

Brewster Central School District

Professional Services

MARCH 2020



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

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Report Highlights

Brewster Central School District

Audit Objective

To determine whether the District procured professional services in accordance with Board policies and applicable statutory requirements.

Key Findings

- District officials did not seek competition for professional services from three of the 10 professional service providers reviewed. These providers were paid \$696,291 during the audit period.

Key Recommendations

The Board should:

- Ensure that officials comply with the purchasing policy when procuring professional services.

District officials should:

- Conduct a periodic review of professional service providers to determine the need for new requests for proposals (RFPs).

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

Background

The Brewster Central School District (District) is located in Putnam County and covers the Town of Southeast, and parts of the Towns of Patterson and Carmel.

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

The Board appointed the Assistant Superintendent for Finance and Operations as the purchasing agent who is responsible for implementing the procurement policy.

Quick Facts

Employees	1,015
Enrollment	3,080
2018-19 Appropriations	\$98 million
# of Professional Service Providers	42
Amount Paid to Professional Service Providers	\$24.6 million

Audit Period

July 1, 2017 – June 5, 2019

Procurement of Professional Services

How Should a School District Procure Professional Services?

New York State (NYS) General Municipal Law (GML) requires school districts to adopt written policies and procedures for procuring goods and services not subject to competitive bidding requirements, such as professional services.¹ GML states that the procurement of these goods and services must be in a manner that ensures the prudent and economical use of public funds in the best interest of taxpayers, and not be influenced by favoritism, extravagance, fraud or corruption. Using requests for proposals (RFPs) is an effective way to ensure that the district procures services for the best price. 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 policy² requires the use of RFPs as it directs District officials to contact a number of professionals and request that they submit written proposals. The evaluation of such proposals will consider price plus other factors, such as the special knowledge or expertise of the professional or consultant service, the quality of the service to be provided, the staffing of the services and the suitability for the District's needs.

Officials Did Not Always Seek Competition When Procuring Professional Services

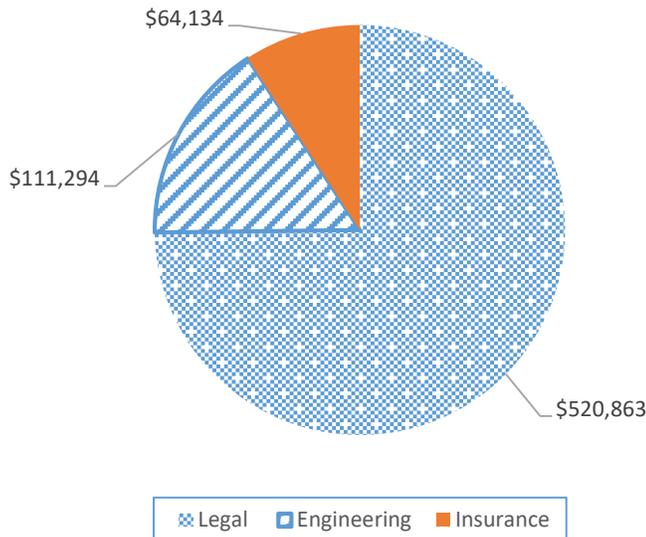
We identified 42 professional service providers who were paid a total of \$24.6 million during the audit period. We selected and reviewed the contracts of 10 professional service providers who were paid approximately \$2 million. We found that District officials did not seek competition from three professional service providers who were paid approximately \$696,000. The three services provided were legal (\$520,863), insurance (\$111,294) and engineering (\$64,134).

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

² Policy number 5410 R

FIGURE 1

Professional Services Without Competition



Furthermore, we found the officials did not periodically review the services of the three professionals to determine if an RFP is needed. Officials have not sought competition for general legal counsel in over 11 years. During audit fieldwork, District officials stated they recognized the need to issue RFPs for general counsel services and will do so during the 2019-20 school year.

The engineering provider has contracted with the District for over 13 years to provide monitoring services as required by the New York State Department of Environmental Conservation and the New York City Department of Environmental Protection. After the initial RFP, the District has continually renewed the contract with the provider and has not sought competition for the services.

The District is a member of New York Schools Insurance Reciprocal (NYSIR). However, the District needs a specific policy type that NYSIR does not provide. District officials stated that NYSIR solicited bids for the type of insurance needed, and the District selected the insurance provider based on NYSIR's recommendations. However, the insurance company has been serving the District for 14 years and officials did not provide any documentation from NYSIR indicating that competition was sought recently.

When District officials do not seek competition, they cannot assure taxpayers that procurements are made in the most prudent and economical manner, without favoritism, extravagance, fraud or corruption.

What Do We Recommend?

District officials should:

1. Conduct a periodic review of professional services providers to determine the need for new RFPs.

The Board should:

2. Ensure that officials comply with the purchasing policy when procuring professional services.

Appendix A: Response From District Officials



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Assistant Superintendent for
Finance and Operations

Brent Harrington, Ed.D.
Director of
Human Resources

February 26, 2020

Ms. Lisa Reynolds, Chief Examiner
Office of the State Comptroller
33 Airport Center Drive, Suite 103
New Windsor, NY 12553

Dear Ms. Reynolds,

This letter serves as the Brewster Central School District's combined acknowledgement response and corrective action plan pursuant to Examination Report # 2019M-235: Professional Services. Our corrective action plans are described below for each recommendation included in the audit report:

Audit Recommendation 1: District officials should conduct a periodic review of professional services providers to determine the need for new RFPs.

Implementation Plan of Action 1: Each spring, the Purchasing Agent reviews annual purchases with Requisitioners in each department to identify those goods or services which require procurement through a competitive bid or RFP.

Implementation Date 1: Immediately, and annually each subsequent year.

Person Responsible for Implementation 1: Purchasing Agent.

Audit Recommendation 2: The Board should ensure that officials comply with the purchasing policy when procuring professional services.

Implementation Plan of Action 2: Each invoice for professional services is reviewed by the Claims Auditor and compared to a contract or agreement. Exceptions to the Purchasing Policy are notated in the Claims Audit report and provided to the Board of Education each month.

Implementation Date 2: Immediately.

Person Responsible for Implementation 2: Claims Auditor.

We thank you for your professionalism and guidance during the audit fieldwork, which resulted in the immediate implementation of the improvements described above.

Sincerely,

Sonia Mesika
President, Board of Education

Laurie Bandlow
Superintendent of Schools

Victor Karlsson
Assistant Superintendent
for Finance & Operations

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 reviewed the Board's adopted policies and written procedures to determine whether they addressed procuring goods and services that are not subject to competitive bidding, in accordance with statutory requirements.
- We interviewed officials to gain an understanding of the District's procurement practices.
- We reviewed cash disbursement data for our audit period and identified 42 professional services providers. We reviewed our identified population with District officials to determine whether all vendors were professional services providers.
- We selected and reviewed the contracts of the highest 10 paid professional service providers during our audit period, and reviewed the RFP documentation, if any, to determine if District officials sought competition for the services of the providers. For those services where the District did not seek competition, we made inquiries of officials to determine why competition was not sought.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). 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.

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/localgov/regional_directory.pdf

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

www.osc.state.ny.us/localgov/costsavings/index.htm

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

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

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

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm

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

www.osc.state.ny.us/localgov/planbudget/index.htm

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

www.osc.state.ny.us/localgov/pubs/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/localgov/finreporting/index.htm

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

www.osc.state.ny.us/localgov/researchpubs/index.htm

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

www.osc.state.ny.us/localgov/academy/index.htm

Contact

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Local Government and School Accountability Help Line: (866) 321-8503

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