

**Nyack Union Free School District
13A Dickinson Avenue
Nyack, New York 10960**

REQUEST FOR PROPOSAL

INTERNAL AUDITING SERVICES

2010-11 FISCAL YEAR

1. Purpose

The Nyack Union Free School District (District) is requesting proposals from qualified certified public accountants or CPA firms to perform Internal Audit services for the fiscal year July 1, 2010 through June 30, 2011, with the option of performing similar services for each of the four subsequent fiscal years. The internal audit function will be performed to ensure that the operating procedures including all internal controls are being followed. The Internal Auditor will advise the Board of Education in the areas of financial oversight, accountability, and fiduciary responsibility of the District's assets and operations.

The internal audit services will be conducted in accordance with generally accepted auditing standards; the standards for auditing contained in Government Auditing Standards, issued by the Comptroller General of the United States ("Yellow Book Standards") or the standards established by the Institute of Internal Auditors ("Red Book Standards") and guidelines promulgated by the Department of Audit and Control and Education Department of the State of New York.

Proposal Submission:

Proposals must be clearly labeled and submitted with ten copies to the Business Office located at 13A Dickinson Avenue, Nyack New York 10960 on or before 10:00 AM prevailing time, on March 2, 2010. Firms or qualified certified public accountants interested in submitting a proposal must notify the District of their intent to submit proposal via email to either Carleen Millsaps at cmillsaps@nyackschools.com or Gloria Menoutis at gmenoutis@nyackschools.com by February 23, 2010. There is no expressed 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. Proposals submitted after the stated time and date will not be considered and will be returned to the firm unopened.

2. Scope of Services:

- A. Perform an initial risk assessment of the operations of the District with an annual risk assessment update in each of the subsequent years of service, including testing and evaluation of the internal control procedures and review of financial policies to include:
- a. Checklists and flow charts outlining the internal control procedures
 - b. Identify areas of concern based on evaluation of internal controls
 - c. Review Board Policies and perform reviews to ensure compliance
 - d. Assess areas of high risk and advise the Audit Committee accordingly
 - e. Prepare a summary report of all findings and review with the Audit Committee

Additional responsibilities of the Internal Auditor may include:

- a. Review of Certified of Payroll
 - b. Review of Bank Reconciliations and Treasurer's Report
 - c. Payroll Observations
 - d. Review Check Signing Log
 - e. Fixed Asset Sampling
 - f. Review of Free & Reduced Applications
 - g. Review of Extra-Classroom Activity Accounts
 - h. Review Medicaid Processing
 - i. Review STAC Processing
 - j. Review E-Rate Filings
- B. In the event the Internal 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 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.
- C. Perform Testing and Validation functions:
- a. Make an independent selection of key controls for testing to assure that controls are appropriate and are effective when applied.
 - b. Test the design and operating effectiveness of these internal controls to detect deficiencies.
- D. Perform audit procedures designed to identify unusual and/or questionable transactions.

- E. Monitor the internal controls of the school district:
 - a. Review any recommendations regarding the internal controls with Business office personnel and the Board of Education.
 - b. 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.

- F. Report to the Board of Education of the school district on a semi-annual basis.

An individual or firm can schedule an appointment prior to submission of any proposal to meet with Carleen Millsaps, Assistant Superintendent for Business to review the scope of services provided to the District. Please contact the Business Office at 845-353-7033 during the week of February 22-26, 2010 between the hours of 8:00 a.m. and 4:00 p.m. to schedule an appointment.

All proposals must be submitted in two parts. Part I must consist of responses to the management and qualifications items. Part II must consist of 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. Each page of the proposal must state the firm submitting the proposal, the fact that the RFP is being submitted to Nyack UFSD, and the page number. All materials submitted in response to this request for quotation shall become the property of the District.

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 internal auditing and if a firm be 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. Describe the individual’s or firm’s experience and expertise focusing on internal controls.

- 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.

PART II – Cost:

State the rates at which the services of all partners, managers, senior accountants, staff accountants, or other personnel that would be provided to the District. In addition, state which partners and/or staff is 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 engagement for a school fiscal year.

3. Background:

As background information about the District, the following documents are available upon request:

2007-08 Independent Audit
2008-09 Independent Audit

4. Evaluation Criteria

Proposals submitted will be evaluated by a committee consisting of several business office personnel. A recommendation will be made to the Superintendent and Board of Education/Audit Committee. Proposals will be evaluated and scored for both technical qualifications and cost. Interviews will be scheduled as necessary at the convenience of the Audit Committee.

Technical qualifications are to include that the proposer:

- substantiates qualifications commensurate with duties of an internal auditor.
- meets independence standards, including having no conflict of interest with regard to any other work performed by the proposer for the District
- submits a copy of their last external quality control/peer review report and substantiates experience in providing high quality internal audit work
- adheres to the instructions in his request for proposal on preparing and submitting the proposal
- the proposer's past experience and performance on comparable school district engagements
- has assigned a quality managerial accountant to oversee the engagement and to be available for technical consultation
- has assigned quality staff accountants to this engagement

Cost will not be the primary factor in the selection of an Internal Auditor.

During the evaluation process, the District may, at its discretion, request any or all proposers to make oral presentations. Such presentations will provide proposers with an opportunity to answer any questions the District may have on their proposal. Not all proposers may be asked to make such oral presentations.

It is anticipated that the selection of a firm will be completed by March 16, 2010.

5. Renewal of Contract

The District reserves the right to renew this agreement for four (4) additional one year periods. Said renewal will be contingent upon the approval of the School District's budget for renewal period.

6. Termination of Contract:

Any contract agreed to under this Request for Proposal 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.

7. **Right to Reject Requests for Proposal:**

Submission of proposal indicates acceptance by the proposer of the conditions contained in this request for proposal. The District reserves the right to reject without prejudice any and all quotations received under this Request for Proposal.

Information Facts for the Internal Audit Proposal

Accounting Funds:

- General Fund; Special Aid Fund; School Lunch Fund Expendable Trust Fund, Nonexpendable Trust Fund; Capital Fund; General Fixed Assets Account Group; General Long Term Debt Account Group; Student Activity Fund

Checks Processed:

- An average of 250 accounts payable vouchers and checks bi-weekly

Payroll Checks:

- Approximately 475 Full-time employees
- Up to 100 Part-time employees including hourly workers, tutors, and substitutes
- Payroll processed every two weeks

Purchasing:

- Approximately 4,000 purchase orders processed annually
- Cooperative Bids with So. Westchester BOCES, Educational Data Services, Other Rockland County School Districts, as well as New York State contract purchases