

Wappingers Central School District

Professional Services

AUGUST 2022



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

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Report Highlights

Wappingers Central School District

Audit Objective

Determine whether Wappingers Central School District (District) officials sought competition for the procurement of professional services in accordance with the procurement policy.

Key Findings

District officials did not always seek competition or comply with the District's procurement policy when procuring professional services.

District Officials:

- Did not use competitive methods, as required by District policy, to select 40 professional service providers who were paid more than \$5.1 million during the audit period.
- Last sought competition for the architect and attorney in 2012 and 2015, respectively.

Key Recommendations

- Ensure professional services are procured in a competitive manner in accordance with District policy.
- Ensure that a periodic review of professional service providers' contracts is conducted to determine the need for new RFPs.

Except as specified in Appendix A, District officials generally agreed with our recommendations and have indicated they planned to initiate corrective action. Appendix B includes our comments on issues raised in the District's response.

Background

The District serves the Towns of East Fishkill, Fishkill, LaGrange, Poughkeepsie, and Wappinger, in Dutchess County, and the Towns of Kent and Philipstown in Putnam 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 of Finance and Business Development, in conjunction with the Board appointed purchasing agent, is responsible for securing qualified professional services through the prudent and economical use of public money.

Quick Facts

# of Professional Service Providers	58
Amount Paid to Professional Service Providers Reviewed	\$7.6 million

Audit Period

July 1, 2020 – October 31, 2021

Professional Services

How Should a School District Procure Professional Services?

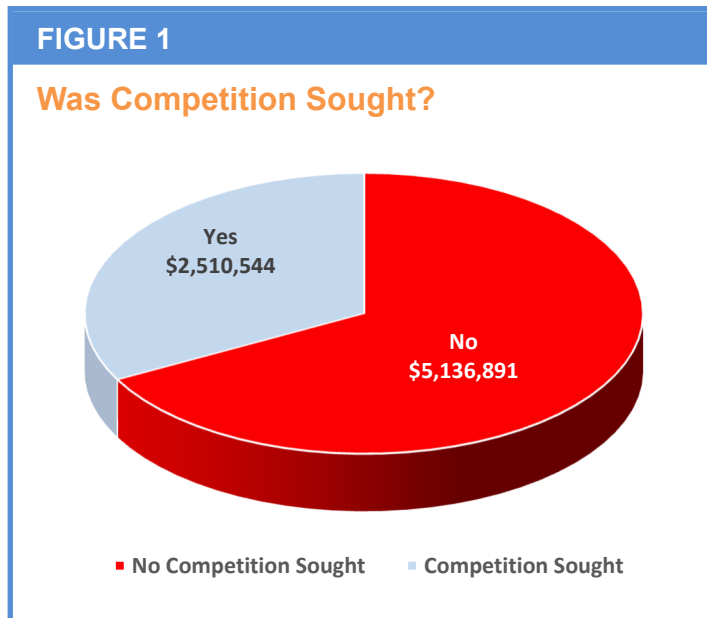
Professional services are generally those services that require specialized skills, training, professional judgment and expertise, such as legal, architectural and engineers. The governing board must adopt written procurement policies and procedures for procuring goods and services not required by law to be competitively bid. Because professional services can involve significant dollar expenditures, these policies should use a competitive method such as requests for proposals (RFPs) as an effective way to ensure that the district receives the desired services for the best price. Proposals can be solicited via public advertisement, or a comprehensive list of potential vendors can be compiled with vendors contacted directly and provided with the RFP. Furthermore, provisions should be made for periodic solicitations of professional service providers at reasonable intervals, written agreements should be entered into, and documentation should be maintained that includes justification for awarding a contract.

The District's *Contracting for Professional Services* policy requires officials to solicit competition and take measures to ensure that a highly qualified professional is secured through the prudent and economical use of public money. Designated staff are required to prepare comprehensive written RFPs and issue them periodically, but not less frequently than every three years. The policy also requires written proposals submitted by applicants to be maintained for at least six years.

Officials Did Not Always Seek Competition When Procuring Professional Services

The Board did not always comply with their professional service policy and District officials did not always solicit competition by periodically issuing RFPs when procuring professional services. We reviewed the procedures used to select all 58 professional service providers paid approximately \$7.6 million during the audit period and found that District officials did not seek competition for 40 professional service providers paid approximately \$5.1 million (Figure 1). Although District officials sought competition by issuing RFPs for the remaining 18 professional service providers paid approximately \$2.5 million, they did not have documentation to support why 15 professional service providers paid \$711,712 were selected.

Because professional services can involve significant dollar expenditures, these policies should use a competitive method such as requests for proposals (RFPs). ...



Our further review of the 40 professional service providers whose services were not competitively procured found that the Board and District officials:

- Entered into 24 professional service provider agreements for the special education department costing approximately \$3.7 million. These services included, physical, occupational and speech therapy, behavior intervention and consulting services.
- Utilized 11 professional service providers costing a total of \$474,537 without entering into written agreements. These services included security, legal, and court reporting services.
- Entered into three professional service agreements with providers that were paid a total of \$66,239 during the audit period. These services included financial advisory, mechanical engineering and security services.
- Continued to renew two agreements for an architect and attorney annually, even though the District last sought competition for the architect and attorney in 2012 and 2015, respectively. The architect was paid \$455,170 and the attorney \$410,251 during the audit period. In addition, the original RFP documentation was not available for review after six years due to the District's record retention requirements and officials not procuring these services at reasonable intervals in compliance with the professional services policy.

Although District officials had a process to solicit proposals before the beginning of the school year for services that are regularly provided to the District, they did not require all departments to follow the Board-adopted policy. The Assistant

Superintendent of Special Education stated that the District did not always adhere to the professional service policy because the RFP process did not always allow them to provide timely services to students. However, we found that, in some instances, District officials entered into special education contracts without seeking competition even though they previously obtained similar services (e.g., physical therapy) through the RFP process. In addition, we found that the purchasing agent was not included in the special education department's process of selecting or securing professional service providers.

District officials did not seek competition for some services because they do not have an adequate process to detect, identify and track professional service providers subject to the RFP process. In addition, the District's documentation presented to the Board stated that it was in the best interest of the District to select particular vendors, but specific information justifying the selection of the vendors was not usually documented. As a result, District officials cannot assure taxpayers that services are obtained in the most prudent and economical manner and without favoritism, and they are unaware of other providers that could offer the same services at a more favorable price.

What Do We Recommend?

The Board should:

1. Ensure District officials competitively procure professional services in accordance with District policy, and document justification of selection.
2. Ensure written agreements are entered into for all professional service providers.

The Assistant Superintendent of Finance and Business Development should:

3. Ensure that a periodic review of professional service providers is conducted to determine the need for new RFPs.

The Assistant Superintendent of Special Education should:

4. Comply with the District policy and ensure that the purchasing agent is aware of the department's need to procure all special education professional service providers.

Appendix A: Response From District Officials



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July 29, 2022

Dara Disko-McCagg, Chief Examiner
Office of the State Comptroller
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RE: Wappingers Central School District's Audit Response Letter for Report Examination
Number 2022M-88

This letter is in response to the recent New York State Office of the State Comptroller's (OSC) audit conducted at the Wappingers Central School District (District) for the period of July 1, 2020 through October 31, 2021. After months of extensive field work and analysis of the processes of the District, the OSC audit team has issued a report on the procurement of professional services.

The District would first like to express its appreciation for the professional and courteous manner in which your staff conducted its audit responsibilities.

The District's Board of Education and Administration is committed to ensure that the District's financial operations are conducted with the highest level of integrity and that the interests of the District's taxpayers are protected. The District is also pleased that following your staff's comprehensive review of the financial operations not one single instance of financial irregularity was identified.

See
Note 1
Page 7

The District also appreciates your input and recommendations on the procurement of professional services and will utilize the Corrective Action Plan to refine policy language and processes to further strengthen the District's fiscal operations with regard to these matters.

In general, the District agrees with the findings and recommendations in the report. District Policy 6741 – Contracting for Professional Services – outlines the process for procuring professional services through a Request for Proposal (RFP) to ensure that taxpayer dollars are being utilized in ways that are fiscally prudent while meeting the needs of students. Annually, the Board Policy Committee reviews District policies. Policies are reviewed on a rotating basis for various reasons such as content updates, length of time since last review, language updates, state and/or federal regulations, etc. The Board Policy Committee meets monthly to conduct this work throughout the course of the school year.

The mission of the Wappingers Central School District is to empower all of our students with the competencies and confidence to challenge themselves, to pursue their passions, and to realize their potential while growing as responsible members of their community.

The District agrees that practices and procedures must be in place to ensure a competitive and fair procurement process that advocates financial responsibility. However, it should be noted that there may be scenarios where exceptions are necessary. For example, school resource security personnel have a very specific skill set and knowledge base. As such, these services are considered sole source for the District. Additionally, the District works collaboratively with other school districts and BOCES to share services and benefit from favorable costs and quality of services. Finally, the District does agree with the ideology to review goods and services for all contracts in alignment with policy language as it currently exists. Furthermore, we also believe there may be exceptions and will provide for these through policy language to be detailed in the forthcoming Corrective Action Plan.

See
Note 2
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Thank you for your thorough assessment of the District's financial procedures as a whole as well as the detailed feedback of the procurement of professional services. This feedback will foster stronger internal processes that will benefit WCSD, its students and the community.

Respectfully,

John Lumia
Board of Education President
Wappingers Central School District

Dr. Dwight Bonk
Superintendent of Schools
Wappingers Central School District

The mission of the Wappingers Central School District is to empower all of our students with the competencies and confidence to challenge themselves, to pursue their passions, and to realize their potential while growing as responsible members of their community.

Appendix B: OSC Comments on the District's Response

Note 1

Contrary to the District's statement, the audit focused on the District's procurement of professional services. A comprehensive review of financial operations was not performed.

Note 2

District officials provided no justification or documentation that supported the school resource officer was a sole source provider and paid them \$312,100 without seeking competition or entering into a written agreement. A vendor may be considered as a sole source when there is no equivalent competition available.

Appendix C: 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 reviewed the Board's adopted policies and written procedures to determine whether they adequately addressed procuring goods and services that are not subject to competitive bidding requirements.
- We interviewed officials to gain an understanding of the District's procurement practices and internal controls over the procurement of professional services.
- We reviewed the vendor payment history reports covering our audit period and identified 58 professional service providers that were paid within our audit period. We reviewed our identified population with the purchasing agent to determine whether all vendors were professional service providers.
- We selected and reviewed contracts, vendor files, Board minutes and RFP documentation, if any, for all 58 professional service providers to determine whether District officials sought competition in compliance with District policy, and the lowest-priced, responsible vendor was selected.

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 D: Resources and Services

Regional Office Directory

www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf

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

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

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

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/files/local-government/publications/pdf/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

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

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