



# **MAGNOLIA PUBLIC SCHOOLS**

**Request for Proposal to Provide Back Office Services**

**Due Date: March 6, 2015**

## **I. Overview**

Magnolia Public Schools (“MPS”), a public charter school in the State of California and headquartered in Westminster, California is seeking to outsource its back office services.

MPS is a network of 11 high-performing public charter schools that serves close to 3,700 students in Los Angeles, Orange, Santa Clara and San Diego Counties. For more than a decade, MPS has delivered high quality education emphasizing science, technology, engineering and math. MPS is regularly recognized as having some of the top-performing schools in the nation with MPS Science Academy (Reseda) ranked among the top high school in the country by U. S. News and World Report and the Washington Post in 2012.

Having our students achieve their potential is an imperative for MPS, and as such each MPS charter petition delineates specific charter school’s annual goals, including goals to be achieved in the state priorities, core academic skill goals, and goals for lifelong learning and interpersonal skills. The charter petitions also describe specific actions to achieve those goals, measurable pupil outcomes, and methods for measuring pupil outcomes.

Most recently Caprice Young, a notable public education leader, has taken over as the school’s Chief Executive Officer with the most urgent priorities of ensuring that MPS’ operations are efficient, effective and transparent and able to sustain the level of education for which the school is known. Given the financial challenges and audits surrounding some of MPS’ sites and its home office, other high priorities include ensuring that MPS is positioned to have stable cash flow, ample liquidity and financial and operational capacity. It is with these goals in mind that we are soliciting for the provision of back office services beginning in FY 2015-16.

## **II. Required Services**

Magnolia Education & Research Foundation (“MERF”) provides a variety of support services to MPS sites, including but not limited to the services identified in the list that follows. It is our expectation that the selected firm will collaborate, communicate and integrate seamlessly with MERF staff including the chief executive officer, chief financial officer and controller, among others.

In an effort to standardize assumptions across all potential service providers (“Provider”), MPS proposes that for purposes of this request for proposal (“RFP”), Provider should assume that all services provided in the table below (“Externally Provided Services”) and within the “Scope of Services” in Section IV (which may be redundant) encompass MPS’ expectation as to services to be provided.

Externally Provided Services	Internally Managed Services
<ul style="list-style-type: none"> <li>▪ Accounts payable</li> <li>▪ Accounts receivable</li> <li>▪ Payroll and accompanying report</li> <li>▪ Cash flow management</li> <li>▪ Training on tools and processes</li> <li>▪ Budget preparation support</li>   <li>▪ Financial reports preparation (Board &amp; Mgmt.)</li>   <li>▪ Regulatory reporting &amp; compliance (including Title I)</li> <li>▪ California Public Attendance Data; Student data; testing; etc.</li> <li>▪ Local Control Funding Formula/Local Control Accountability Plan</li> <li>▪ Accounting Technology</li>   <li>▪ Personnel Administration</li> </ul>	<ul style="list-style-type: none"> <li>▪ Debt management</li> <li>▪ Facilities management</li> <li>▪ Strategic planning</li> <li>▪ MSA-wide financial &amp; budget leadership</li> <li>▪ Data strategy development: strategic alignment &amp; project prioritization</li> <li>▪ Risk management; insurance</li> <li>▪ Supporting leadership team on financial aspects of programmatic issues</li> <li>▪ Staffing of Board Finance Committee</li>   <li>▪ All reporting with regard to financial integrity</li> <li>▪ Internal Controls/Processes</li>   <li>▪ Exemplary leadership in school finance</li> <li>▪ Testifying as to MPS' financial integrity</li> </ul>

### III. Timetable for Implementing Back Office Support

Following is the proposed timetable for selecting a Provider to work with MPS beginning FY 16.

Activity	Anticipated Date
Informational report to Board re Solicitation	02/12
Request for Proposal issued	Week of 02/16
Proposal responses due <b>at 12:00 p.m.</b>	03/6
Selection period	03/13 through 03/27
Interviews Scheduled	Week of 3/30
Recommendation & Board Approval	Weeks of 04/01 - 04/09
Notification to firms	Week of 04/13

### IV. Scope of Services to be Provided

MPS expects to award a contract for a two- or three-year period with two (2) one-year options. The contract will be for a fixed price or it may permit for cost escalation by an agreed upon price index. Services will be provided under the contract only after approved by MPS' Board of Directors.

Under the direction of the Chief Executive Officer and the Chief Financial Officer, the selected Provider must be able to provide a comprehensive scope of financial activities in lieu of their provision by MERF. Such activities include but are not limited to:

- Timely payment of all vendor obligations
- Timely and quality support to school site and home office personnel
- Responsiveness to vendor inquiries
- Execution of payroll process
- Set up and maintenance of all MPS files with appropriate third-party controls and accessibility by MPS staff
- Advise with respect to collection and reporting of Title I and other categorical funds
- Budget preparation and presentation when and as required
- Upkeep of accurate cash flow
- Provision of financial and sensitivity analyses if requested
- Assistance to MPS on quantifying the implications of strategic initiatives, if requested
- Attendance at Board Finance Committee and other meetings as requested by CEO and CFO
- Appropriate establishment for MPS pursuant to guidance from the State
- Initiate and process funding adjustments and journal vouchers
- Process, budget check and post payroll funding adjustments
- Assist with preparation of annual financial audit and tax/information returns
- Timely submission of all security forms submitted to the appropriate state agencies
- Advice as to best financial practices
- Advice to MPS as to appropriate leverage state and federal funding sources
- Timely and qualitative grant reporting, as required
- Timely preparation of monthly financial statements; timely review with executive staff as requested.

V. **Questions and Submission**

Please feel free to direct questions to MPS' advisory consultant preferably by email as shown below.

All proposals are due ***no later than 12:00 p.m. on Friday, March 6, 2015.*** Please deliver three (3) bound copies in care of the MERF address and one (1) copy by email as indicated below:

Ms. Jan Mazyck, Principal  
 Mazyck Advisors LLC  
 c/o Magnolia Education Research Foundation  
 13950 Milton Avenue, Suite 200B  
 Westminster, CA 92683  
[jmazyck@mazyckadvisors.com](mailto:jmazyck@mazyckadvisors.com)  
 Office: 310.229.5740  
 Cell: 415.269.1970

## VI. Proposal Format

Proposals may not exceed 20 pages including any graphics (*excluding examples as requested in C. 2 and C. 3 below*). The services provided, qualifications and experience and reference portions will be weighted more heavily than the cost of service delivery.

Proposals are to include the following content:

- A. **Executive Summary.** Summarize the key elements of your submission including designated agents and those authorized to bind the Provider.
- B. **Approach to Working with MPS.** Clearly articulate how your firm intends to approach this engagement and serve MPS as a partner in your delivery of the Scope of Services enumerated in the foregoing section.
- C. **Vendor Qualifications and Experience.**
  - (1) State the size of the firm, the size of the staff, the location of the office from which the work on this engagement is to be performed, and the number and nature of the professional staff to be employed in this engagement.
  - (2) Provide a summary of the firm's experiences over the past five (5) years in providing directly relevant services. In addition provide samples of deliverables in the following areas: monthly financial statements, a presentation prepared for Board of Directors, and an example of a directly relevant value-added recommendation made to a client. *These items may be provided in an Appendix (and not included in the 20-page count).*
  - (3) Provide the two (2) most recent annual audited tax related financial statements for your firm. Financial statements submitted with this RFP are not subject to disclosure as public records.
- D. **Qualifications and Experience of Key Personnel.**
  - (1) Identify the person that will be principally responsible for working with the MPS and leading this engagement. Elaborate upon the role, responsibilities and communication and presentation skills of this individual.
  - (2) Provide professional resumes of key personnel to be directly assigned to MPS engagement.
  - (3) Discuss other commitments of key personnel and how these commitments will affect their availability to MPS.
- E. **Provision of Core Services.** Based upon your knowledge of MPS, respond to the following:

- (1) What does your organization generally consider to be the core services provided in this engagement?
- (2) Describe your philosophy with regard to enhancing clients' organizational and financial capacity.
- (3) How does your organization protect intellectual property and confidential and sensitive information?
- (4) How have you addressed clients' concerns about over reliance on back office service providers? How do you propose to bifurcate the roles so that this is not an issue of sensitivity for MPS?
- (5) Disclose relationships that have been terminated and the circumstances around such terminations.

F. **Technological Resources.** Fully educate us as to the technological resources that will be an important part of any MPS solution. In keeping with MPS' commitment to mitigating and eliminating risks associated with manual processes please respond to the following:

- (1) Describe your systems and software and your methodology for ensuring technological integration with MPS.
- (2) Provide a timeline for complete system integration and orderly transition for MPS.
- (3) Identify typical challenges involved with such a transition and describe solutions deployed with other. Be open about sharing any technological issues that remain unresolved after transitions.

G. **Internal Controls and SSAE 16 (SOC 2).** Please ensure that your response incorporates discussion of the systems in place, practices and procedures, internal controls, third-party controls and reporting requirements that have been brought to prior engagements. Discuss how you envision the MPS interface and recommended best practices.

Enumerate any requirements of MPS that will be associated with the delivery of SSAE 16 report?

H. **References.** Provide three (3) references of clients for whom you have provided a similar scope of services over the past three (3) years. Please include full name, position, telephone number and email address and a description of the engagement vis-à-vis MPS.

I. **Insurance Requirements.** MPS will require that the service organization possess certificates of insurance evidencing required coverage and the minimum as indicated

below. MPS will require that Provider procure and maintain for the duration of its engagement with MPS insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of work by the Provider, its agents, representatives or employees. It is required that broad coverage include the following:

- (a) Commercial General Liability on an occurrence basis for bodily injury and property damage including products completed operations, personal injury and advertising injury with limits no less than \$2,000,000 per occurrence.
- (b) Automobile Liability with limits no less than \$1,000,000 per accident for bodily injury and property damage;
- (c) Workers Compensation Insurance as required by the State of California with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
- (d) Professional Liability (Errors & Omissions) Insurance appropriate to Provider's profession of financial services with no limits less than \$2,000,000 per occurrence or claim, \$10,000,000 aggregate.
- (e) Given the foregoing requirements, please provide a statement as to willingness and ability of your firm to provide the required minimums.

J. **Conflicts of Interest.** Please disclose each of the following:

- Any violations of federal, state or local regulations/laws within the past three (3) years;
- All pending or current litigation;
- Arrangements with other firms that may pose a potential conflict of interest to the MPS engagement; any arrangements that are likely to be made in order to deliver the MPS engagement; and
- If none of the above apply, provide a statement to that effect

K. **Cost Proposal.** Please present cost options under both 2-year and 3-year service alternatives. Proposals should include all standard costs associated with providing the services described in the Scope of Work.

- Proposals may include a compensation that includes the hourly rate for each individual who would be assigned to MPS, and a cost by category for all major activities.
- Be clear as to any services that might be typically provided with such an engagement as MPS and which may fall outside your cost proposal. If there

are none, ensure that you make a statement to that effect.

- The firm's normal compensation method, should be provided.

VII. **Evaluation of Proposals and Negotiations.** Overall responsiveness and representations made within the RFP, as well as your firm's ability to connect with the MPS team are important factors in the overall evaluation process. Therefore, we will likely short list two firms to be invited for interviews with MPS selection team. MPS will select a firm that has the highest suitability for the work with MPS and the overall desirable approach. At that point, MPS will negotiate with the firm to determine final pricing and contract.

VIII. **Award.** MPS reserves the right to reject any and all proposals; to waive any informality in the proposal process; and to accept the proposal that appears to be in its best interests.

*End of Request for Proposal*