

Lynn R. Scully, CIA  
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MEMO TO: Bernard Helfrich, Board of Finance

CC: Raymond Baldwin, First Selectman  
Lynn Heim, Director of Finance  
Robert Chimini, Purchasing Agent

FROM: Lynn Scully, Internal Auditor

DATE: December 30, 2005

RE: Special Assignment regarding Purchasing Procedures

Mr. Helfrich,

At the last meeting of the Board of Finance, December 8, 2005 I was asked to look into the allegations presented to a member of the Board of Finance by Ms. Carol Adzima, Buyer for the Town of Trumbull. This memorandum summarizes my findings.

Allegation #1 **“Town of Trumbull Charter Violations”**

After careful review of the Town Charter with respect to the procurement function, I cannot identify any direct violation of the Town’s Charter. The Charter clearly states that the Director of Finance is the “purchasing authority” of the Town<sup>1</sup>. With the approval of the First Selectman, the Director of Finance has the authority to prescribe the process by which goods and services are requisitioned.

Organizationally, the Purchasing Department of the Town of Trumbull has the responsibility of procurement of all supplies, services and equipment for the Town and reports directly to the Director of Finance. This department is not mentioned in the Charter. Concerns regarding noncompliance with existing job descriptions within the Purchasing Department, therefore, should be brought to the attention of the appropriate Town administrators for review.

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<sup>1</sup> A copy of Chapter III, Section 6.G. of the Town’s Charter, *Purchasing contracts and expenditures*, is attached.

Responsibility for the development of formal bid specifications is also not addressed in the Charter. It is my opinion, however, that given the variety of departmental needs and their associated complexities, it is impractical to assume that the Town's Purchasing Department and Purchasing Authority has the necessary expertise to develop most bid specifications for the Town. Rather, it should be the responsibility of the Purchasing Agent to oversee this process, prescribing the *form* of the specifications (along with the instruction of general requirements, terms and conditions) while Department Heads should be responsible for providing the *content*.

Similarly, evaluation of qualified bids should be the responsibility of the Purchasing Agent in consultation with the associated Department Heads to ensure integrity in this process. The Purchasing Agent should then present the results of such evaluation in the form of a written recommendation to the Purchasing Authority.

Allegation #2 **“Bid #5638 – Laptop Computers and Laptop Carts for the Board of Education – Bid Waiver requested in order to select the highest bidder”**

A bid waiver was obtained to select Wholesale Computer Exchange for this contract award. It is my interpretation of the Charter that a “bid waiver” is to be used only when a bid process for a particular item would be impractical or not in the best interest of the Town. Since the bidding process had already occurred, *it is my opinion that a obtaining a subsequent bid waiver was a procedural error.*

I have discussed this situation with the administrators involved and have solicited their responses in writing regarding the details associated with this process.<sup>2</sup> Both the Purchasing Agent and the Manager of Technology (Trumbull Public Schools) concur that Wholesale Computer Exchange was the *lowest qualified bidder*. A considerable amount of information was made available to me in support of the results of this evaluation.

In summary, while I disagree with the use of a bid waiver after a bid process has concluded, it is my opinion that sufficient “due diligence” existed regarding the evaluation process. Therefore, I defer to the judgment of the Purchasing Agent and the Manager of Technology regarding the contractual award.

I would also like to note that it is clearly stated in the Charter that it is the responsibility of the Purchasing Authority to obtain approval from the First Selectman for all bid waivers. It is my understanding that this responsibility has not been delegated to any other Town employee. With this in mind, it is my

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<sup>2</sup> See attached memos from R. Chimini, Purchasing Agent and J. Hackett, Manager of Technology, Trumbull Public Schools.

recommendation that all future bid waiver requests be subject to the review and sign-off of the Purchasing Authority (Director of Finance) prior to the final approval or disapproval by the First Selectman.

### Other Matters

In the course of this assignment, a number of additional matters of concern have emerged regarding current procurement practices at the Town of Trumbull. These concerns have been brought to the attention of the Director of Finance and most have subsequently been satisfactorily addressed.

Those specific concerns are:

- **Personnel from various Town departments are frequently dealing directly with vendors for goods and services provided to the Town.** This practice has evolved through the years, resulting in what is currently a very decentralized procurement process. There are considerable risks in this practice, as it is very difficult to ascertain how vendor selection occurs and whether there is integrity throughout the procurement process. The Director of Finance, in conjunction with Purchasing Department personnel, is in the process of revising this procedure.
- **Blocks of “emergency purchase orders” are provided to the Highway Department.** While there should be a process by which true emergency purchases can be made when it is in the best interest of the Town, it should be an exception to the normal procurement process and strongly controlled. The Director of Finance, in conjunction with Purchasing Department personnel, is in the process of revising this procedure.
- **Purchasing Department personnel are entering Purchase Orders into the MUNIS financial system with inaccurate dates.** MUNIS currently allows for the date of a purchase order to be changed. This is a flaw in the financial system which can lead to inaccurate or misleading information. Dates of purchase orders were routinely being changed by Purchasing Department personnel to match the dates of invoices in hand. This practice has been stopped and the Director of Finance, in conjunction with Purchasing Department personnel, is in the process of revising this procedure.
- **The Town’s Vendor List is very large and not exclusively under the control of the Purchasing Department.** Currently, a number of

individuals can add new vendors to the cumbersome (8,000+) list of vendors. Plans are underway to review and clean up the Town's list of vendors. For proper segregation of duties, all future changes to this listing should be the responsibility of the Purchasing Department.

- **Purchase orders and other contracts do not have a “right-to-audit” clause.** To mitigate the risk of vendor fraud, the Town should incorporate a “right-to-audit” clause in all of its contractual agreements, including purchase orders. A sample would be:

**AUDIT:** When, in the opinion of the Town of Trumbull, any aspect of the contract between parties requires financial or other auditing or appraisal, representatives designated by the Town shall have the right to examine and copy all writings relating to the contract in the possession or control of VENDOR, and VENDOR agrees to make them available to the Town at reasonable times for said purposes. The Town's right to audit shall extend for a period of one year after completion and acceptance of performance of the contract. VENDOR shall include in all subcontracts a like provision under which the Town shall have the above rights to audit such subcontracts.

It is important to note that the above observations resulted from a brief overview of the procurement process, with information obtained through the interview process rather than from a direct and detailed study of supporting documentation. With this in mind, it is likely that an in-depth review of all procurement activities of the Town will be considered for future audit projects.

Trumbull Town Charter, November 2003 excerpt:

resignation, or removal of the Director of Finance, an audit shall be made of the accounts of the Department of Finance by a certified public accountant, selected by the Council.

G. *Purchasing contracts and expenditures.*

(a) The Director of Finance shall be the purchasing authority of the Town. All supplies, materials, equipment and other commodities required by any department, office, agency, board or commission of the Town, including the Board of Education, shall be purchased by the purchasing authority on requisitions in such form as the Director of Finance, with the approval of the First Selectman, may prescribe, signed by the head of the department, office or agency, or chairman of the board or commission.

(b) Before any purchase is made or any contract for insurance, public work or services, other than professional services, involving an expenditure of more than one thousand dollars (\$1,000.00), is let, said purchasing authority shall procure bids from at least three (3) sources, whenever practicable, and such bidding shall be open to any bidder who shall conform to the regulations which may be imposed by said purchasing authority when the bids are requested.

(c) If any purchase or any such contract involves the expenditure of ten thousand dollars (\$10,000.00), or more, the purchasing authority shall invite sealed bids or proposals, by causing to be published and advertised therefor in a newspaper having a substantial circulation in the Town, at least ten (10) days prior to the opening of said bids. Purchases shall be made from and contracts let to the lowest, responsible, qualified bidder thereon, or if there be two (2) or more responsible bidders who submit bids which are equal and lowest, to one (1) of the lowest responsible bidders, provided however that the right to reject and to waive any informalities in all bids or proposals shall be reserved, which reservations shall beset forth in such advertisement. This subsection shall apply to the construction of any public buildings and to other public improvements.

The foregoing requirements as to bids may be waived after the purchasing authority has obtained the written approval of the First Selectman in any case in which compliance with this subsection shall be deemed to be impractical or not in the best interest of the Town. The record of any purchase made pursuant to such a waiver shall include a copy of the waiver, which shall contain a statement of the reasons therefor, and shall

be kept on file in the office of the purchasing authority where it shall be open to public inspection.

(d) No purchase shall be made from nor shall services (other than services as an officer, agent, or employee of the Town) be secured from any officer or employee of the Town, or from any partnership or corporation in which such officer or employee is a partner or officer, or holds a substantial interest, unless such relationship and the fact that such purchase is contemplated shall be made known in writing to the agency making such purchase, and notice thereof posted, for at least five (5) days before such purchase be made, in the office of the agency making such purchase and in a public place in the Town hall.

(e) Purchase requisitions and contracts for public work or other services covered by this section shall not be valid without the endorsement of the purchasing authority. The purchasing authority shall endorse a requisition or contract only after he/she has examined the same and found that it conforms to the requirements of this section and that there is a sufficient unencumbered balance of an applicable appropriation to pay the same. The purchasing authority shall record the amount of the requisition or contract as an encumbrance against the appropriation from which it is to be paid. If, by making any contract or purchase, the budget allowance of the department, commission or board requesting same shall be exceeded, the purchase shall not be made. The purchasing authority shall promptly notify the Board of Finance and such contract or purchase may thereafter be authorized in accordance with and subject to the limitations of this Charter.

## Lynn Scully

**From:** Robert Chimini [rchimini@trumbull-ct.org]  
**Sent:** Wednesday, December 14, 2005 9:58 AM  
**To:** Lynn Scully  
**Subject:** Re: wholesale computer exchange

Lynn,

The subject bid (#5638) for BOE Laptop Computers and Carts was issued 9/21/05 and opened 10/5/05. There were 33 responses received for the request.

Consistent with my usual procedure I requested an evaluation and recommendation from the End User Department – BOE Technology Department head. A detailed analysis and technical evaluation of the bid responses was conducted by the BOE Technology Department and considered factors such as quality, performance, technical capability, service, ability to meet delivery requirements, supplier history, references etc. It also involved examining actual units that were shipped in for a more hands on evaluation. The Director additionally visited a local university to discuss dependability and performance issues. I discussed the status of the evaluation with the Technology Department Head several times in the course of this evaluation process.

Based on the above, which took approximately five weeks, it was determined by the BOE Technology Director that the proposal from Wholesale Computer complied with the provisions of the Request for Proposal. I concurred with his recommendation.

Since the recommendation selected other than low bidder a bid waiver was completed. This action, it was felt at the time, would effectively communicate the selection rationale to both Town and BOE officials. In point of fact, since the other four low bidders failed to meet the requirements of the Request for Proposal a standard memo would have been sufficient and proper justification for the final selection as Wholesale Computer was the *lowest responsive and responsible bidder*.

Regards,

Robert J. Chimini  
Purchasing Agent

Town of Trumbull  
5866 Main Street  
Trumbull, Connecticut 06611  
203.452.5042 (Phone)  
203.452.5083 (Fax)  
email: rchimini@trumbull-ct.org

# Memorandum

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**To:** Lynn Scully, *Town Auditor*

**CC:** Ralph Iassogna, *Superintendent*  
Bob Chimini, *Purchasing*

**From:** Jeff Hackett, *Manager of Technology*

**Date:** 1/13/2006

**Re:** Laptop Bid (# 5638)

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**Lynn:**

Per your request and in cooperation with your examination of Bid # 5638 (Laptop Computers and Carts), I submit the following facts.

*Dell Marketing LP* submitted the lowest bid. After a careful and lengthy analysis, I, after much discussion and input from staff, determined the bid was not all inclusive (i.e. extra charge for software load size, additional installation costs, etc. - see attached). Additionally, *Dell* required use of the TPS network & server (possibly compromising network integrity, security, etc.). Other various bids failed to comply with various bid specifications (i.e. time, image, costs) and some references (e.g. higher educational facilities and their support staff) were unfavorable. Consequently, we (BOE Tech staff) felt the selection of *Dell* computer was not in the best interest of the Trumbull Public Schools.

Although *Wholesale Computers* was not the lowest bidder, they were the *next lowest qualified bidder* as they provided a complete bid response. Three other low bids didn't meet bid requirements as they omitted the "3 year accidental damage coverage", which is approximately \$70. per unit. This coverage was a critical element of the bid as (many) children would be using these laptops. As a result, *Wholesale* was chosen as vendor to provide 310 laptops (less than the original request of 340 laptops due to funding), 18 carts and all related equipment and conditions. (Please see attached evaluation.)

Sincerely,  
Jeff Hackett

	BIDDER	Unit Cost of Laptop	340 * unit price	Model	Laptop Cart	20 carts * unit cost	Model of Cart	total laptops + total carts	TOTAL BID (Bob's corrected)	
1	DELL MARKETING LP	\$930.00	\$316,200.00	Dell Inspiron 6000	\$878.00	\$17,560.00	Bretford D18CFR	\$333,760.00	\$339,520.00 + add'l \$12.00 per unit for image \$343,600.00	Bid not inclusive - software installation requires using TPS network & equipment not durable *
2	TECH DEPOT	\$954.00	\$324,360.00	R50E <u>older model</u>	\$1,115.00	\$22,300.00	Bretford LAPI8EUL XX-GM	\$346,660.00	\$351,153.00	no accidental damage included in cost
3	TENCORP	\$994.00	\$337,960.00	R51	\$1,159.00	\$23,180.00	Bretford LAPI8EUL BA-GM	\$361,140.00	\$365,740.00	no accidental damage included in cost
4	TRC	\$1,010.62	\$343,610.80	1860CTO	\$1,000.00	\$20,000.00	Bretford LAPI8EUL BA-GM	\$363,610.80	\$371,765.39	no accidental damage included in cost
5	GATEWAY COMPANIES	\$1,051.25	\$357,425.00	GATEWAY M460	\$1,189.00	\$23,780.00	Bretford	\$381,205.00	\$385,885.00	poor quality reviews
6	WHOLESALE COMPUTER	\$964.55	\$327,947.00	R51E **	\$1,167.26	\$23,345.20	Bretford LAPI8EUL BA-GM	\$351,292.20	\$390,695.60	meets all requirements

failed to comply to all bid specs

A total of 33 Bids submitted

**\* DELL 8.0 SP General Dependencies**

- Pricing is based on the assumption that deployment of a new Dell PC will not to exceed thirty (30) minutes.
- Static costs are built into the installation pricing of the primary equipment. If that installation is not chosen, but secondary services are chosen, the pricing for those secondary services are subject to change, to accommodate the static costs.
- At least two weeks before the project begins, Customer will provide SP with all the necessary site information, schedule constraints, and access information required to execute the project.
- Customer will provide a detailed list containing the number of PCs to be installed, the buildings/rooms that will receive a C, and, when possible, detailed floor plans prior to project planning.
- Customer will provide IS support to resolve general and network connectivity issues.
- Customer will trouble shoot all network connectivity problems.
- SP will not move PCs up or down stairs unless specifically stated within the SOW
- SP will not accept liability for Customer's data. The Customer must assure that a full back-up has been performed prior to the SP technician arriving to perform the service requested. SP is not responsible for any loss, back-up, or restore of any Customer data unless specifically stated within the SOW
- Removing viruses is outside of the scope of this SOW. If SP finds a virus, SP will immediately notify Customer/Dell and the installation of that system will stop.
- SP will not be responsible for disaster recovery (e.g., application software, reloading data)
- Installations will be scheduled per a mutually agreeable rollout schedule so that work may be done in a continuous and geographic fashion.
- The Customer will provide parking facility.
- Image is to be no larger than a 4-disk image. Each additional disk will incur a \$6 charge.
- Customer must purchase Microsoft Open Licensing.

**\*\* R52 is now being supplied to Trumbull Public Schools**