

# **REQUEST FOR PROPOSAL** **INTERNAL AUDITING SERVICES**

## **Overview**

The Board of Education of the Kinderhook (Ichabod Crane) Central School District is accepting proposals from qualified individuals and accounting firms to perform the internal audit function (the “Auditor”). Proposals must be submitted to us by Tuesday, May 24, 2022.

In accordance with the District’s policies and procedures, contracts for professional services requiring special skill or training are not subject to the competitive bidding requirements of § 103 of General Municipal Law.

## **Purpose**

The District requests proposals from qualified individuals and accounting firms interested in providing internal audit functions for the school district. The internal audit function will be performed to ensure that the operating procedures, including all internal controls, are being followed and that all expenditures of school district funds are in accordance with laws, regulations, and district policy.

## **Proposal Submission**

Proposal must be clearly labeled and submitted to the Office of the District Clerk located at 2910 Route 9, Valatie, New York, 12184 on or before 10:00 a.m. prevailing time, on Tuesday, May 24, 2022. There is no expressed or implied obligation for the District to reimburse responding individuals or firms for any expenses incurred in preparing quotations, attending pre-quotation conferences, or interview(s) in responding to this request. Proposals submitted after the stated time and date will not be considered and will be returned to the firm unopened.

## **Scope of the Audit**

The special-purpose audit should be conducted in accordance with the following guidance, as applicable: the Statement on Auditing Standards (SAS) 54, Illegal Acts by Clients; SAS 99, Consideration of Fraud in a Financial Statement Audit; Management Antifraud Programs and Controls (an attachment to SAS 99). This audit will evaluate the adequacy of the internal financial controls with emphasis on areas vulnerable to fraud and abuse; the adequacy of the School System’s current financial policies and procedures; and the adequacy of the School System’s financial and auditing organizational structure.

The auditor will make use of and build upon the internal control evaluation work done by the School System's independent CPA firm during that firm's annual financial statement audit. The objectives of this engagement are:

1. Development of a risk assessment of the district's financial operations; including, but not limited to; review of financial policies, procedures, and practices
2. An annual review and update of the risk assessment
3. Annual testing and evaluation of one or more areas of the district's internal controls, taking into account risk, control weaknesses, size and complexity of operations
4. Preparation of reports which analyze significant risk assessment findings, recommend changes for strengthening internal controls and reducing identified risk, and specify timeframes for implementation of such recommendations. Areas that may be addressed include:
  - ✓ Purchasing
  - ✓ Extra-classroom Activities
  - ✓ Fixed Asset Sampling
  - ✓ Payroll Observations
  - ✓ Review of Bank Reconciliations and Treasurer's Report
  - ✓ Recording of Revenues
5. Perform testing and validation functions
  - ✓ Make an independent selection of key controls for testing to assure that controls are appropriate and effective when applied
  - ✓ Test the design and operating effectiveness of these internal controls to detect deficiencies
6. Perform audit procedures designed to identify unusual and/or questionable transactions
7. Monitor the internal controls of the school district
  - ✓ Review any recommendations regarding the internal controls with business office personnel and the Board of Education
  - ✓ Based upon the findings, assist the district in the design and implementation of recommended procedures to ensure the operating effectiveness of the internal control environment
8. Report to the Board of Education and School District Finance & Audit Committee as requested

In the event the Internal Auditor believes that fraud and/or theft has been or may have been committed by any district employee, including but not limited to the Superintendent of Schools and the administrative staff, then he or she is to immediately notify the President of the Board of Education, who in turn will notify the whole Board. The whole Board will then review the information and take appropriate action.

An individual or firm can schedule an appointment prior to submission of any proposal to meet with Michael Brennan, Business Manager to review the scope of services provided

to the District. Please contact the Business Office at 518-758-7575 between the hours of 8:00 a.m. and 4:00 p.m. to schedule an appointment.

All proposals must be submitted in two parts. Part I must consist of responses to the management and qualifications items. Part II must consist of complete contract cost and pricing information. Incomplete submissions will not be considered for award. Proposals should not be excessively long, and should be submitted in a format that permits copying for review. Only two copies of each proposal will be accepted, one copy titled "ORIGINAL" and the second titled "COPY". Each page of the proposal must state the firm submitting the proposal, the fact that the RFP is being submitted to the, Kinderhook (Ichabod Crane) Central School District and the page number. All materials submitted in response to this request for quotation shall become the property of the District.

### **Part I – Management & Qualifications**

In setting forth its qualifications, each individual or firm submitting a proposal shall:

- A. Provide evidence of an individual's credentials and qualifications in the area of internal auditing and if a firm be either a New York State licensed Certified Public Accounting Firm, or a licensed Certified Public Accountant in accordance with the New York State Education Department Office of the Professions as a partner or officer of the firm
- B. Describe the individual's or firm's experience and expertise focusing on internal controls
- C. State the name(s) of the officer(s) and associate(s) in the firm
- D. State the names and credentials of all partners, associates, and accountants that might be assigned to this engagement and provide their resumes
- E. Identify the nature of any potential conflict of interest the individual or firm might have in providing these services to the District
- F. Provide a comprehensive description of your approach to fulfilling the requirements of the RFP. For example, describe forensic auditing techniques, data analysis techniques, use of information technology specialists to perform IT assessments and other auditing procedures, the type and extent of sampling to be employed, etc.
- G. Provide a copy of the individual's or firm's latest peer review, if applicable
- H. Provide any other information that might be beneficial to the District
- I. Provide a detailed schedule for completing the audit

**Part II – Cost**

State the rates at which the services of all partners, managers, senior accountants, staff accountants, or other personnel that would be provided to the District. In addition, state which partners and/or staff are expected to perform the services. Please include:

- A. For each partner, manager, or staff whose resume is provided, the regular hourly rate and the hourly rate you are quoting
- B. For each work plan item include the estimated number of hours for each employee type
- C. **The total cost for the engagement for a school fiscal year, including travel and other incidental costs**
- D. Each proposal will clearly state the fees to be charged for the year ended:  
June 30, 2023: \_\_\_\_\_  
June 30, 2024: \_\_\_\_\_  
June 30, 2025: \_\_\_\_\_
- E. Each proposal will clearly state the basis on which special audit or management services will be billed.

**Brief Description of the District**

- 1) *Enrollment* – 1,800 students K-12
- 2) *Board of Education* – 9 members elected at large for 3 year terms
- 3) *BOCES* – component of the Rensselaer-Columbia-Greene (Questar III) Board of Cooperative Educational Services
- 4) *District Central Office Structure*  
Superintendent – Suzanne Guntlow  
Assistant Superintendent – Lucas Christensen  
Business Manager – Michael Brennan  
Director of Information Technology – Jaime Kikpole  
Director of Facilities – Steve Marotta  
Director of Food Services – Todd DiGrigoli  
Director of Transportation - Dan Doyle  
Treasurer – Mena Mazure  
District Clerk/Tax Collector – Mindy Potts
- 5) *Number of Employees*  
Total – Approximately 350  
Full-Time Equivalent Instructional Staff – 225+
- 6) *Other Operations*

The District provides its own student transportation services and operates its own food service program.

- 7) *Budget*  
The 2021-22 budget was just under \$44 Million.
- 8) *Pension plans*  
SED certified staff participate in mandatory or optional membership in the New York State Teachers Retirement System (TRS). All other staff participate mandatory or optional membership in the New York State & Local Retirement Systems (ERS).
- 9) *Description of financial software programs*  
The District uses the Finance Manager software program for all financial accounting, which is managed locally by NERIC.
- 10) Prior audit reports are available for inspection in the District offices
- 11) Accounting Funds: General Fund, Federal Special Aid Fund, School Lunch Fund, Debt Service Fund, Trust and Agency Fund, Capital Fund, Student Extra Class Funds
- 12) General Fund Checks Processed Annually: 3,000 in 2020-21
- 13) Purchase Orders Processed Annually: 1,365 in 2020-21
- 14) Payroll Checks and Direct Deposits Processed Annually: 8,800 in 2020-21

### **Interview**

The award process may include an interview with administration, the District's Finance & Audit Committee, and/or the Board of Education.

### **Evaluation and Selection Process**

Opening of Proposals – At the designated time and date, the Business Official or District Clerk shall open and list the proposals for the record. This is not a public opening. Responses received after 10:00 a.m. on May 24, 2022 shall be returned.

Evaluation – During the evaluation phase, proposals are reviewed by the Business Official and the District's Finance & Audit Committee to determine which proposals address all the requirements of the RFP, and to technically review the proposals.

Proposals determined to be technically non-responsive or not as responsive as the other proposals, are eliminated at this point. Once the qualified Auditors have been determined, the Business Official may request selected Auditors to clarify specific matters presented in the proposals and obtain additional pertinent information. The Business Official will use information gained during these discussions, and information presented in the proposals, to rank contractors in accordance with the criteria stated in the RFP and all information developed in the selection process to this point.

All Auditor proposals will be presented to the District’s Finance & Audit Committee for review. Interviews may be scheduled for the Auditor to meet with the Finance & Audit Committee.

Negotiations shall be conducted with the Auditor ranked first. If a contract cannot be negotiated with the Auditor ranked first, then negotiations may be conducted with the Auditor ranked second, and so on until a contract has been negotiated or all proposals are rejected. Final award of the contract shall be made by the Board of Education after considering the recommendations of the Audit Committee.

**General Selection Criteria**

After receipt of proposals, the Business Official will use the following evaluation criteria and weighting factors in selecting the firm(s) for further individual discussions.

| <u>Criteria</u>                             | <u>Weight</u> |
|---|---------------|
| 1. Audit Approach                           | 30%           |
| 2. Qualifications & Experience of Auditors  | 30%           |
| 3. Qualifications & Experience of Firm      | 10%           |
| 4. Pricing                                  | 10%           |
| 5. Timeframe for Completing Audit           | 10%           |
| 6. Accessibility for School Board Officials | 10%           |
| Total                                       | 100%          |

At the conclusion of individual discussions with the selected firms, on the basis of the above evaluation criteria and weighing factors and all information developed in the selection process and discussions to this point, the Business Official will notify the firm(s) for interviews, negotiation and recommendation for award of the contract.

### **Termination of Contract**

Any contract agreed to under this Request for Proposal is subject to termination by either part with thirty (30) days written notice. In the event of termination of the contract, the District's responsibility shall be to pay for unpaid services performed and authorized costs incurred by the Auditor.

### **Right to Reject Requests for Proposal**

The District reserves the right to reject without prejudice any and all quotations received under this Request for Proposal.