

- 90 Blanket POs
- 345 Regular Itemized POs

From this population, the Auditor selected a random sample of 102 POs, including:

- 41 Blanket POs
- 61 Regular Itemized POs

The Auditor also selected an additional 29 POs associated with sole-source procurements and both high and low dollar transactions using a judgmental (nonstatistical) selection approach, resulting in a total sample of 131 POs.

Review of the sampled transactions indicated that:

- 55 POs referenced the County's bid contracts;
- 22 POs had no bid or contract listed;
- 19 referenced OSC contracts;
- 11 referenced cooperative contracts; and
- 24 were processed as sole-source procurements

The random samples were selected using statistical sampling methods designed to achieve a 95% confidence level and a 5% tolerable error rate. Because the audit relied on sampling methods, the results should not be interpreted as representing all procurement transactions processed during the audit period.

Helicopter Procurement Review

The procurement of multiple helicopters consisted of three POs; therefore, full-population testing was performed. The Auditor reviewed all related POs recorded in the county's accounting system and supported documentation, including:

- contracts
- quotations
- invoices
- correspondence
- Erie County Legislature resolutions and meeting minutes

Although the Division of Purchase declined to meet during fieldwork to discuss methodology, the Auditor obtained sufficient, appropriate evidence through document review and full-population testing to support the audit conclusions.

These procedures were performed to assess compliance with applicable procurement requirements and budgetary authorization provisions.

FINDINGS

Formal Competitive Bid Process

The audit identified several weaknesses in procurement documentation, record retention, and internal control procedures related to formal competitive bid procurements. These conditions limit the County's ability to consistently demonstrate compliance with the county's procurement policy and applicable provisions of GML §103.

Finding 1: Deficiencies in Formal Bid Documentation and Procurement Controls

Audit testing of 62 POs associated with formal bid contracts identified several instances in which procurement documentation was incomplete or inconsistently maintained in the official bid files at the time of the audit.

The observations described below primarily relate to documentation retention practices, procurement oversight, and internal controls.

A. Incomplete or Missing Procurement Documentation

Certain bid files reviewed did not contain complete or consistent procurement documentation necessary to clearly demonstrate the basis for award decisions and vendor compliance with bid requirements.

Specifically:

- Bid Summary Sheets were missing or incomplete for several purchases associated with the 2023 and 2024 Summer Highway Maintenance bids. These forms are intended to summarize vendors solicited, bid dates, and the basis for award.
- Vendor forms were missing, incomplete, or contained inconsistent information. These forms are intended to document attendance at bid openings and summarize pricing submitted by vendors.
- The Formal Bid Control File which serves as a centralized record documenting vendors solicited, bid receipt dates, and the individuals who received the bids, were not maintained for two POs reviewed. The Division later indicated that one procurement may have been processed as an informal bid, while documentation for the other was located in a different bid file.
- Missing Bid Advertisements: Five formal bid files lacked documentation demonstrating that public advertisement requirements were met. GML §103 and the county's policy require that advertisements be posted at least five days prior to the bid opening. The absence of documentation limits the County's ability to demonstrate compliance and weakens transparency.

Following completion of fieldwork, the Division indicated that proof of advertisement for four bids was maintained in the county's master advertisement file but not included in the individual bid files, and that the fifth procurement was processed as an informal bid. While a written explanation was provided, no supporting documentation was submitted to verify compliance. As a result, the Auditor was unable to revise the finding.

- During testing of POs issued under the Summer Highways Bid contracts, the audit identified instances where required documentation supporting vendor selection was not maintained. Specifically, 13 POs

reflected the use of a vendor other than the lowest bidder. The bid specifications allow selecting the next lowest bidder when the lowest bidder cannot meet the project's required timeline; however, such decisions must be supported by a Justification Affidavit or Verification Form documenting the project description and the reason for selecting an alternate vendor.

The audit did not find any Verification Forms attached to the POs in the SAP system or maintained in the official bid files. The absence of this documentation limits the Division's ability to demonstrate compliance with competitive bidding requirements under county policy and state law governing formal procurements.

B. Missing Compliance Documentation

Audit testing also identified instances in which documentation supporting vendor compliance with bid requirements was incomplete or not retained in the procurement file.

Specifically:

- Equal Pay Certifications that were unsigned or not notarized in two files reviewed.
- MWBE/WBE/SDVOB documentation that was missing, incomplete, or lacked required signatures in twenty-seven files tested.
- Insurance certificates that were not present in twelve PO files at the time of the audit.

Following completion of fieldwork, the Division indicated that some documentation may be maintained by other County offices. However, the county's procurement policy requires that documentation demonstrating vendor compliance with bid requirements be maintained as part of the procurement record. The absence or incompleteness of such documentation limits the County's ability to demonstrate that vendor eligibility and compliance requirements were verified prior to awarding the bid. The Auditor was unable to verify the missing documentation; therefore, no modification was made to the finding.

C. Purchase Order Timing and Contract Oversight

Audit testing identified ten POs issued after the associated bid award or prior to the documented bid award date.

Specifically:

- Seven POs were issued more than one year after the corresponding bid award, including three issued more than five years after the original award.
- Three POs contained dates that predated the documented bid opening date.

Following completion of audit fieldwork, the Division provided written explanations indicating that some discrepancies were related to bid extensions, incorrect bid numbers recorded on POs, or purchases funded under prior-year contracts. However, these circumstances were not documented in the files reviewed during testing, and no additional supporting documentation was submitted. As a result, the Auditor was unable to independently verify the explanations based on the documentation available during the audit, therefore the finding was not modified.

The absence of contemporaneous documentation explaining these circumstances limits the County's ability to demonstrate that purchases were executed within valid contract terms, consistent with procurement procedures.

D. Price Verification and Purchase Order Detail

Audit testing identified 20 of 62 POs that did not contain sufficient line-item or pricing detail to allow verification that PO pricing aligned with the awarded bid. Additionally, total bid pricing was not consistently documented on Vendor Forms or other procurement records.

While the Division indicated that detailed vendor pricing may be available elsewhere, the absence of pricing documentation within the procurement file limits the ability to independently verify that POs reflect contractually authorized pricing.

E. Contract Value Increase – Procurement Planning Considerations

The Division awarded an informal procurement associated with Invitation to Bid No. 240190-002 for Tecsmith Inc. The procurement was conducted in accordance with the informal bidding process, with three vendors solicited, and the contract was awarded to the lowest responsive bidder for approximately \$16,500. Following the award, a PO change order increased the total cost to approximately \$34,000, representing an increase of about 94% over the original award amount.

Although the procurement does not appear to constitute a public works project, it may represent a purchase or service contract subject to competitive bidding requirements established under GML §103. Because the final value of the procurement exceeded the \$20,000 statutory bidding threshold, the procurement may have required a formal competitive bidding process or another authorized procurement method in accordance with state law and county procurement policy.

Clear documentation of anticipated project costs and contract modifications supports transparency and helps demonstrate that procurement actions are consistent with statutory bidding requirements. Without adequate controls to reassess procurement requirements when contract modifications significantly increase total contract value, procurements may exceed statutory thresholds without the benefit of full and open competition. As a result, the County may be exposed to increased procurement risk, including reduced vendor competition, potential challenges regarding compliance with state procurement law, and reduced assurance that goods and services are obtained at the most advantageous price.

F. Internal Control and Documentation Weaknesses

Audit testing identified weaknesses in internal controls and documentation that could reduce the effectiveness of safeguards designed to prevent or detect errors or irregularities.

The Director of Purchasing acted as both the buyer and approver on nine POs and maintains superuser access, which allows initiation, approval, and processing of POs in the purchasing system. While system controls are intended to create controls that support a segregated workflow, superuser privileges can override these controls. This concentration of authority increases the risk that internal control safeguards may be less effective.

In addition, hand-initialed POs are a necessary compensating control to evidence supervisory review. The Director of Purchasing's electronic signature, which is automatically applied when a PO is printed, does not verify that the Director reviewed or approved the PO prior to issuance. Only the Director's or designee's handwritten initials provide verifiable proof of review.

As noted in the prior audit, approval must be clearly documented. In the files reviewed, POs included in bid documentation did not contain the required hand-initial approvals. At the end of fieldwork, the Department indicated that approved POs were maintained separately. This practice weakens internal controls by preventing a clear direct association between bid awards and documented supervisory approval at the time of procurement.

Pursuant to the county's procurement policy and GML §103, procurement records must demonstrate compliance with competitive bidding and supervisory approval requirements. The absence of hand-initialed approvals within bid files provides insufficient evidence that POs were properly reviewed and approved prior to issuance.

Recommendation:

The Division should strengthen procurement documentation and internal control procedures to ensure that all formal bid procurements are supported by complete and consistently maintained records in accordance with the county's procurement policy and New York State Law.

Specifically, the Division should:

- Implement standardized procurement file checklists to ensure that all required documentation is retained within the bid file.
- Ensure Bid Summary Sheets and Vendor Forms are fully completed and contain sufficient pricing details to support verification of PO amounts.
- Maintain documentation demonstrating vendor compliance with insurance, Equal Pay, and MWBE/WBE/SDVOB requirements prior to contract execution.
- Document bid extensions, multi-year contract terms, or other exceptions within procurement files to provide a clear audit trail.
- Require sufficient PO detail and pricing documentation to allow verification of contract pricing prior to approval.
- Retain all hand-initialed approved POs within the corresponding bid files to provide clear evidence of managerial review and approval prior to procurement execution.
- Strengthen segregation of duties by ensuring that procurement initiation, approval, and system processing responsibilities are appropriately separated where practicable and that these responsibilities are clearly documented within procurement files.

Quote Request Process (\$5,000 - \$20,000)

The audit evaluated internal controls and compliance over POs issued through the quote request process, focusing on adherence to the county's procurement policy and applicable provisions of GML §104-b.

The following conditions indicate opportunities to strengthen oversight, documentation, and approval procedures to ensure compliance with quote request purchasing requirements.

Finding 2: Weak Internal Controls and Noncompliance in Quote Solicitation

Audit testing of 77 POs subject to quote solicitation requirements identified documentation deficiencies, as records were incomplete, inconsistently maintained, or not retained within official PO files at the time of review.

These conditions reduce assurance that internal controls are operating effectively:

A. Control Weaknesses

Six POs reflected the same individual acting as both buyer and approver, weakening segregation of duties. Additionally, ten POs lacked the required hand-initialed approval intended as a compensating control for the Director of Purchasing's electronic signature on POs over \$5,000. The absence of these approvals indicates that required controls were not consistently documented, increasing the risk that errors or irregularities could occur without timely detection.

B. Noncompliance with Quote Solicitation Requirements

Nineteen POs did not include documentation demonstrating that the required three vendor quotes were solicited, nor evidence that deviations were reviewed and approved by the Director of Purchasing. County policy requires that

any such deviations be documented on the Purchase Information Worksheet and retained in the official procurement file.

Following the conclusion of fieldwork, the Division provided written explanations indicating that these exceptions were attributed to sole-source procurements, emergency repairs, or vendor selections made by the requesting department. However, no supporting documentation was provided to substantiate these explanations; therefore, the Auditor could not independently verify the appropriateness of the exceptions.

The absence of complete and contemporaneous documentation reduces assurance that internal controls over the quote solicitation process are operating effectively, limits the ability to verify compliance with county policy and applicable state requirements, and increases the risk of procurement errors or irregularities.

Recommendation:

The Division should consider implementing a standardized procurement file checklist or supervisory review process to confirm that all required documentation is present before final PO approval. Although procedures and policies exist, they are not consistently enforced or followed.

Strengthening enforcement, documentation standards, and review procedures will improve internal control oversight and support a complete and auditable procurement record.

Cooperative and Office of General Services (OGS) Contracts

The audit assessed internal controls and compliance over POs issued under cooperative purchasing agreements and contracts issued through the OGS, focusing on adherence to the county's procurement policy and applicable provisions of GML §104-b, which governs non-bid procurements, and GML §103(16), which provides exceptions to competitive bidding for purchases made through state or cooperative contracts.

The following conditions indicate opportunities to strengthen oversight, documentation, and approval procedures to support compliance with cooperative purchasing requirements and contract terms.

Finding 3: Contract Compliance and Documentation Deficiencies

Audit testing identified instances where procurement files for OGS and cooperative contract purchases did not consistently contain documentation necessary to verify compliance with contract terms and pricing.

Missing Contract Documentation: PO files did not consistently retain contract agreements, pricing schedules, or vendor authorization records needed to confirm purchases were executed under valid contract terms. While County policy does not explicitly require full contract retention within each PO file, guidance from the Office of the State Comptroller recommends maintaining sufficient documentation to verify contract pricing and compliance.

POs Outside Contract Terms: Three of 31 POs associated with OGS contracts and one of 22 POs associated with cooperative contracts were issued after the documented contract expiration date. Additionally, one PO referenced an incorrect contract number. Following audit fieldwork, the Division indicated that certain contracts had been extended and that one PO contained an incorrect contract reference, however supporting documentation was not provided. As a result, the Auditor was unable to verify that the contracts were active at the time the POs were issued.

Vendor Authorization Issue: One PO totaling \$35,232 was issued to Southside Trailer under a cooperative contract awarded through Sourcewell (092922-MNR). Procurement files identified Monroe Towmaster, LLC as the awarded vendor, but did not include documentation confirming Southside Trailer was an authorized dealer. Without such documentation or evidence of a separate competitive procurement process, compliance with cooperative purchasing requirements could not be confirmed.

The absence of consistent documentation verifying contract validity, pricing, and vendor eligibility limits the County's ability to demonstrate compliance with procurement policy and applicable New York State law.

Finding 4: Internal Control Weaknesses in Contract Procurement Oversight

The audit identified weaknesses in internal controls over purchases made under cooperative and OGS contracts, particularly regarding verification of contract pricing and procurement approvals.

Lack of Contract Pricing Verification: Procurement files did not consistently contain documentation demonstrating that contract pricing was independently verified against contract schedules. For fifteen purchases tested (12 OGS and three cooperative), vendor quotes or contract pricing documentation were not present in the official procurement files. As a result, the Auditor could not confirm that amounts charged aligned with authorized contract pricing at the time of purchase.

After fieldwork was completed, the Division explained that blanket POs were established to allow departments to order items as needed, with pricing based on applicable OGS or cooperative contracts, and that departments are responsible for verifying product selection and pricing on invoices. However, independent verification of pricing against contract schedules and proper documentation in the procurement file are required to demonstrate compliance with the county's purchasing policy, GML §104-b and applicable federal procurement standards. Without this documentation, there is an increased risk that invoice charges could exceed contract pricing or otherwise not comply with contract terms.

Control Weaknesses: Five POs reflected the Director of Purchasing acting in both the buyer and approver. Of these, three POs, along with two additional POs, lacked the required hand-initialed approval, indicating noncompliance with the Division's internal procedures.

The absence of consistently maintained documentation for contract verification, pricing review, and approval controls reduces the County's ability to detect errors, identify pricing discrepancies, and ensure procurement compliance, thereby limiting transparency and auditability.

Recommendation:

The Division should strengthen controls and documentation procedures for purchases made under OGS and cooperative contracts to ensure compliance with the county's procurement policy and applicable provisions of GML §§103,104, and §104-b.

Specifically, the Division should:

- Maintain procurement file documentation sufficient to verify contract validity, vendor eligibility, and contract pricing at the time purchases are executed.
- Ensure POs reference the correct contract number and are issued only under active contract terms.
- Maintain documentation demonstrating that contract pricing has been independently reviewed and verified against applicable contract schedules.
- Enforce segregation of duties so that procurement initiation, approval, and payment processing functions are appropriately separated.

- Implement standardized procurement file checklists or supervisory review procedures to ensure required documentation is present before POs are finalized.
- Conduct periodic compliance reviews of cooperative and OGS contract purchases to verify adherence to contract terms and procurement policy.

Strengthening documentation and internal control oversight will improve transparency, support accurate procurement records, and enhance the County's ability to demonstrate compliance with the county's procurement policy and applicable New York State law.

Sole Source (No Bid)

The audit assessed internal controls and compliance over POs issued under sole source procurement, focusing on adherence to the county's procurement policy and applicable provisions of GML §104-b, which governs non-bid procurements.

The following conditions indicate opportunities to strengthen oversight, documentation, and approval procedures to support compliance with sole source purchasing requirements.

Finding 5: Deficient Oversight and Documentation of Sole Source Procurements

Audit testing of 51 sole source procurement files identified weaknesses in demonstrating that the sole source exception was appropriate, that competitive bidding was not feasible, and that adequate justification and approvals were properly documented.

Key conditions observed include:

- A. Limited Independent Market Verification: Forty-six of the 51 POs lacked documentation demonstrating that the Division of Purchase independently verified that only one vendor could provide the required good or service. In several instances, vendor exclusivity claims were accepted without evidence of revalidation against current market conditions at the time of procurement.
- B. Incomplete Justifications and Reliance on Vendor Letters: Seven POs did not clearly explain why the product or service was uniquely required or why alternative vendors could not meet the County's needs that waiving competition was justified and in the public interest. Vendor letters were frequently relied upon as primary support rather than supplemental documentation. Additionally, five POs lacked evidence that pricing was reviewed and determined to be fair and reasonable.
- C. Control Weaknesses: Seven of the 48 tested files lacked a buyer's signature on the Bureau of Purchase Approval/Explanation Worksheet. While all POs were electronically approved by the Director of Purchasing in SAP, several files lacked the required hand-initialed approvals, indicating noncompliance with established procedures. In addition, five POs reflected the Director of Purchasing acting in both buyer and approver roles with no documented review.
- D. Landlord-Directed Vendor Selections: In isolated cases, sole source determinations were based on landlord-directed vendor selections required under lease agreements, such as janitorial or maintenance services at Appletree Realty Holdings LLC. While the County complied with lease terms, such selections

alone may not satisfy county sole source policy unless documentation demonstrates no reasonable alternative exists.

- E. Emergency Procurements: Certain procurements classified as emergencies lacked complete documentation supporting the emergency determination, pricing review, or required approvals.

Collectively, these weaknesses indicate that controls intended to ensure sole source procurements are properly justified, documented, and approved were not consistently applied. This limits the County's ability to demonstrate compliance with county policy and New York State procurement requirements.

Recommendation:

To strengthen compliance with the county's procurement policy and GML §104-b, the Division of Purchase should require written, County-prepared sole source justifications demonstrating that only one vendor can meet the County's needs and that no reasonable alternatives exist. The Division should also reinforce centralized oversight to address the gradual shift toward departmental procurement practices that have reduced consistency and compliance.

Sole source documentation should include verification of market conditions, justification of technical or operational necessity, and evidence that pricing is fair and reasonable. Vendor exclusivity letters should be supplemental only, and multi-year arrangements should be periodically reassessed. The Division should also ensure proper approvals, segregation of duties, and adequate justification for emergency procurements.

Implementing these actions will improve transparency, accountability, and compliance with applicable procurement requirements.

Helicopter Procurement

The audit reviewed the procurement of helicopters for the Erie County Sheriff's Office, including acquisition, contract modifications, cooperative purchasing references, and associated deposits. Audit procedures assessed compliance with the county's procurement policies, New York State procurement statutes, capital budget controls, and internal control standards.

Based on documentation provided, the audit determined that procurement records did not consistently demonstrate compliance with requirements related to funding verification, cooperative purchasing eligibility, cumulative project cost tracking, and procurement documentation.

Scope Limitation

During the audit, the Division did not provide certain documentation and access necessary to fully evaluate aspects of the helicopter procurement. Specifically, the Auditor requested the underlying General Services Administration (GSA) Contract No. GS-07F-139DA, contemporaneous pricing documentation, reseller authorization documentation, complete procurement file support, and documentation supporting Federal Aviation Administration-related considerations referenced in connection with contract termination. These materials were requested but were not provided for review during fieldwork. In addition, the Auditor requested meetings with Purchasing personnel to discuss procurement decisions and review the procurement file; however, those requests went unanswered.

Government Auditing Standards require the Auditor to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions. The absence of the requested documentation and access limited the

Auditor's ability to independently verify cooperative contract compliance, historical pricing validity, vendor eligibility under the referenced contract, and the regulatory and financial justification for contract termination and related modifications.

Accordingly, the conclusions presented in this report are based on the documentation and information made available during the audit. Although this scope limitation restricted the Auditor's ability to independently verify certain procurement elements, sufficient appropriate evidence was obtained to support the findings and conclusions presented in this report.

Finding 6: Contract Executed Beyond Delegated Authority

Documentation reviewed during the audit did not demonstrate that sufficient legally available appropriations or confirmed financing mechanisms were in place to support the full contractual obligations associated with the helicopter purchase at the time the initial contract for \$7,324,520 and deposit of \$1,464,904 were executed.

Although Capital Project A.24059 was included in the 2024 Adopted Budget with a total estimated cost of \$11,000,000, only \$1,000,000 had been appropriated on a pay-as-you-go basis at the time the contract was executed. This exceeded the Director of Purchasing's delegated authority. Documentation demonstrating confirmed funding sources or authorized financing for the remaining balance was not authorized at that time.

Under New York State Local Finance Law, applicable GML provisions, and Erie County fiscal policies, capital obligations must be supported by duly authorized appropriations and confirmed financing mechanisms prior to execution.

Executing contracts or committing funds in advance of confirmed appropriations or financing increases the risk of exceeding legal fiscal authority and reduces transparency in capital project financing.

Recommendation:

The Division of Purchase, in coordination with the Division of Budget and Management and Comptroller's Office, should ensure that all capital contracts and contract modifications are executed only after sufficient appropriations and confirmed funding are legally available. Written verification of funding availability should be obtained prior to executing contracts for high-valued capital projects. Anticipated grant or bond funding should not be relied upon until formally authorized.

Finding 7: Project Scope Expansion, Contract Modifications, and Capital Governance Controls

Audit testing found that multiple contract modifications expanded the scope and cost of the helicopter procurement without comprehensive documentation demonstrating updated total project costs or verified funding availability prior to execution. Original capital documentation contemplated acquisition of one helicopter, while subsequent modifications expanded the procurement to two helicopters and increased the total cost to \$7,709,980 (excluding trade-in). Documentation supporting the modifications did not demonstrate that cumulative project cost estimated, including acquisition costs, upfitting services, equipment, training, and projected operating and maintenance costs were formally updated prior to execution.

Under the Erie County Charter and applicable fiscal policies, material changes to capital projects should be supported by updated comprehensive cost estimates, verified appropriations or confirmed financing, and documented legislative authorization where required. These controls ensure capital obligations are executed within legal fiscal authority and provide transparency over lifecycle project costs.

Recommendation:

The Division of Purchase, in coordination with the Division of Budget and Management and the Comptroller's Office, should ensure that material contract modifications are executed only after updated and documented total project cost estimates, including acquisition, upfitting, equipment, training, and projected operating and maintenance costs, are completed, and sufficient appropriations or confirmed funding sources are verified in accordance with County fiscal policies.

Finding 8: Cooperative Purchasing Compliance and Procurement Documentation

Audit testing found that procurement documentation did not fully demonstrate compliance with cooperative purchasing requirements under GML §104 or §103(16). Initial contracts referenced GSA Contract No. GS-07F-139DA; however, records did not consistently demonstrate reseller authorization, vendor eligibility, or pricing verification at the time of execution.

The Erie County Sheriff's Office identified Airbus Helicopters, Inc. as the sole source vendor, and Airbus asserted they were the sole source vendor. However, during the final contract modification process (November 17–18, 2025), it was determined that the GSA-awarded vendor of record was Davenport Aviation, Inc. Documentation supporting the contract termination, deposit transfer, and vendor substitution was limited and did not clearly demonstrate that appropriate review and approval had occurred.

While cooperative purchasing through federal schedules is permissible when statutory requirements are met, procurements must conform to the terms and conditions of the underlying contract. The audit found that the Director of Purchasing was able to create, approve, and process the PO issued to Airbus Helicopters, Inc. without independent review, thereby bypassing key internal controls. Although the Division of Purchase has established procedures governing cooperative purchasing, these procedures were not consistently followed.

The Director of Purchasing is granted authority under state and county law with additional authority delegated by the Legislature to oversee procurement activities, including verifying vendor eligibility, ensuring compliance with cooperative purchasing requirements, and questioning or rejecting POs that do not meet established standards. The conditions identified indicate that this authority was not consistently exercised, and that departmental practices contributed to weakened centralized oversight.

Pursuant to GML §103(16) and the county's purchasing policy, cooperative purchasing must comply with statutory requirements, including verification of vendor eligibility, reseller authorization, and pricing validation. Legislative approval is also required under the Erie County Charter and fiscal policies for certain contract modifications, particularly those involving scope changes or increased costs.

As a result, the County faces an increased risk of noncompliance with State law, unauthorized vendor substitution, and potential financial loss. In this instance, a deposit was issued to Airbus Helicopters, Inc., and only after extended discussions was the contract terminated and the deposit transferred. These issues may have been identified earlier had established procedures, controls and proper oversight been consistently applied.

Recommendations:

The Division of Purchase, in coordination with the Division of Budget and Management, should strengthen cooperative purchasing controls by requiring documented verification of vendor eligibility, authorized reseller status, pricing validation, and compliance with GML §103(16) before issuing purchase orders or executing contracts.

The Division should also ensure independent review and approval of vendor substitutions, deposit transfers, and contract modifications; enforce segregation of duties for high value procurements; obtain legislative approval when required under the Erie County Charter; and maintain complete documentation supporting all cooperative purchasing actions and contract changes. These steps will help ensure transparency, compliance, and proper fiscal oversight.

Overall Assessment of Helicopter Procurement

The audit of the helicopter procurement identified weaknesses in internal controls and capital project governance that collectively represent a significant deficiency in procurement oversight and fiscal control.

These weaknesses were observed in the following areas:

- Capital Project Governance and Funding Verification
- Cooperative Purchasing Compliance
- Contract Modifications and High-Value Procurement Oversight
- Delegated Authority Ambiguity
- System Access and Segregation of Duties

The county's purchasing policy does not establish a formal dollar threshold for the Director of Purchasing's delegated authority beyond competitive bidding requirements. As a result, certain procurement actions associated with the helicopter project occurred without clearly documented legislative review or verification that funding was fully appropriated prior to contract execution.

The audit also found that the scope of the procurement expanded through four contract modifications. The project was initially intended to acquire one helicopter with the trade-in of Air One; however, it ultimately included the purchase of two helicopters at increased pricing and eliminated the trade-in of \$500,000. As a result, the County retained three helicopters and incurred an additional \$443,285 in costs.

Documentation reviewed during the audit did not demonstrate that this change in quantity and cost was formally presented for legislative review or approved as a modification to the originally contemplated project scope. Such changes may introduce additional long-term obligations, including operations and maintenance (O&M), storage or hangar space, insurance, fuel, and staffing requirements associated with the additional aircraft.

Additionally, RFP #2025-022VF was issued for helicopter completion and upfitting services for two Airbus H125 helicopters. Audit documentation did not include total projected upfitting costs at the time the RFP was issued, nor did it demonstrate that sufficient appropriations or confirmed funding sources were verified prior to issuing the RFP or executing subsequent contract modifications. Records also did not show that updated total project costs and funding availability were formally documented in coordination with the Comptroller's Office as part of established fiscal oversight procedures.

During the audit, the Comptroller's Office issued multiple written requests seeking clarification on the helicopter purchase and related costs to fulfill its fiscal oversight responsibilities under the County Charter. Some requests did not receive documented responses, and the records provided to the Auditors were incomplete, preventing confirmation of any responses.

When procurement actions materially expand project scope or cost without clearly defined approval thresholds, documented funding verification, or timely responses to oversight inquiries, the risk increases that significant capital

decisions and associated long-term financial obligations may occur outside the intended authorization and oversight framework. Strengthening procurement policies to clearly define delegated authority limits, legislative approval requirements for substantial contract modifications, and documentation standards supporting oversight review would improve transparency, strengthen internal controls, and preserve appropriate legislative oversight of high-value capital procurements.

Collectively, these conditions indicate weaknesses in procurement governance and fiscal oversight that increase the risk that significant capital procurement decisions may occur without full legislative review, documented funding verification, or consistent coordination with established fiscal oversight functions.

Recommendations:

To strengthen legislative oversight, reinforce the Comptroller's administrative oversight role, and improve transparency in high-value capital procurements, the following actions should be considered:

- Establish Delegated Authority Thresholds: The Legislature should define clear monetary and risk-based thresholds for delegated purchasing authority, including when procurements must be elevated for legislative review and approval.
- Require Approval for Material Changes: The Legislature should establish criteria requiring the Director of Purchasing to obtain legislative approval for contract modifications that materially alter the original scope, including significant increases in cost, changes in quantity, or elimination of trade-ins that affect overall fiscal exposure.
- Formalize Comptroller Review Procedures: The Comptroller should establish formal procedures to document the review and certification of funding availability for all capital projects and project modifications prior to execution. These procedures ensure that expenditures are properly authorized, funding is available, and internal controls over capital spending are maintained. They also provide an auditable record of compliance and reduce the risk of unauthorized or fiscally imprudent spending. This recommendation aligns with New York State Local Finance Law and Article 18, Section 1802(3) of the 2025 Erie County Charter, which requires the Comptroller to certify the availability of funds for all capital projects after examining requisitions, ensuring compliance with statutory and fiscal oversight requirements consistent with GAGAS risk-based standards.

CONCLUSION

The audit determined that certain procurement practices within the Division of Purchase did not consistently demonstrate compliance with the county's procurement policy, applicable provisions of New York State law, or established procurement governance practices.

Weaknesses were identified in contract oversight, documentation, pricing verification, segregation of duties, and approvals across cooperative, OGS, and sole source procurements. While many transactions were adequately supported, the conditions observed indicate that procurement files and internal controls were not consistently maintained to clearly demonstrate compliance.

Collectively, these weaknesses reduce transparency and limit the County's ability to ensure that procurement decisions are fully supported, appropriately authorized, and subject to effective internal control oversight.

Addressing the deficiencies identified in this report would strengthen procurement governance, improve transparency, and enhance assurance that procurement decisions comply with applicable laws, county policy, and internal control standards.

RESULTS OF EXIT CONFERENCE

An exit conference was held on March 25, 2026, with the Director of Purchasing, the Deputy Director of Purchasing, and the Senior Budget Consultant from the Division of Budget and Management. The draft audit report was reviewed and discussed.

Topics discussed included the dollar threshold for public advertisement on informal bids and the identification of authorized dealers on cooperative contract purchases. The Division referenced County Administrative Code §3.07, which provides that the Erie County Legislature shall establish, by resolution, the monetary threshold above which purchases or contracts require public advertisement in a qualifying newspaper. The Division also referenced Local Law No. 1 of 2022, Section 5, paragraph F, and indicated that the formal bidding threshold increased from \$10,000 to \$20,000 during the audit period.

The Auditor reviewed Erie County Legislature Meeting No. 2 dated January 25, 2024, which reflects a \$10,000 threshold. The Division stated that different dollar thresholds had been approved by the Erie County Legislature, including one establishing a \$10,000 threshold and another establishing a \$20,000 threshold. The Division further indicated that the existence of these differing thresholds had been identified as a concern and referred to the County Law Department for review.

However, no documentation was provided to demonstrate how these differing thresholds were reconciled or to establish which threshold was formally in effect during the audit period for purposes of compliance with public advertisement requirements. As a result, the Auditor relied on the \$10,000 threshold supported by the available legislative record and was unable to revise the related findings.

The Division also referenced a scanned document stated to be attached to a purchase order for a cooperative contract, listing Southside Trailer Service Inc. as an authorized dealer for the contract awarded to Monroe Towmaster, LLC. Although the Division indicated that this documentation existed, it was not provided to the Auditor during fieldwork. Consequently, the Auditor was unable to revise the findings related to these matters.

Additionally, the Division referenced a letter, which had not been provided as part of the helicopter acquisitions documentation requested by the Auditor, and indicated that it may be submitted with their audit response. According to statements made at the exit conference, the letter was intended to explain that certain helicopter procurements had initially been processed using the incorrect vendor under GSA Contract No. GS-07F-139DA, and that this action had been initiated by staff from Airbus Helicopters, Inc., rather than by the Division.

This letter was not provided to the Auditor for review or testing during the exit conference or at any other time during the audit. As a result, the Auditor was unable to consider its contents in evaluating the related findings.

The Erie County Comptroller's Office thanks the Erie County Division of Purchasing and its staff for the cooperation and courtesy extended to the Division of Audit during the course of the audit.

ERIE COUNTY COMPTROLLER'S OFFICE

cc: Hon. Mark C. Poloncarz, Erie County Executive
Vallie Ferraraccio, Director of Purchasing
Hon. Kevin R. Hardwick, Ph.D., Erie County Comptroller
Erie County Fiscal Stability Authority
Mark Cornell, Director of Budget and Management