

REQUEST FOR PROPOSAL

CLAIMS AUDITING SERVICES



ISSUE DATE: 10/21/2013

RFP Number: 13-14-042

Proposal Due Date: Wednesday, November 13, 2013 @ 2:00 PM EST

Designated Contact: Craig A. Koepfel, Director of Purchase

65 Niagara Square – Room 816 City Hall

Buffalo, NY 14202

Voice: 716-816-3583

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Proposals should be submitted to Craig Koepfel, Director of Purchase, 65 Niagara Square, Room 816 City Hall, Buffalo, NY 14202 no later than 2:00 PM on Wednesday, November 13, 2013. The attached Request for Proposal provides general information regarding the District and the specific requirements for proposals to be submitted.

GENERAL INFORMATION

The Buffalo City School District is an independent school district with approximately 33,000 students and 5,000 full-time employees. There are approximately 65 facilities. The District's website is www.buffaloschools.org. Financial and audit related information can be found on the web at:
<http://www.buffaloschools.org/Finance.cfm?subpage=237>.

The District's total annual budgets for the General, Food Service and Special Projects funds are \$794 million, \$32 million and \$114 million, respectively. The following statistics are from the 2012-13 fiscal year: The District's Purchasing department issued approximately 10,000 purchase orders. The District's Accounts Payable department processed approximately 20,000 invoices and generated about 10,000 checks (electronic and paper), totaling about \$524 million. The following table shows the number of invoices paid by the dollar amount of the invoice:

Transactions Processed through the AP system 7/1/12-6/30/13

| up to : | # of invoices | % | dollars spent | % |
|-------------|---------------|--------|---------------|--------|
| \$ 50 | 1,375 | 6.8% | 39,774 | 0.0% |
| 100 | 2,403 | 11.9% | 181,305 | 0.0% |
| 250 | 4,828 | 24.0% | 761,270 | 0.1% |
| 500 | 3,014 | 15.0% | 1,068,901 | 0.2% |
| 1,000 | 2,352 | 11.7% | 1,655,833 | 0.3% |
| 2,500 | 2,147 | 10.7% | 3,409,934 | 0.7% |
| 5,000 | 1,179 | 5.9% | 4,191,154 | 0.8% |
| 10,000 | 752 | 3.7% | 5,271,458 | 1.0% |
| 20,000 | 486 | 2.4% | 6,816,787 | 1.3% |
| 50,000 | 636 | 3.2% | 19,704,777 | 3.8% |
| 100,000 | 278 | 1.4% | 20,848,268 | 4.0% |
| >100,000 | 690 | 3.4% | 459,778,966 | 87.8% |
| Grand Total | 20,140 | 100.0% | 523,728,429 | 100.0% |

Note: some of this spending doesn't require Claims Audit review

Additionally, the District uses approximately 20 procurement cards (Pcards) to make purchases. There were approximately 2,900 Pcard transactions for \$739 thousand during the 2012/2013 fiscal year.

Checks are run on a weekly basis, printed on Thursdays at approximately noon, and mailed on Fridays. This schedule is adjusted in weeks with holidays.

The District has typical educational and food service operations and approximately 90 grant programs for any given fiscal year.

The ledgers of the District are maintained on an automated, real-time computer system (Munis). The District currently prepares voucher packages in paper form, though a paperless system is anticipated to be implemented in the near future.

The District is governed by the Education Law and other general laws of New York State. The Board of Education has nine independently elected members.

WORK AND REPORTING REQUIREMENTS

The District requests proposals from qualified individuals and accounting firms interested in providing claims audit functions for the District beginning after January 1, 2014 (exact start date to be determined). The District's current claims auditor spends approximately 16 hours per week performing claims audit duties. The District's Audit Department has two full time auditors, who review each of the District's claims prior to submission to the Claims Auditor. The Claims Auditor may use a risk based or sampling methodology to determine which claims are to be audited in lieu of auditing all claims as long as the method used to select the sample provides reasonable assurance that all claims represented by the sample are proper charges against the school district. The Claims Auditor will help 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.

The Claims Auditor should be familiar with the legal requirements of performing the duties of the claims audit function and those associated with purchases in a public school environment such as:

- Section 2554 of the NY Education Law, which requires school districts to audit each voucher packet before it is paid.
- General Municipal Law Section 103 and the bidding requirements therein as well as District policy governing quotations and requests for purchase not required to be bid.
- Construction contracts, lease and lease-purchase agreement requirements
- The practice and use of co-operative bidding, county contracts and state OGS contracts
- Professional service and consultant contracts

The following duties shall be performed by an individual or firm appointed as the Claims Auditor, including, but not limited to, the following:

1. Obtain, read and refer to copies of the District's current policies relative to District finances.
2. Refer to copies of the external auditor's management letter and internal audit reports.
3. Obtain a copy of all warrants for period to be reviewed.
4. Obtain all voucher packets pertaining to warrants to be reviewed.
5. Verify that each voucher packet has been accounted for on each warrant.
6. Obtain a list of all individuals authorized to sign off on invoice and/or purchase orders, as well as their titles.

7. Implement Voucher Packet checklists procedure:
 - a. Are purchase order and requisition attached?
 - b. Is purchase order pre-numbered?
 - c. Are all purchase orders in sequence?
 - d. Is the purchase order signed by the Director of Purchase?
 - e. Did the receiving agent (or authorized employee) sign the receiving report indicating work and/or materials delivered to the District are satisfactory and complete?
 - f. Does the address on the purchase order match invoice and receiving report?
 - g. Is the appropriate detailed back-up and/or are the original receipts attached?
 - h. Is the invoice an original and not a fax or photocopy?
 - i. Is the invoice approved for payment?
 - j. Is the amount accurate on the invoice?
 - k. Are all goods and services clearly described on the invoice?
 - l. Do the goods and/or services on the invoice match the purchase order?
 - m. Verify purchase order estimated costs are comparable to the invoice.
 - n. Verify that New York sales tax is not being paid
8. Trace any payments made to consultants or for professional services to contract and Board minutes.
9. Trace any payments for benefits to the collective bargaining agreement and review for proper payment.
10. Verify that the District reviewed purchase orders for appropriateness and necessity prior to ordering items.
11. Verify that all purchases associated with an open purchase order do not exceed purchase order limit.
12. Verify that all quotes and/or bids obtained are in accordance with General Municipal Law.
13. Verify that all written quotes and/or bids are attached to the voucher package and/or available for review.
14. Sign and date the warrant agreeing to the number of claims as well as the total dollar amount of the warrant after all voucher packages have been reviewed.
15. Remove any voucher package denied from the warrant.
16. Verify that the checks associated with the reviewed and approved voucher packages have been run.
17. Certify the individual vouchers and warrant.
18. Perform any other functions, duties and responsibilities associated with the claims audit function.
19. Provide written reports to the Board upon request, but no less than quarterly basis and meet with the Board as deemed necessary.

Valid claims against the District shall be paid by the District's Accounts Payable Office only upon the approval of the Claims Auditor. The Claims Auditor shall certify that each claim listed on the warrant was audited and payment was authorized.

As a contractor, the claims auditor must provide their own equipment, including: computers, cell phones, and email. All business and travel expenses will be the sole responsibility of the contractor. The contractor will be provided space within the Audit Department to perform all duties, since the original documents cannot be removed from the office. The contractor will be provided access to Munis, since much of the documentation supporting claims is electronically attached to the transaction in Munis.

TERM OF ENGAGEMENT

The term of this engagement will begin during the fiscal year ending June 30, 2014, with up to an additional three full fiscal years (2014-15, 2015-16 and 2016-17.) Fees should be broken into fiscal years ending June 30. The District will pay the Claims Auditor monthly, after claims auditing services for the month have been completed.

This agreement may be terminated upon written notice by the district at any time during the term of said agreement for any cause whatsoever with the fee due and owing the successful contractor to be prorated based on the period of time the agreement was in force and effect up to and including the date of termination. Termination must be accomplished in accordance with applicable rules of the Unified Court System of the State of New York.

PROPOSAL INFORMATION

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

1. Provide evidence of an individual's credentials and qualifications in the area of claims 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.
2. Describe the individual's or firm's experience and expertise providing claims audit services in general, as well as for school districts or related entities.
3. State the name(s) of the officer(s) and associate(s) in the firm.
4. State the names and credentials of all partners, associates, and accountants that might be assigned to this engagement and provide their resumes.
5. Identify the nature of any potential conflict of interest the individual or firm might have in providing these services to the district.
6. Provide a copy of the individual's or firm's latest peer review.
7. Provide a signed Non-Collusive Bidding Certificate as found at the end of this document,
8. Provide any other information that might be beneficial to the District.

No person shall be eligible for appointment to the office of Claims Auditor who shall be:

- a) A member of the Board;
- b) The Clerk or Treasurer of the Board;
- c) The Superintendent or official of the District responsible for business management;
- d) The Director of Purchase;
- e) Clerical or professional personnel directly involved in accounting and purchasing functions of the District or under the direct supervision of the Superintendent;
- f) The individual or entity responsible for the internal audit function (the Internal Auditor);
- g) The External (Independent) Auditor responsible for the external audit of the financial statements;
- h) 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).

Your proposal should clearly state the following:

1. A total fee for the requested services, broken down by the District's fiscal years
 1. Fiscal year ending June 30, 2014 (Since the start date is still to be determined, please provide a monthly equivalent rate for this year.)
 2. Fiscal year ending June 30, 2015

3. Fiscal year ending June 30, 2016
4. Fiscal year ending June 30, 2017

Please provide detail on the budgeted hours and hourly rates at which the services of all partners, managers, senior accountants, staff accountants, or other personnel are to be provided to the District in your proposal.

CLAIMS AUDIT POLICY

The claims audit policy is attached for your reference labeled “Attachment A.”

EVALUATION PROCEDURES

A. Review of Proposals

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

B. Evaluation Criteria

- Auditing experience of staff assigned to engagement
- Knowledge and experience of New York State School District Regulations as represented by the number of claims audit clients, other school district internal/external audit clients, and other large municipal clients
 - References
 - Clarity of the firm’s proposal
 - Professional fees

C. Oral Presentation

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

D. Selection of Claims Auditor

The Board will select a firm based upon the review and evaluation of the proposals. It is anticipated that a firm will be selected. Following notification of the firm selected, it is expected that a contract will be executed between both parties . The selected firm must be prepared to begin work immediately. The contract will not necessarily be awarded to the lowest cost proposal.

CONTACT INFORMATION

Questions should be directed to Craig Koeppel, Director of Purchase via email at cakoeppel@buffaloschools.org. All questions must be submitted by November 4, 2013 @ 1:00 PM EST. All responses will be posted to the BPS website at <http://www.buffaloschools.org/PurchaseDept.cfm?subpage=3566> by November 5, 2013 @ 4:00 PM EST

It is the policy of the Buffalo Board of Education to provide an Equal Employment Opportunity.

Submit two (2) printed copies and one (1) electronic copy (pdf) of your written proposal no later than Wednesday, November 13, 2013 @2:00 PM EST to:

Craig Koepfel
Director of Purchase
816 City Hall
Buffalo, NY 14202
cakoeppel@buffaloschools.org

Proposals must be sealed and clearly labeled “RFP 13-14-042 - Claims Auditor Due 11/15/2013”

RFP TERMS AND CONDITIONS

Bidder Default – Failure of the Bidder to comply with any of these provisions may be considered reason for rejection of proposal.

1. The issuance of this Request for Proposals (RFP) constitutes only an invitation to submit a response to the Buffalo Public Schools (District). It is not to be construed as an official and customary invitation to bid, but as a means by which the District can facilitate the acquisition of information related to the purchase or implementation of services.
2. Any and all information presented herein, including drawings, specifications, instructions, policies, engineering guides, questionnaires, methodologies, etc., which is a part of this RFP package, or disclosed during the selection process, is the property of the District, and shall not be duplicated or disclosed except to those employees of the recipient who have a need to know in order to prepare the response.
3. The District neither makes nor assumes any contractual obligations by issuing this RFP, receiving and evaluating Bidder response, or making preliminary Bidder selection. Providing a response as provided herein shall neither obligate nor entitle a Responder to enter into a contract with the District.
4. This RFP does not commit the District either to award a contract or to pay for any costs incurred in the preparation of a submission. Responders shall bear all costs associated with submission preparation, submission and attendance at presentation interviews, or any other activity associated with this RFP or otherwise.
5. The District reserves the right to determine, in its sole and absolute discretion, whether any aspect of the submission satisfactorily meets the criteria established in this RFP, the right to seek clarification from any Responder (s), and the right to cancel and/or amend, in part or entirely, the RFP, at any time prior to a written contract.
6. The District is not obligated to respond to any submission submitted nor is it legally bound in any manner whatsoever by the submission of a response.
7. Upon submission, all responses become the property of the District. The District reserves the right to use the information and any ideas presented in any submission in response to this RFP, whether or not the submission is accepted.
8. Any information received by the District is subject to public disclosure under Freedom of Information Laws. Any proprietary information must be labeled “confidential” subject to verification by District counsel.

NON-COLLUSIVE BIDDING CERTIFICATION

By submission of this bid, each **Bidder** and each person signing on behalf of any **Bidder** certifies¹, under penalty of perjury, that to the best of his knowledge and belief:

The prices in this bid have been arrived at independently without collusion, consultation, communication, or agreement, for the purpose of restricting competition as to any matter relating to such prices with any other **Bidder** or with any competitor; and

Unless otherwise required by law, the prices which have been quoted in this bid have not been knowingly disclosed by the **Bidder** and will not knowingly be disclosed by the **Bidder** prior to opening directly or indirectly, to any **Bidder** or to any competitor; and

No attempt has been made or will be made by the **Bidder** to induce any other person, partnership, or corporation to submit or not to submit a bid for the purpose of restricting competition.

This proposal is made without any connection with any person making any proposal for the material herein listed and it is in all respects fair and without collusion or fraud, and also, that no Office or Member of the Buffalo Board of Education, City of Buffalo, is directly interested therein, or in the supplies to which it relates, or any portion of the profits thereof.

If the **Bidder** is a corporation, the execution of the non-collusive certification on the form of proposal shall be deemed to have been authorized by the Board of Directors of the **Bidder** and such authorization shall be deemed to include the signing and submission of the bid and the inclusion therein of the certificate as to non-collusion as the act and deed of the corporation.

No bid shall be considered for an award nor shall any award be made to a **Bidder** where the proposal does not include the statements as to non-collusion as set forth in the form of proposal herein; provided however, that if in any case the **Bidder** cannot make the foregoing certification, the **Bidder** shall so state and shall furnish with the bid a signed statement which sets forth in detail the reason. No award shall be made unless the Buffalo Board of Education determines that such disclosure was not made for the purpose of restricting competition. It should be noted that the fact that a **Bidder** has published price lists, rates or tariffs covering items being procured or has informed prospective customers of the proposed or pending publication of new or revised price lists for such items, or has sold the same items to other customers at the same price as being bid, does not constitute, without more, a disclosure to any other **Bidder** or to any competitor within the meaning of the non-collusive certification included in the form of proposal.

Respectfully submitted,

BY _____
(signature)

(print)

TITLE _____

FIRM NAME _____

ADDRESS _____

DATE _____

PHONE _____

¹ In the case of any joint bid (which for these purposes shall include any bid where the **Bidder** has consulted with a subcontractor in making the bid), each party or subcontractor thereto shall sign this non-collusion certification as to its own organization or corporation.

POLICY

Non Instructional/Business
Operations

SUBJECT – CLAIMS AUDITOR

The Board of Education will designate and appoint a claims auditor for the district. The claims auditor shall serve at the pleasure of the Board. The claims auditor shall report directly to the Board. The claims auditor may not be a member of the Board of Education; the clerk or treasurer of the Board; the Superintendent of Schools or other official of the district responsible for business management; the person designated as purchasing agent; and/or clerical or professional personnel directly involved in accounting and purchasing functions of the district. The claims auditor may be an independent contractor or exempt class employee.

The claims auditor is responsible for formally examining and allowing or rejecting accounts, charges, claims or demands against the school district. The auditing process should determine:

1. that the proposed payment is for a valid and legal purpose;
2. that the obligation was incurred by an authorized district official;
3. that the items for which payment is claimed were in fact received or, in the case of services, that they were actually rendered;
4. that the obligation does not exceed the available appropriation; and
5. that the submitted voucher is in proper form, mathematically correct, does not include previously paid charges, NYS and local sales tax, and is in agreement with the purchase order or contract upon which it is based.

The Board may also appoint one or more deputy claims auditors for the district who will act as the claims auditor in the absence of the claims auditor.

The claims auditor may use a risk based or sampling methodology to determine which claims are to be audited in lieu of auditing all claims as long as the method used to select the sample provides reasonable assurance that all claims represented by the sample are proper charges against the school district.

When the claims auditor is an independent contractor, the Board itself shall be responsible for auditing all claims from the contractor.

The claims auditors shall provide periodic written reports, no less than quarterly, or as may be requested by the Board.

Education Law Section 2554 2-a,
2580

ADOPTED: JULY 11, 2012