



REPORT OF THE AUDIT COMMITTEE

The Audit Committee met on Wednesday, October 23, at 4:30 PM at the Cincinnati Public Schools Education Center in Conference Room 1-A.

ATTENDEES

Audit Committee Members

Jennifer Couser, Jim Crosset, David Foote, Thomas D. Heldman, Daniel E. Holthaus, Carol Lawrence

Administration

Laura Mitchell, Superintendent; Jennifer Wagner, Treasurer; Lauren Roberts, Internal Auditor; Kevin Ashley, Director of Financial Reporting; Isaac Karn, Intern, Internal Audit Department; Loren Johnson, Director of Transportation; Bradley Price, Buyer, Purchasing; David Rineair, Buyer, Purchasing; Trina Levins, Purchasing Director

Finance Committee

Eve Bolton, Chair

Cincinnati Federation of Teachers (CFT)

Don Mooney, Counsel and Field Representative

Community Member

Howard Konicov

Request For Proposal (RFP) Process Presentation

Trina Levins, Purchasing Director; Bradley Price and David Rineair, Buyers for Purchasing

Purchasing

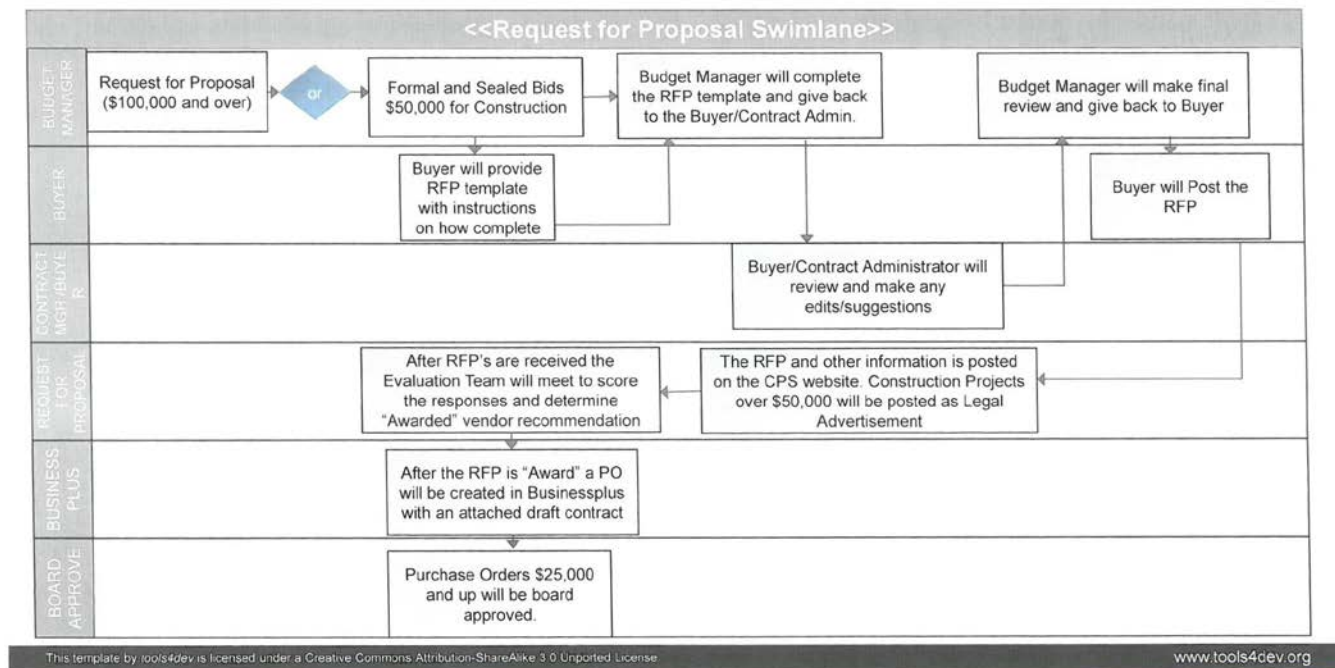
The Director and Buyers for the Purchasing Department informed the Audit Committee about the process for bidding RFPs through the Purchasing Department.

Their report stated that under O.R.C 3313.46, boards of education are required to advertise and take formal competitive bids for structure, maintenance, buildings, repairs, enlargements, or improvements, the cost of which will exceed \$50,000.

The Treasurer has established internal controls that the Purchasing Department has the responsibility to follow. Purchases over \$100,000 are required to go through the Request for Proposal (RFP) process and become a competitive bid. Bids are publicly solicited through the CPS Purchasing Department.

The supporting procedures (copy available in the Board office) are designed to preserve the integrity of public contracts and are strictly construed and enforced by the courts. The legislative intent of competitive bidding is to provide for open and honest competition in bidding for public contracts and to prevent favoritism or fraud.

Following is a flow chart of the bidding process. The RFP funnels through the process in the following order: (1) Budget Manager; (2) Buyer; (3) Contract Manager/Buyer; (4) Request for Proposal; (5) Business Plus (Financial Software); (6) Board Approval.



Ms. Levins reported there will be an electronic bidding process in the near future.

A copy of the complete detail report outlining the process is available in the Board office.

ACTION: The Audit Committee inquired about the number of minorities bidding for contracts. Ms. Levins will provide the Committee with a report at the Audit Committee meeting in December.

The Committee asked if processes were in place to address conflict of interest bids.

ACTION: The Audit Committee recommended those submitting bids be required to complete a related party and conflict of interest disclosure.

They also recommended including a mandatory related party and conflict of interest disclosure for each member of the RFP evaluation team.

Transportation Request for Information (RFI)

Loren Johnson, Director, Transportation

Mr. Johnson informed the Audit Committee about the *Request for Information (RFI) Process* to prepare for a future RFP for transportation vendors.

A portion of the sample document states the following:

CPS is inviting transportation service providers to submit information to be considered as a partner in the on-going development of a highly innovative pupil transportation solution. The purpose of this RFI is to allow CPS personnel to become more familiar with service and product offerings from regional and national vendors. In addition, CPS will gather supplementary information in order to assess a service provider's capabilities, competencies, operational

infrastructure, and technologies used in supporting their transportation services. CPS will not enter into a contractual agreement based on this RFI.

A copy of the full RFI document is available in the Board office.

An extensive discussion occurred regarding the service, cost, and role of the Internal Auditor in the continuing effort to improve the service.

The Audit Committee was also informed of the role in transportation improvement by the new Chief Strategic Officer, Sarah Trimble-Oliver.

Audit Committee and Internal Audit Charters' Revision Review

Internal Auditor Roberts updated the Committee on revisions to the Audit Committee and Internal Audit Charters.

The Committee reviewed and agreed with the revised Audit Committee Charter (Board Policy 6835) and Internal Audit Charter (Board Policy 6836).

ACTION: Audit Committee member Daniel Holthaus made a motion to approve the Charters/Board policies. Audit Committee member Thomas Heldman seconded the motion. The majority of Audit Committee members approved the revisions by voice vote, thus recommending them to the Board for approval at their November 4, 2019 Regular Business meeting.

Audit Status Report

Internal Auditor Roberts provided the Committee with the following information from her Audit Status Report. The following section provides a brief status update for each category of the 2019-20 Internal Audit goals:

- **Audit Committee & Internal Audit Strategy**
 - ✓ Compile and present a benchmarking and comparison report regarding Audit Committee and Internal Audit best practices – *Complete*
 - Coordinate the review and revision of the Audit Committee and Internal Audit responsibilities as noted in the respective charters – *In progress*
 - ✓ Develop a three year strategic plan for the Internal Audit Department – *Complete*
- **Planning, Engagement Execution & Reporting**
 - Advisory
 - Cash Receipts – *In progress*
 - District Strategic Plan Support – *In progress: Selected the following projects:*
 - Transportation Vendor Performance Scorecard
 - Enrollment Process Improvement
 - Strategic Project Return on Investment
 - Assurance
 - Medical Benefits– *In progress: Currently selecting co-sourcing vendor*
 - Network Assessment – *In progress: Performed by JW Affinity*
 - Follow Up
 - Payroll – *Not yet started*
 - Transportation – *Not yet started*
- **Internal Audit Development & Advancement**
 - Complete the following activities as summarized in the Fiscal Year 2020 Internal Audit Plan:
 - Documentation of Internal Audit Procedures – *Not yet started*

- Departmental Staffing Expansion – *In progress: 50 applicants; currently conducting interviews*
- Professional Development – *In progress*

Status of External Audits and Reviews

The purpose of this section is to share with the Audit Committee each of the external audit and review engagements that have come to the attention of the Internal Auditor since the last Audit Committee meeting. Management shares the status of external engagements with Internal Audit to ensure accurate and timely communication to the Audit Committee.

The following audits and reviews are in progress:

- Ohio Auditor of State (OAS):
 - Fiscal Year 2019 Financial Audit
- Ohio Department of Education (ODE); Period of 7/1/2017 – 6/30/2018:
 - Food Services Procurement Audit

A report has been issued for the following audit since the last status report:

- Ohio Department of Education (ODE); Period of 7/1/2017 – 6/30/2018:
 - Child and Adult Care Food Program Review – *Complete (see page 6 of the Audit Status Report document for further description of results)*
 - Consolidated ESEA Grants Desk Review – *Compliant*
 - 21st CCLC Onsite Review – *Compliant*
 - Annual Grants Management Sub-recipient Monitoring Review – *Compliant*

Internal Auditor Roberts updated the Committee on her projected 2019-2020 Internal Audit Calendar.

2019-20 CPS Internal Audit Calendar (Projected)													
May	June	July	August	September	October	November	December	January	February	March	April		
Primary Focus of Internal Audit Work	Benchmarking & Strategic Planning		Internal Audit Recommendation Follow Up	Cash Receipts									
						Payroll							
			2019-20 Internal Audit Planning	Medical Benefits									
										Transportation			
				District Strategic Plan Support									
Network Assessment													
Internal Audit Reporting		Benchmarking & Strategic Planning	2018-19 Annual Report		Other Topics		Cash Receipts		Payroll		District Strategic Plan Support		
			2019-20 Internal Audit Plan								Transportation		
			Internal Auditor 2019-20 Goals Set				Internal Auditor Midyear Evaluation		Network Assessment		Medical Benefits		
											Internal Auditor Annual Evaluation		
Audit Committee Meeting Date		June 26, 2019		August 28, 2019		October 23, 2019		December 19, 2019		February 26, 2020	April 22, 2020		

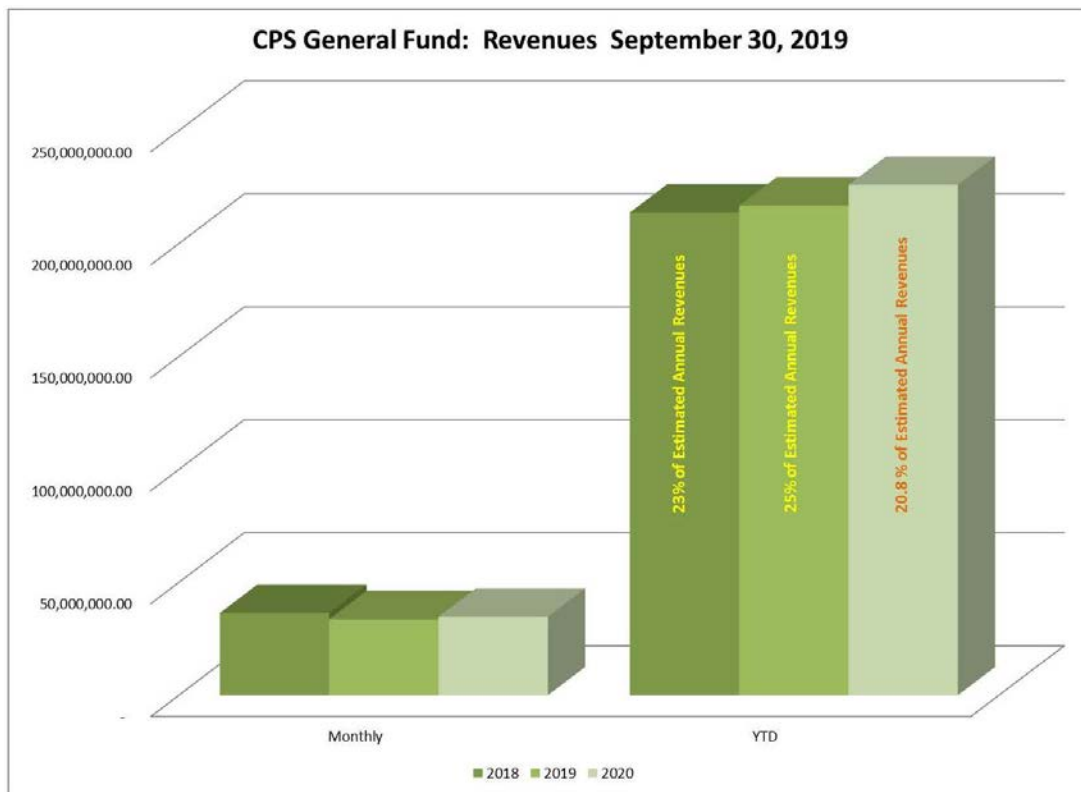
Audit Committee 2019-2020 Agenda Summary

Ms. Roberts updated the Committee on proposed Audit Committee agenda items for the 2019-2020 school year.

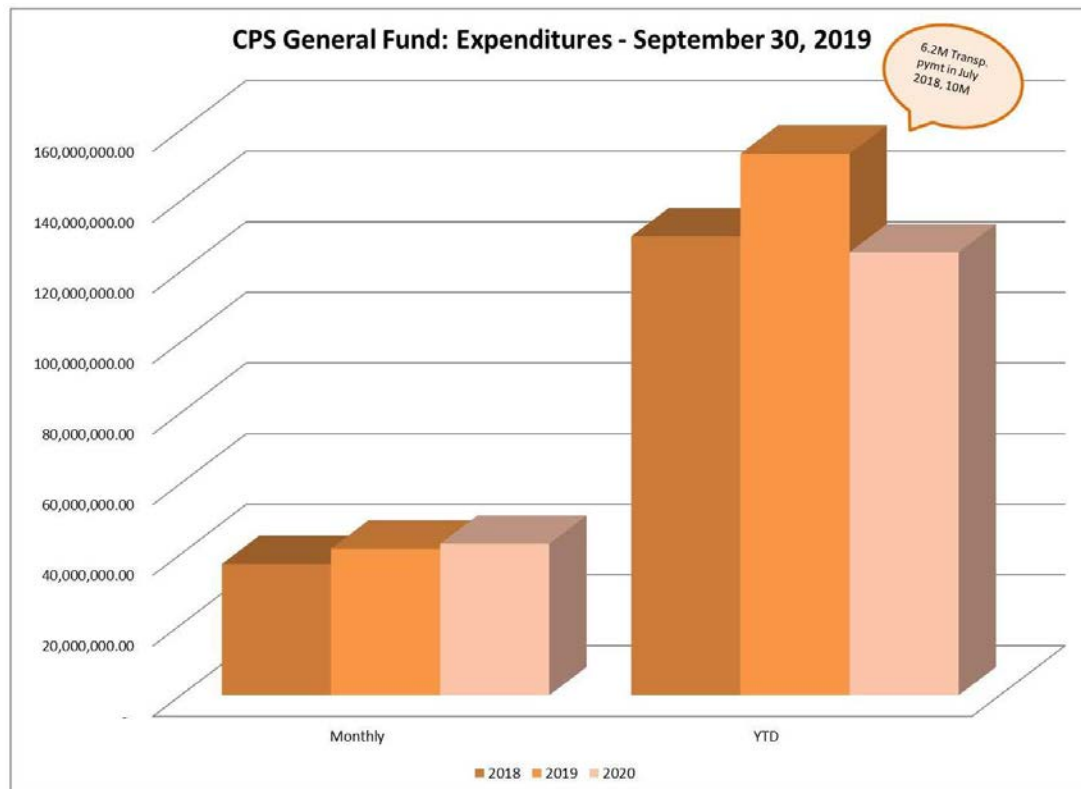
A copy of the summary is available in the Board Office.

Treasurer Financial Updates

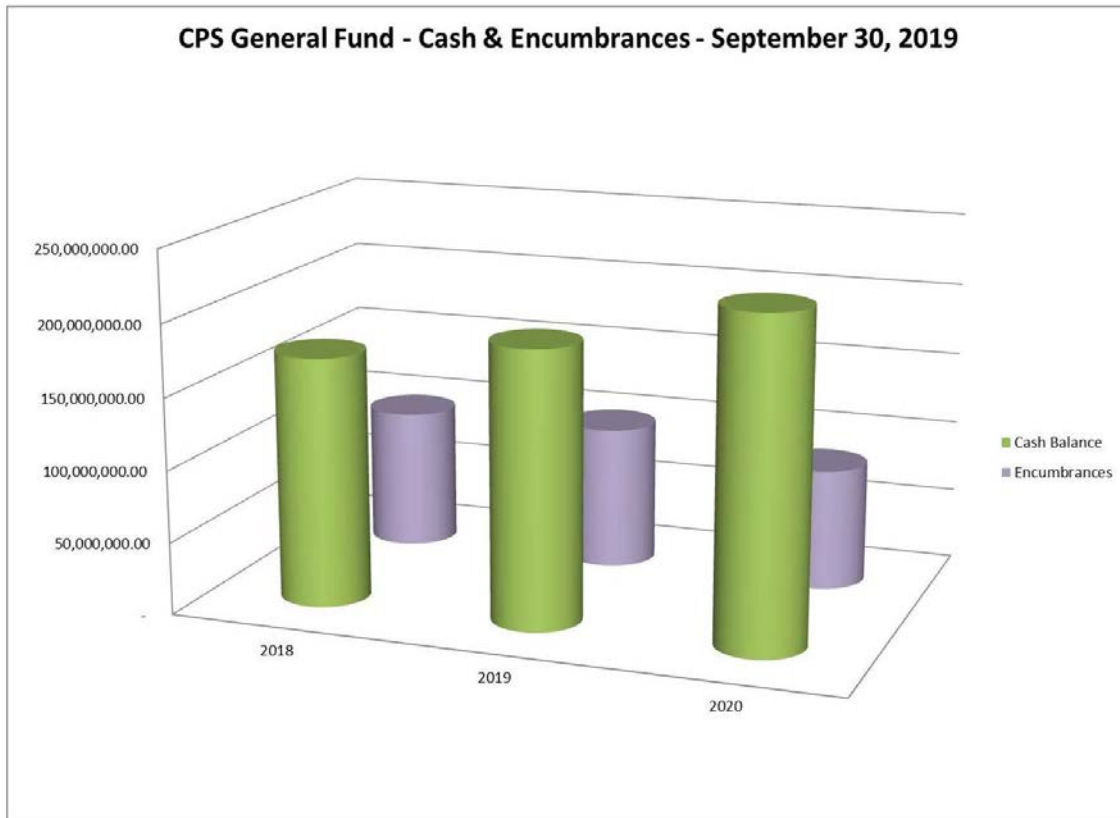
Treasurer Wagner updated the Committee on the following: ***CPS General Fund: Revenues September 30, 2019.***



Treasurer Wagner updated the Committee on the following: ***CPS General Fund: Expenditures – September 30, 2019.***



Treasurer Wagner updated the Committee on the following: ***CPS General Fund–Cash + Encumbrances–September 30, 2019.***



Treasurer Wagner updated the Committee on the following: ***State and Federal Grants – September 2019.***

State & Federal Grants

September 2019

	State	Federal	Combined	Sept 2018
Beg Cash	1,672,558	5,753,426	7,425,983	9,749,721
Receipts	2,938,527	7,845,912	10,784,439	9,700,366
Expenditures	2,365,052	9,939,277	12,304,329	13,122,442
Encumbrances	1,161,552	5,040,373	6,201,925	4,278,527
Ending Cash	1,084,480	(1,380,312)	(295,832)	2,049,119

Treasurer Wagner updated the Committee on the following: *CPS Tuition Assistance Summary*.

CPS Tuition Assistance Summary

	Income	FT	HT	Total	Days	Tuition Assist \$
Sep	<200 %	608	84	692	12,196	481,984.53
	200-250	37	7	44	800	39,976.40
s/t		645	91	736	12,996	521,961.04
YTD				736	18,032	\$ 771,689.45
LY				641	16,384	593,371

Note: The data in the chart above represents only the CPS preschool students who participate in the Preschool Expansion Tuition Assistance program. CPS currently has enrolled 1,821 preschool students.

Treasurer Wagner updated the Committee on the following: *CPS Preschool Expansion*.

CPS Preschool Expansion

	Budget	Sep YTD	YTD FY19
Revenues:	\$ 16,489,276	7,385,305	7,210,162
Expenses:			
CPS Tuition Assistance	4,376,878.00	771,689	593,947
Payments to United Way	8,887,251	0	0
Workforce Development	183,015	26,557	5,779
Special Education Support	751,439	136,871	105,198
Administrative Support	200,000	24,092	9,398
PS Classroom Expansion	131,900	76,847	0
Professional Development	60,000	0	0
Meeting Expense	400	0	0
Total	\$14,590,883	\$1,036,056	\$ 714,321
Net Income	\$1,898,393	\$ 6,349,249	\$ 6,495,841

Treasurer Wagner updated the Committee on the following: ***Fiscal Year 2020 Budget Building Process***

FY20 Budget Building Process



Tax Abatement Update

Treasurer Wagner updated the Committee about meetings that CPS Administrators have had with City of Cincinnati officials regarding the abatement agreement.

Audit Committee Member Reappointments

The Audit Committee Charter states that members shall be appointed by the Board for a staggered three-year term to ensure all members do not come up for reappointment in the same year.

Audit Committee members Jim Crosset, Daniel Holthaus, Brian Ross, and Jeffrey Orschell will have served their three-year terms ending December 31, 2019.

Mr. Crosset and Mr. Holthaus agreed to serve another term. The Committee advised that Mr. Orschell will complete his service on the Committee at the end of December 2019. The Committee will reach out to Brian Ross to determine if he is able to serve another three-year term.

The Charter states that a maximum of 10 members can serve on the Audit Committee. Audit Committee member Jim Crosset made a motion to initiate the preapproved new member search/appointment process, and Audit Committee member Carol Lawrence seconded the motion.

ACTION: Internal Auditor Roberts will partner with Public Affairs to issue a public notice for applications for the Audit Committee opening(s). Upon receiving the applications, the Audit Committee will determine if they would like to fill an additional position. Resolutions for reappointments and new member appointments will be made at the December 19, 2019 Audit Committee meeting, and for full Board approval thereafter.

The meeting adjourned at 6:00 PM

Audit Committee

Brian Ross, Chair, *absent*
Jennifer Couser
Jim Crosset, CLM
Christine Fisher, *absent*
David Foote, CPA
Thomas D. Heldman, CPA
Daniel E. Holthaus, CPA
Carol Lawrence
Jeffrey L. Orschell, *absent*
Clarice Warner
Eve Bolton, Chair (Finance Committee)
Melanie Bates (Finance Committee), *absent*
Ryan Messer (Finance Committee), *absent*

Staff Liaisons

Jennifer Wagner, CFO/Treasurer
Lauren Roberts, CPA, Internal Auditor



Subject: Process for Bidding RFPs through Purchasing

Department: Purchasing Department

Author & Job Title: Trina Levins, Purchasing Director

Creation Date: April 14, 2014

Update Date: October 23, 2019

Purpose: How to Bid RFPs through the Purchasing Department

Frequency: As needed

Boards of Education are required to advertise and take formal competitive bids for construction, maintenance, buildings, repairs, enlargements, or improvements, the cost of which will exceed fifty thousand dollars under *O.R.C. 3313.46*. The Treasurer has established internal controls that the Purchasing Department has the responsibility to follow. Purchases over one hundred thousand dollars is required to go through the Request for Proposal (RFP) process, and become a competitive bid. Bids are publicly solicited through the CPS purchasing department.

The supporting procedures are designed to preserve the integrity of public contracts and are strictly construed and enforced by the courts. The legislative intent of competitive bidding is to provide for open and honest competition in bidding for public contracts and to prevent favoritism or fraud.

The Sealed bid process under 2 C.F.R. § 200.320(c) is used for construction, demolition alterations or repairs over \$50,000 for all CPS funds, including Federal funds.

Sealed bids are appropriate when:

- A complete, adequate and realistic specification or description of goods or services is available;
- Two or more responsible bidders are willing and able to compete effectively for business; and
- Selection of a vendor can be made principally based on price and it's a firm fixed price contract.

When is a formal bid not required? Exception are:

- Education materials used in teaching
- Any item that can only be acquired from a single source
- Energy conservation (through an installment payment contract)
- Computer software, Accountant, Architect, Attorney at Law, Physician, Professional engineer
- Construction project Managers
- Emergency Purchases

Competitive Bid and Sealed Bid Process

The competitive bidding process can be used under the threshold if the schools/department want the companies best proposal and compete for a specific project.

Request for Proposal (RFP) are performed for dollar values \$50,000 for Construction (Seal Bid) and over \$100,000 for (Competitive Bid).

Allow the Purchasing Department five (5) business days or more after the draft of the RFP to review/edit for a final draft. The more notification you can provide to the Purchasing Department, the better. Consider the following when building your RFP.

- a. Project Description
- b. Estimated Cost and any contingency costs. (Make sure already budgeted)
- c. If Q&A's are to be received, contact information of the person responsible: email address, phone number, and receipt deadline date.
- d. Cost Structure of how bids are to be received
- e. Pre-Bid Walk through or Pre-bid Meeting date, time and location
- f. Due date of Bid, all are due at noon of the specified date.
- g. Contact Information of pertinent personnel, ex: Project Manager, etc.
- h. Construction projects will require a Bid Bond with the bid response.

If required, requested bid reading needs to be noted in the bid form. If no bidders show up on day of bid close the bids will not be read.

- A. Purchasing will be notified by the Project Manager of their competitive bid or sealed bid request.
- B. Purchasing will provide the RFP template and requestor will fill it out to the best of their ability. The Buyer/Contract Administrator will then review and make any edits/suggestions and send back to Project Manager/Department Head.

- C. The following items will be included, but not limited to the items listed below.
- a. Due Date of RFP.
 - b. Date, Time, and Location of Pre-Bid Meeting, if applicable.
 - c. Due Date, Time and who to submit Questions and Answers, if applicable.
 - d. Statement of Work.
 - e. Response Requirements.
 - f. Document Printing location if required.
 - g. If bid will be read publicly, location of reading.
 - h. And any other pertinent information required for the RFP.
- D. The RFP and any other documents will be to be posted on the CPS Website (cps-k12.org), Doing Business with CPS section. Documents to be uploaded to the CPS Website are: Legal Notice, Notice to Bidders, Bid Guaranty Contract Bond Template, the RFP, attachments, drawings/specs, any exhibits as needed, Q&A, and CPS contact information.

Once Purchasing receives the RFP, the Buyers are responsible for notifying the following organizations to promote inclusion:

- Urban League of Greater Cincinnati
- Greater Cincinnati African American Chamber of Commerce
- Hispanic Chamber of Cincinnati
- MSDC Ohio Minority Supplier Development Council
- Ohio DAS (Department of Administrative Services)
- National Women Business Council (NWBC)
- City of Cincinnati – Search through their Category List

The Buyers will follow up with the different Associations to determine whether bidders were found to participate in the solicitation. The Buyers will track the responses of the RFP to help determine the percentage of SMWB participation.

- E. If a pre-bid meeting is required for the RFP, Purchasing and the Project Owner will meet to determine the logistics/details of the meeting and whether it is mandatory or optional.
- F. Projects may need to be posted in the Enquirer as a Legal Advertisement for ten (10) or more working days depending on Legal Regulations. The requestor will have to create a requisition to cover the cost of the advertisement and Purchasing will send the amount once the notice is sent to the Enquirer.

- G. After posting the RFP to the CPS Website, if addendums are needed, Project Owner will notify Purchasing, and Purchasing will post the addendum to the CPS website.
- H. On day of bid closing, Purchasing will notify the security desk (3-0010) as well as Office Support Services (3-0450) that there is a bid closing and to call/bring RFP responses to Purchasing so that they can be time stamped. If bids are to be read publicly, a conference room will to be scheduled by the Purchasing Department.
- I. During the reading of a Bid, and if the bids contain Bid Guaranty Contract Bonds in the form of a check, the Purchasing Department will work with the Project Owner on the Bond Receipt Procedures.
- J. Upon the closing of the RFP, the Buyer will provide the Project Owner bids responses, and send the "RFP EVALUATION and SELECTION REPORT" to complete and return. The Buyer will facilitate with the Evaluation Team on evaluating the bids, and provide Purchasing notification of the awarded vendor.
- K. The Bid Tabulation will consist of: the list of bid responders, dollar value of each bid, the awarded vendor, the fund code, closing date, and board date. Bid tabulation is provided to the Treasurer's Office for board recommendation. The Evaluation Team will also provide Purchasing with Evaluation Scoring documents.
- L. Purchasing will check the State Auditors site for Findings and Recovery (eVas) for the awarded vendor to see if there are any outstanding issues which would preclude them from being awarded the PO/contract. A copy is printed, initialed and added to the file folder.
- M. Purchasing will create a folder with all the bid documents and file in the Purchasing shared drive by naming convention and file with all RFP documents and bids.
- N. Once the awarded vendor is Board Approved, a PO Contract is created in the Financial System. The Project Owner will work with the awarded vendor on receiving a draft contract to be reviewed by the Contract Administrator.
- O. Purchasing will send out "Congratulation" and "Not Awarded" letters to vendors. Once the Board has approved the contract/PO Purchasing will send notification to Surety to convert the Bid Bond to a Performance Bond. If additional documentation is needed send reminder letters as required.