

Fayetteville-Manlius Central School District

Professional Services

NOVEMBER 2020



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Fayetteville-Manlius Central School District

Audit Objective

Determine whether Fayetteville-Manlius Central School District (District) officials sought competition for procurement of professional services.

Audit Results

- With minor exceptions, District officials sought competition for professional services.

Key Recommendation

- Continue to review and update the request for proposal (RFP) timetable and ensure all professional services are procured in accordance with District policy.

District officials generally agreed with our recommendations and have initiated or indicated they planned to initiate corrective action.

Background

The District serves the Towns of Cazenovia and Sullivan in Madison County and the Towns of Dewitt, Manlius and Pompey in Onondaga County.

The District is governed by an elected nine-member Board of Education (Board), which is responsible for the general management and control of financial and educational affairs. The Superintendent of Schools is the District's chief executive officer and responsible, along with other administrative staff, for day-to-day management under the Board's direction.

The Assistant Superintendent for Business Services is the Board-appointed purchasing agent, responsible for overseeing the procurement process.

Quick Facts

Professional Service Providers

Paid During the Audit Period	\$4.6 million
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Count	19
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2019-20 Appropriations	\$85.9 million
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Enrollment	4,200
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Audit Period

July 1, 2018 – February 29, 2020

Professional Services

How Should a District Procure Professional Services?

New York State General Municipal Law (GML) requires school districts to adopt and annually review written policies and procedures governing the purchase of goods and services not subject to competitive bidding requirements such as professional services.¹ GML states that goods and services must be procured in a manner that ensures the prudent and economical use of public funds in the taxpayers' best interest.

Using written quotes and RFPs are effective ways to ensure that professional services are obtained with the most favorable terms and best value.² Generally, there are no set rules regarding the frequency of RFPs. However, provisions should be made for periodic solicitations at reasonable intervals.

The District's procurement policy designates the purchasing agent as responsible for overseeing the purchasing program to ensure compliance with the Board policy and procedures.³ The policy requires officials to solicit competition for professional services, which are generally those that require specialized skill, training, professional judgment, expertise and creativity (e.g. attorneys, architects and engineers).

In addition, the policy requires officials to obtain three written quotes from professional service providers for purchases between \$10,000 and \$20,000. For amounts exceeding \$20,000, officials are required to request written RFPs from professional service providers. The RFPs are to be issued every five years and to include specifications to ensure the successful proposer's ability to perform the anticipated contract. Although the District is not necessarily bound to select the lowest priced RFP, the policy requires District officials to adequately document the selection process to demonstrate its economical and practical use of public money and to ensure fair competition.

Further, the policy requires Board approval of the contract awarded to the successful proposer. Up-to-date written agreements with professional service providers are essential to provide both parties with a clear understanding of the services to be provided and the time frames and basis for compensation.

Using written quotes and RFPs are effective ways to ensure that professional services are obtained with the most favorable terms and best value.

¹ New York State General Municipal Law (GML) Section 104-b

² An RFP is a document that provides detailed information concerning the type of service to be provided, including minimum requirements and, where applicable, the evaluation criteria that will govern the contract award. Refer to our publication *Seeking Competition in Procurement* available on our website at www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2019-01/seekingcompetition.pdf

³ Procurement of goods and service policy (5411) and administrative regulation (5411A)

Officials Sought Competition for Most Professional Services

The purchasing agent, Superintendent, and the Board evaluated quotes and RFPs to consider the price quoted, any special knowledge or expertise of the service provider, the quality of the service, the staffing of the service and suitability for the District’s needs. The Board approved the successful proposer from RFPs issued and also the contracts awarded to successful proposers.

We reviewed the District’s procurement of professional services for 19 providers totaling approximately \$4.6 million during our audit period to determine whether the services were procured using RFPs or quotes as required by District policy (Figure 1).⁴ We found that District officials appropriately sought competition through RFPs or quotes for professional services totaling approximately \$4.3 million (93 percent) of those reviewed.

Figure 1: Professional Services Procured

Type of Service ^a	Payments
Architectural (3)	\$1,958,745
Energy Performance (1)	\$1,475,783
Casualty & Liability Insurance (1)	\$569,186
Legal (3)	\$160,001
Sport Training (1)	\$101,376
Engineering (3)	\$77,243
Special Education Consultant (1)	\$74,257
Environmental Services (3)	\$67,527
Audit (2)	\$51,400
Financial Advisement Services (1)	\$28,966
Total	\$4,564,484

^a Number of service providers in each category is shown in parentheses.

Although we found no evidence that the District sought competition before procuring professional services totaling \$316,723 from two providers, the purchasing agent took steps to solicit competition for these services midway through our audit period and during our audit fieldwork.⁵ As a result of soliciting competition for these services, the District kept the same providers. The purchasing agent added these providers to his five-year timetable, which he uses to track when issuing RFPs necessary for specific professional services.

To determine whether the District had written agreements with its professional service providers and that officials paid claims according to the written

⁴ Refer to Appendix B for information on our sampling methodology.

⁵ The District issued RFPs for casualty and liability insurance in May 2019 and financial advisement services in May 2020.

agreements, we compared a sample of payments totaling approximately \$1.3 million made to these 19 providers. We found the District had written agreements with 18 of the 19 professional service providers and that payments were made in accordance with the terms of the agreements.

Although District officials did not have a written agreement with the remaining environmental services provider (\$10,400), officials provided us with a fee schedule for these services, and we determined that the District was billed according to the fee schedule provided.

We commend the Board and District officials for seeking competition for professional services in accordance with their adopted policy.

What Do We Recommend?

1. The purchasing agent should continue to review and update the RFP timetable to ensure all professional services are procured in accordance with District policy.
2. The Board should enter into written agreements with all professional service providers.

Appendix A: Response From District Officials



Fayetteville-Manlius Schools

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October 20, 2020

Re: Audit Response & Corrective Action Plan – **Professional Services Audit 2020M-115**

This letter is in response to the audit of professional services that was conducted by the Office of the New York State Comptroller. This written response also contains the district's corrective action plan (CAP).

The Fayetteville-Manlius Central School District is in complete agreement with all of the audit findings. All of the recommendations will be addressed in the corrective action plan. The District is also appreciative of the work of the audit team and their careful consideration during the audit which was mostly conducted during the time in which the COVID-19 pandemic caused the District's business office staff to work remotely.

The following recommendations are addressed and the associated corrective action plans are indicated.

Audit Recommendation #1 – The purchasing agent should continue to review and update the RFP timetable to ensure all professional services are procured in accordance with District policy.

The district did add property/casualty insurance and financial advisor services to the list of professional services that should have been included in the RFP cycle in early 2019 which was during the audit period, but prior to the audit notice and fieldwork. At that time the insurance RFP was subsequently scheduled for May 2019 with the financial advisor services being placed on the RFP cycle for a May 2020 request for proposals. Both RFPs were issued according to that schedule.

Our vision as a school community is to inspire students and promote personal success.

Implementation Plan of Action – The RFP timetable will continue, as in the past several years, to be reviewed and updated to include additional professional services when appropriate. This review will occur annually at a minimum and the resulting RFP schedule will group similar professional services to be procured with an RFP at the same time, to the extent possible. A five-year cycle will be used except for construction project related professional services.

Implementation Date – Immediately and ongoing.

Person Responsible for Implementation – The Assistant Superintendent for Business / Purchasing Agent.

Audit Recommendation #2 – The Board should enter into written agreements with all professional service providers.

The contract in question was related to a subcontractor of the district's architectural firm. While the district did not have a written contract with this subcontractor, the professional service fees paid were in accordance with a fee schedule that was part of the architect's contract for those professional services.

Implementation Plan of Action – The district acknowledges that there should be a written contract for each professional service above a certain dollar value in accordance with the Board of Education policy. The district will continue to ensure that all professional services will have written contracts in place.

Implementation Date – Immediate and ongoing.

Person Responsible for Implementation - The Assistant Superintendent for Business / Purchasing Agent.

The Fayetteville-Manlius Board of Education has reviewed and approved this corrective action plan at their October 19th meeting.

If there are any questions or concerns related to the audit response or corrective action plan please contact William Furlong at 315-692-1221 or via email at wfurlong@fmschools.org.

Sincerely,

Dated: October 19th, 2020

Marissa Mims – Board of Education President

Dr. Craig Tide – Superintendent of Schools

William J. Furlong – Assistant Superintendent for Business / Purchasing Agent

Our vision as a school community is to inspire students and promote personal success.

Appendix B: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed District officials and employees and reviewed relevant laws and the District's procurement policy and procedures to gain an understanding of the procurement process.
- We reviewed electronic cash disbursement data for the audit period and sorted data to select the population of professional service providers subject to quotes and RFPs according to the District's procurement policy. For those vendors we were uncertain about, we contacted District officials to obtain clarification as to whether the vendors were professional service providers. We identified 19 professional service providers who were collectively paid approximately \$4.6 million during the audit period and reviewed these purchases to determine whether RFPs were issued or written quotes obtained to procure these services in accordance with the policy.
- We reviewed all available written agreements between the District and each professional service provider to determine whether the agreements were current.
- We reviewed the District's highest payments to each provider during the audit period, totaling approximately \$1.3 million and the corresponding invoices, to assess whether the payment was made in accordance with the agreement or fee schedule.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-a (3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the

next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The CAP should be posted on the District's website for public review.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2018-12/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263196&issued=All

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/local-government/fiscal-monitoring

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263206&issued=All

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/local-government/resources/planning-resources

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2020-05/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263211&issued=All

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/local-government/academy

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