



# Addison Central School District

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## Procurement of Professional Services

2023M-6 | July 2023

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# Report Highlights

## Addison Central School District

### Audit Objective

Determine whether Addison Central School District (District) officials sought competition for the procurement of professional services.

### Key Findings

District officials did not seek competition for most professional services in accordance with District policy. District officials:

- Paid approximately \$365,000 to 12 of the District's 14 professional service providers without seeking competition.
- Did not solicit a request for proposal (RFP) for audit services within the last five years as required by Chapter 263 of the Laws of 2005.
- Have consistently used the same construction management company since 2004 and bond counsel since 2002.

Because officials did not always seek competition for professional services or did not seek competition in a timely manner, officials cannot assure taxpayers that services were procured in the most economical way and without favoritism.

### Key Recommendation

- Solicit competition when procuring professional services, as required by District policy and law.

District officials generally agreed with our recommendations and indicated they plan to initiate corrective action. Appendix B includes our comment on issues District officials raised in their response.

### Background

The District serves the Towns of Addison, Cameron, Canisteo, Erwin, Lindley, Rathbone, Thurston, Troupsburg, Tuscarora and Woodhull in Steuben County.

The District is governed by an elected seven-member Board of Education (Board), which is responsible for the general management and control of financial and educational affairs. The Superintendent of Schools, along with other administrative staff, are responsible for the District's day-to-day management.

The Board-appointed purchasing agent is an employee of the Greater Southern Tier Board of Cooperative Educational Services (GST BOCES) central business office and responsible for overseeing the District's procurement process, including approving purchase orders.

#### Quick Facts

Professional Service Providers	
Paid During the Audit Period	\$639,934
Count	14
2022-23 General Fund Appropriations	\$34.7 million

### Audit Period

July 1, 2021 – January 11, 2023

We extended our audit period back to March 1, 2015 to review the RFP for auditing services.

# Professional Services

## How Should School District Officials Procure Professional Services?

School district officials must procure professional services in a manner that ensures the prudent and economical use of public funds in the taxpayers' best interest. Officials must comply with New York State General Municipal Law Section 104-b that requires school districts to adopt and annually review written policies and procedures governing the purchase of goods and services not subject to competitive bidding requirements, such as professional services. These requirements are supported by basic economic theory that demonstrate that when firms have to compete for customers, it leads to lower prices, higher quality goods and services, greater variety and more innovation.

Officials must comply with Chapter 263 of the Laws of 2005 that require school districts to use a competitive request for proposals (RFP) process to procure independent annual audit services and limit the term of the audit engagement to no longer than five consecutive years.

In addition, officials should follow the District's procurement policy that requires officials to periodically (at least every five years) seek competition for professional services, which are generally those that require specialized skill or training, such as legal, medical, auditing and appraisal services. The policy also requires the District to use an RFP process to obtain proposals from professional service providers. When evaluating RFPs, officials can give consideration to factors such as experience, staffing, the suitability of needs and price.

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...[T]he District's procurement policy ... requires officials to ... seek competition for professional services. ...

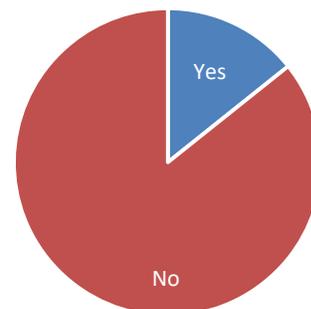
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## Officials Did Not Seek Competition for Most Professional Services

During the period July 1, 2021 through October 27, 2022, the District made payments, totaling approximately \$640,000, to 14 professional service providers. We reviewed the procedures District officials used to select these providers and found officials could not support they issued RFPs for professional services provided by 12 providers totaling about \$365,000 (Figure 1). For example, officials have consistently used the same construction management company since 2004 and bond counsel since 2002 and have not issued an RFP for these services within the last five fiscal years as required by District policy. In addition, the District last sought competition for independent audit services in March of 2015. The District should have sought competition for audit services no later than 2020.

FIGURE 1

### Was an RFP Used to Procure Professional Services?



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The purchasing agent did not ensure that RFPs were issued to solicit competition for professional services prior to issuing the purchase order because she relied on the District's Business Office to issue the RFPs. However, District officials stated that RFPs were not issued because they have a longstanding relationship with many of these professional service providers, that the providers have an understanding of District operations and that they are extremely happy with their services.

Although District officials may be satisfied with the District's current professional service providers, District officials should seek competition in a timely manner in accordance with statute and their policy. Using RFPs increases awareness of other service providers who could offer similar services at a more favorable rate, could result in existing providers providing more favorable terms, and helps assure taxpayers that procurements are made in their best interest.

When officials do not seek competition for professional services or do not seek competition in a timely manner, they lack assurance that services are procured in the most economical way, in the best interests of taxpayers and without favoritism.

### **What Do We Recommend?**

The Board and District officials should:

1. Use an RFP process to solicit competition when procuring professional services, as required by District policy and applicable statute.

# Appendix A: Response From District Officials

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**Rich Everly**  
School Business Administrator



*Committed to  
Student Success*

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Office of the State Comptroller's Office:

Thank you for your feedback regarding Addison Central School District's solicitation of requests for proposals for professional services. We appreciate your interest in our operations and welcome your unique perspective.

We are especially thankful for your comments and suggestions regarding our district's current policy related to contracts for professional services which includes very restrictive language requiring request for proposals every five years for all professional services. We agree with the Office of the State Comptroller's auditors that this policy should be modified and have already taken the initial step of discussing this publicly with the Board of Education, on 3/14/2023. We then plan to modify our formal Board policy accordingly. This policy will be going to the Board for a first read and review on 3/28/2023, with an anticipated adoption date of 4/17/2023.

See  
Note 1  
Page 5

Conversely, the district has developed a good working relationship with many of our professional service vendors over time, which assists the service provider in being more efficient and effective in completing projects. Our vendors have also developed specialized expertise, customized to the needs of the district, which can be difficult for new vendors to replicate the cost savings to the district

See  
Note 1  
Page 5

The district will review our list of current professional services and create a schedule of anticipated request for proposals.

Thank you again for bringing this matter to our attention, and please do not hesitate to reach out to us with any further concerns or suggestions.

Rich Everly  
School Business Official

3/29/2023

## Appendix B: OSC Comment on the District's Response

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### Note 1

Our audit did not recommend that District officials modify the District's current procurement policy, which has adequate guidelines for procuring professional services at least every five years. By seeking competition, District officials can become aware of other service providers who could offer similar services at a more favorable rate, negotiate more favorable terms from existing service providers, and assure taxpayers that they are making procurements in their best interest.

## Appendix C: Audit Methodology and Standards

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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 interviewed District officials and employees and reviewed the District's procurement policy and procedures to gain an understanding of the District's procurement process.
- We reviewed electronic cash disbursement data for the audit period and sorted data to select the population of professional service providers subject to RFPs according to the District's procurement policy. We identified 14 professional service providers who were collectively paid \$639,934 during the period July 1, 2021 through October 27, 2022. We reviewed these payments to determine whether the District issued RFPs to procure these services in accordance with the policy and law.

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

The Board has the responsibility to initiate corrective action. 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 D: Resources and Services

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