

EAST ISLIP UNION FREE SCHOOL DISTRICT

**1 Craig B. Gariepy Avenue
Islip Terrace, New York 11752**

RFP #020624-1 - INTERNAL AUDITOR

The East Islip Union Free School District, (hereinafter referred to as the "District"), invites proposals from qualified accountants and accounting firms, (hereinafter referred to as "Auditor"), to perform as the internal auditor for the 2024-2025 school year.

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

Description of School District:

The following is a brief description of the District:

- Enrollment: 3,616 pupils K -12
- Number of Employees: approximately 515 contractual and 275 per diem/hourly
- Component District of Eastern Suffolk BOCES
- Schools: Connetquot Elementary School, John F. Kennedy Elementary School, Ruth C. Kinney Elementary School, Timber Point Elementary School, East Islip Middle School, and East Islip High School
- Board of Education: Five (5) member board of education
- Financial Management:
Superintendent of Schools: Paul M. Manzo
Assistant Superintendent for Business: Stephen D. Harrison
Audit Committee

Additional background information may be found at the end of this RFP.

1. PURPOSE

The District requests proposals from qualified individuals and accounting firms interested in performing internal audit functions for the District on an as-needed basis beginning on or after July 1, 2024 with a renewal for up to four (4) additional one year terms upon the approval of the Board of Education. The internal audit function will be performed to ensure that appropriate internal controls are in place and that they are being performed in accordance with the District's policies, procedures, and to follow relevant regulations promulgated by the State Education Department or the Office of the State Comptroller.

2. SCOPE OF SERVICES

The District is soliciting the services of qualified accountants or accounting firms to provide the internal audit function for the District. The internal audit function will be performed to provide an assessment of whether (1) the District's financial policies and procedural controls are effective; (2) the financial policies and procedures are operating as intended and; (3) that all expenditures of School District funds are in accordance with laws, regulations, and District policy. The services shall include, but not be limited to: program audits, economy and efficiency audits, financial related audits and the like, as deemed necessary by the District and the Board. The scope of the work will be determined based on regulations of the Commissioner with regard to the internal audit function as set forth at 8 NYCRR § 170.12(b) and the terms and conditions of this RFP. The internal audit services are to be performed in accordance with the provisions contained in this RFP and generally accepted auditing standards for internal audits; the standards for auditing contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, or the standards established by the Institute of Internal Auditors and guidelines promulgated by the Department of Audit and Control and Education Department of the State of New York. It may be necessary to coordinate functions or requests for documentation with the external auditor.

The Internal Auditor should be familiar with the legal requirements of the Internal Audit Function and those associated with purchases in a public school environment. The Internal Auditor must:

- Obtain, read and refer to copies of the external auditor's management letter for the past three (3) years.
- Obtain, read and refer to copies of the District's current Board policies and regulations relating to District finances, including the District's policy governing quotations and requests for purchases for which bid is not required.
- Obtain, read, and be familiar with Board of Education decisions by reviewing Board of Education minutes and memoranda.
- Have experience and knowledge with regard to the following:
 - New York State Education Law Section 2116-b as it pertains to the Internal Audit Function, together with the implementing regulations of the Commissioner of Education.
 - The legal requirements associated with General Municipal Law section 103 and the bidding requirements.
 - The practice and use of cooperative bidding, county contracts, and state OGS contracts.
 - Construction contracts, lease and lease-purchase agreement requirements.
 - Professional service and consultant contracts.
 - Adhering to internal audit guidelines generally accepted by the Institute of Internal Auditors.

The Internal Auditor will on an as-needed basis:

- Perform an initial risk assessment of District operations including, but not limited to, a review of School District business policies and procedures, consideration of operational and compliance aspects; review of financial policies and procedures and practices; as well as communications with the District's Assistant Superintendent for Business and the District's audit committee.
- Perform an annual review and update of such risk assessment.
- Prepare a draft of an internal audit plan based on findings from the risk assessment, meet with the Audit Committee to review the audit plan and make adjustments.
- Conduct annual, or more frequently, if so directed by the Board, testing and evaluation of one or more areas of the District's internal controls, taking into account risk, control weaknesses, size, and complexity of the District's operations. These areas include, but are not limited to:
 - District IT programs and controls
 - Certification of Payroll
 - Physical Payroll Audit
 - Review of the Bank Reconciliations and Treasurer's Report
 - Review of Payroll Processes and related controls
 - Review Check Signing Procedures and related controls
 - Fixed Asset Sampling
 - Review of the Fixed Asset Inventory
 - Co-curricular/Extracurricular Club Activities
 - District Transportation Operations
- Perform testing and validation functions as necessary, including but not limited to:
 - Make an independent selection of key controls to ensure that controls are appropriate and effective when applied.
 - Testing the design and operational effectiveness of internal controls to detect deficiencies.
 - Recommendations for improvements.
- Perform the following duties if investigation into claims is identified as an area of concern:
 - Review all voucher packets, verify mathematical accuracy.
 - Ensure that each voucher packet includes a purchase order signed by the purchasing agent, a signed receiving copy, and an original invoice.
 - Ensure that voucher packets without purchase orders include a claim form signed by the individual making the claim, approved by the supervisor, signed by the purchasing agent, and have original receipts attached.
 - Ensure that the invoice clearly describes the goods or services purchased and matches the purchase order.

- Ensure that the invoiced price is comparable to the estimated cost on the purchase order or any addendum and if the invoice cost is above the purchase order that the purchasing agent has approved the increased cost.
 - Ensure that the District does not pay any sales tax.
 - If the expenditure is one that requires bidding, make certain there is evidence that the merchandise was acquired through a bid, either by the District or through a co-operative bid or state contract.
 - If the expenditure is one that does not require bidding, make certain there is evidence that the purchase is in compliance with School District policy.
 - Review all voucher packets for their reasonableness.
- Perform the following duties periodically:
 - Review journal entries and wire transfers.
 - Review and test addresses of vendors to ensure their legitimacy.
 - Review School District investments for compliance with NYS Law and collateralization, test for compliance with arbitrage constraints.
 - Review overtime and stipend calculations on a test basis.
 - Audit payroll registers and salary notices against Board of Education minutes to ensure that employees are approved by the Board.
 - Review and initial the bank reconciliations and treasurer's report on a monthly basis.
 - Compare the check log maintained by the accounts payable department against the treasurer's report to the Board of Education.
 - Review the revenues of the District comparing outside reports with the treasurer's report, such as tax collections, state and federal aids.
 - Conduct fixed asset verification
 - Review Extra Classroom Quarterly Statement and supporting documentation.
 - Perform school lunch cash counts periodically and meal observation; verify free and reduced and prepaid meals for accuracy.
 - Compare the check log maintained by the accounts payable department against the treasurer's report to the Board of Education.
 - Review the revenues of the District comparing outside reports with the treasurer's report, such as tax collections, state and federal aids.
 - Review:
 - Co-curricular/Extracurricular Club Activities
 - District Transportation Operations
 - Conduct periodic payroll check verification
- Perform audit procedures designed to identify unusual and/or questionable transactions.
- Monitor the internal controls of the School District:
 - Review any recommendations regarding the internal controls with the Assistant Superintendent for Business and then report findings to 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.
- Preparation of reports, at least annually or more frequently as the Board of Education or the Audit Committee may direct, which identify risks and recommend changes for strengthening controls and reducing risks. These reports shall:
 - Identify and analyze significant risks from assessment findings;
 - Recommend changes for strengthening controls and assist the District in reducing identified risks;
 - Specify timeframes for implementation of such recommendations, and;
 - Provide other internal audit services as required by New York State Education Law, the Regulations of the Commissioner of Education, or as deemed necessary by the Board of Education.
- Report to the Board of Education of the School District.
- Attend meetings of the Board of Education of the School District as needed or requested.
- In the event the 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 Chairperson of Audit Committee and 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.

Reports to be Issued

Reports to be issued shall include a Risk Assessment and Audit Plan. The written reports will include items that are disclosed when performing the internal audit services, including but not limited to the risk assessment findings, recommendations to strengthen controls and reduce risks specifying timeframes for implementing recommendations.

The auditor shall issue written reports:

- In the required timeframe,
- That include internal control items such as an analysis of the risk assessment findings, appropriate recommendations to strengthen internal controls and reduce risk,
- That include exceptions in testing and control, and
- That communicate any deficiencies found during the audit process.

The written reports shall include reportable conditions and should specifically include and discuss all significant deficiencies and material weaknesses.

3. REQUIREMENTS FOR SUBMITTAL OF A PROPOSAL

All proposals must be submitted in two (2) parts. Part I must consist of all-inclusive responses to the management and qualifications items. Part II must consist of the 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. Ten (10) copies of each proposal must be submitted. One (1) copy must be titled "ORIGINAL" and all other nine (9) copies titled "COPY". Each page of the proposal must state the firm submitting the proposal and the page number. All materials submitted in response to this request shall become the property of the District.

There is no express 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.

PART I - Management and 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 claims and internal auditing and if the firm is 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. The firm should include prior or current engagements pursuant to the Amended Single Audit Act and Office of Management and Budget Circular A-133, and work experience in performing the internal audit function for school districts as required by Chapter 263 of the NYS Education Law Section 2116-b. Also, indicate any services to related industry, if applicable. Describe the individual's or firm's experience and expertise focusing on internal controls, providing internal audit services in general, as well as for school districts or related entities.
- 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 copy of the individual's or firm's latest peer review.

G. Provide any other information that might be beneficial to the District.

The firm should provide an affirmative statement that it is independent of the District. No person shall be eligible for appointment to the office of Internal Auditor who shall be:

- i. A member of the Board;
- ii. The Clerk or Treasurer of the Board;
- iii. The Superintendent or official of the District responsible for business management;
- iv. The Purchasing Agent;
- v. Clerical or professional personnel directly involved in accounting and purchasing functions of the District or under the direct supervision of the Superintendent;
- vi. The individual or entity responsible for claims auditing (the "Claims Auditor");
- vii. The External (Independent) Auditor responsible for the external audit of the financial statements; or
- viii. A close or immediate family member of an employee, officer, or contractor providing services to the District. A "close family member" is defined as a parent, sibling, or non-dependent child; an "immediate family member" is a spouse, spouse equivalent, or dependent (whether or not related).

The Board may delegate the internal auditor function by using inter-municipal cooperative agreements, shared services through a Board of Cooperative Educational Services, or independent contractors, providing that the individual or organization serving as independent contractor meets the following standards for independence between the Claims Auditor and the District:

- i. Has no other responsibilities related to the business operations of the District;
- ii. Has no interest in any other contracts with, and does not provide any goods or services to, the District; and
- iii. Is not a close or immediate family member, as defined above, of anyone who has responsibilities related to business operations of the District, or has an interest in any other contracts with the District.

PART II - Cost

State the hourly rates at which the services of all partners, managers, senior accountants, staff accountants, or other personnel 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 provision of the above-described services on an as needed basis for the 2024-2025 school year and subsequent annual renewals up to a maximum of four (4) years. The estimate is being provided to assist proposers in the preparation of their RFP responses. The School District does not guarantee any volume of work or services.

4. PROPOSAL SUBMISSION

Proposals must be clearly labeled and submitted to Jenny Bejarano, Purchasing Agent, no later than 10:00 a.m. on February 6, 2024. Proposals submitted after that time and date will not be considered and will be returned to the submitter unopened.

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

5. EVALUATION PROCEDURES

A. Review of Proposals

The Audit Committee will review qualifications of the proposals. Firms with unacceptably low technical qualifications will be eliminated from further considerations.

The District reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

B. Evaluation Criteria

- Auditing experience of staff assigned to engagement
- Knowledge and experience of New York State School District Regulations
- Knowledge and experience in Suffolk County school districts

- Ability to respond quickly to issues that may arise
- Audit approach, type of program, and time frame
- Professional fees

C. Oral Presentation

During the evaluation process, the Audit Committee may request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions that the Audit Committee may have on a firm's proposal.

D. Final Selection

The Board of Education may select a firm based upon the recommendations of the Audit Committee. It is anticipated that a firm will be selected on or about March 7, 2024. Following notification of the firms selected, it is expected that a contract will be executed between both parties.

E. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Board of Education and the firm selected. The District reserves the right, without prejudice, to reject any or all proposals.

F. Term of Contract/Form of Contract

Contract Period: July 1, 2024 through June 30, 2025. This contract shall be for one (1) year, with the option to renew for additional one year periods, not to exceed four (4) years, upon approval of the Board of Education for each year, at its sole discretion.

By submission of a proposal, the proposer understands and agrees that the terms and conditions set forth in the within RFP shall be incorporated into the form of Agreement between the Board of Education and the successful proposer. Said Agreement is subject to review and approval of the District's legal counsel.

G. Termination of Contract

Any contract agreed to under this RFP is subject to termination by either party 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.

H. Freedom of Information Law

The New York State Freedom of Information Law as set forth in Public Officers Law, Article 6, mandates public access to government records. However, proposals submitted in response to this RFP may contain technical, financial background or other data, public disclosure of which could cause substantial injury to the proposer's competitive position or constitute a trade secret. Proposers who have a good faith belief that the information submitted in their proposals is protected from disclosure under the New York Freedom of Information Law must clearly identify the pages of the proposals containing such information by typing in bold fact on the top of each page, **'THE PROPOSER BELIEVES THAT THIS INFORMATION IS PROTECTED FROM DISCLOSURE UNDER THE STATE FREEDOM OF INFORMATION LAW.'** The District assumes no liability for disclosure of information so identified, provided that the District has made a good faith legal determination that the information is not protected under applicable law or where disclosure is required to comply with an order or judgment of a court of competent jurisdiction.

I. Indemnification

The following clause shall be included in any agreement between the District and the successful proposer:

The successful proposer shall defend, indemnify and save harmless the District, its officers, employees and agents, from and against all claims, damages, losses and expenses (including without limitations, reasonable attorneys' fees) arising out of, or in consequence of, any negligent or intentional act or omission of the successful proposer, its employees or agents.

J. Insurance Requirements:

i. Notwithstanding any terms, conditions or provisions, in any other writing between the parties, the proposer hereby agrees to effectuate the naming of the District as unrestricted additional insured on the proposer's insurance policies, with the exception of workers' compensation and professional liability. If the policy is written on a "claims-made" basis, the retroactive date must precede the date of the contract.

- The policy naming the District as an additional insured shall:

- Be purchased from an A.M. Best A- rated or better insurer, licensed to conduct business in New York State. A New York licensed and admitted insurer is strongly preferred.
 - Contain a 30-day notice of cancellation
 - State that the organization's coverage shall be primary and non contributory coverage for the District, its Board, employees and volunteers with a waiver of subrogation in favor of the District.
 - The District and the Board of Education shall be listed as additional insured by using endorsement CG 2026 or equivalent. The certificate must state that this endorsement is being used. A completed copy of the endorsements must be attached to the certificate of insurance.
 - The certificate of insurance must describe the services provided by the professional consultant that are covered by the liability policies.
- ii. The professional consultant must provide a copy of the declaration page of the liability and umbrella/excess policies with a list of endorsements and forms. The proposer agrees to indemnify the District for any applicable deductibles.
- iii. Required Insurance:
- **Commercial General Liability Insurance**
 \$1,000,000 per occurrence, \$2,000,000 aggregate
 \$2,000,000 Products and Completed operations
 \$1,000,000 Personal and Advertising Injury
 \$100,000 Fire Damage
 \$10,000 Medical Expense
 - **Automobile Liability**
 \$1,000,000 combined single limit for owned, hired and borrowed and non- owned motor vehicles
 - **Workers' Compensation and New York State Disability**
 Statutory Workers' Compensation, Employers' Liability and New York State Disability Benefits Insurance for all employees
 - **Professional Errors and Omissions Insurance**
 \$2,000,000 per occurrence, \$2,000,000 aggregate for the professional acts of the consultant performed under the contract for the District. If written on a "claims-made" basis, the retroactive date must pre-date the inception of the contract or agreement. Coverage shall remain in effect for two years following the completion of work.
 - **Excess Insurance**
 On a "follow-form" basis, with limits of \$3,000,000 each occurrence and aggregate.

Proposer acknowledges that failure to obtain such insurance on behalf of the District constitutes a material breach of contract. The proposer

is to provide the District with a certificate of insurance evidencing the above requirements have been met prior to the commencement of work or use of facilities. The failure of the District to object to the contents of the certificate of the absence of same shall not be deemed a waiver of any and all rights held by the District.

- iv. The District is a member/ owner of the New York Schools Insurance Reciprocal (NYSIR). The proposer further acknowledges that the procurement of such insurance as required herein is intended to benefit not only the District, but also NYSIR as the District's insurer.

ADDITIONAL INFORMATION FOR THE INTERNAL AUDITOR PROPOSAL

RFP Inquiries: Any question submitted by an individual or firm regarding this RFP must be directed, in writing, to Jenny Bejarano, Purchasing Agent. All questions must be submitted by January 22, 2024. Written response, together with original inquiry, will be forwarded to all individuals or firms receiving this RFP.

Accounting Funds:

- General Fund
- Special Revenue Fund:
 - Special Aid Fund
 - Food Service Fund
- Capital Projects Fund
- Trust & Agency Funds:
 - Expandable Trust Funds
 - Nonexpendable Trust Funds
 - Agency Funds
- Account Groups:
 - General Fixed Assets Accounts

Checks Processed: An average of approximately 150 accounts payable vouchers and checks are processed bi-weekly.

Payroll Checks: -Payroll is processed bi-weekly.
-Approximately 750 checks distributed each payroll

Purchasing: -Approximately 2630 purchase orders annually, including but not limited to:
-BOCES Cooperative Bids
-New York State Purchasing Contracts
-In District Bids

Budget: -General Fund Budget for the 2023-2024 School Year is approximately \$125,761,934
-Federal Funds are dependent on Allocations
-Approximately \$7,000,000 of activity is expected in the Capital Fund during the 2023-2024 School Year.

Current Auditing: Claims Auditor: Cerini & Associates
External Auditor: RS Abrams

Financial Software: nVision

NAME & ADDRESS OF PROPOSER: _____
(please print)

FEDERAL EMPLOYEE ID# _____

TELEPHONE NUMBER: () _____

FAX NUMBER () _____

EMAIL ADDRESS _____

SIGNATURE & TITLE _____
(signature)

(please print name)

Date

NO CONTRACT BECOMES BINDING UNTIL THE NECESSARY FUNDS HAVE BEEN APPROVED FOR THE FISCAL YEAR DURING WHICH THE CONTRACT IS IN EFFECT