**Mayor’s Fund for Philadelphia 2019 Audit RFP**

**Responses to Questions from Potential Applicants**

I. Context and Additional Background for Audit of Multiple Fiscal Years

*1. Why were the Fund’s financial statements not audited after December 31, 2014?*

The Mayor’s Fund for Philadelphia (the “Fund”) had a current contract with an independent auditor to perform the audit of the fiscal year ending December 31, 2015. The audit planning and fieldwork for the 2015 audit period occurred in the first half of the calendar year 2016.

In early 2016, the Fund’s executive director requested that the Office of the City Controller of Philadelphia conduct an additional performance review of Fund policies and procedures related to the Fund’s grantmaking and financial management during 2015. The Fund’s independent auditor was informed by the Fund’s executive director of the Controller’s additional review. The independent auditor elected to perform additional investigative fieldwork related to the matters described. The auditor performed both the original and supplemental audit activities and presented a draft report of the 2015 audit to the Fund’s Board of Directors; the draft audit report contained no findings. However, as additional reviews and legal processes continued through to the present time, the independent auditor declined to provide the final audit report for 2015.

[Please refer to section VII, Questions 8 – 10, for additional detail regarding the status of this process.]

In the interim, the Fund engaged an independent auditor to prepare and assist with filing of the annual IRS 990, 990-T and Pennsylvania Bureau of Charitable Organizations reports for the years 2015, 2016, and 2018.

In March 2018, the Fund’s independent auditor re-asserted its decision to decline to finalize the 2015 audit. Thus, the Fund is seeking a new independent auditor.

II. Access to Financial and Tax Reports

*1. The most recent audits and 990 reports can be accessed as an attachment to this FAQ, and on the Mayor’s Fund website*, at <http://www.mayorsfundphila.org/about/what-we-do/>

*2. Access to unaudited financial statements:* At this stage of the request for proposals, the Fund will not provide access to unaudited financial statements.

*3. How many audit adjustments were proposed by the auditors for the December 31, 2014 audit (or how many were recorded)?*

The Fund’s independent auditors proposed no audit adjustments for the 2014 audit.

III. Scope and Timing of Requested Audits

*1. What is the expected timing for completing the audits?*

* 1. *Expected timing for preliminary and planning procedures?*
  2. *Expected timing for final fieldwork?*
  3. *Proposed timeline for draft reports and final reports?*

The proposing firm should feel free to recommend the expected timing for the audit. For the purpose of providing basic guidance only, the previous audit process for one fiscal year involved one to three days of preliminary and planning procedures; two to four days of fieldwork (not necessarily consecutive); and a three month cycle for drafting and finalizing the reports. One partner, one audit manager and two associates were engaged in the last audit.

*2. The RFP mentions an initial contract for one year with an option to renew for two more but then requests audits from  ‘15 to ’18. Should our proposal be for one year or for four?*

The proposal should be for an initial, one-year contract, the scope of which should include the performance of audits for years 2015 through 2018. After that scope of work is performed, the auditor will be eligible to renew the contract for audits of subsequent years, for a total of three contract years.

*3. Will we also be asked to prepare the BCO return for PA?*

Yes, we request assistance with preparation and filing of the BCO return as well.

IV. Format of Audit Reports

*1. Do you want 4 separate financial statements or can the years be combined into one or two financial statements?*

The proposing firm should feel free to recommend the most appropriate approach to reporting the financial statements, since multiple years are involved.

V. Optional Audit of Internal Controls

*2. You would like for us to price a performance review of your internal financial controls.  What type of report were you looking for with regard to the Internal Controls review?*

The Fund has documented processes, procedures and internal controls. YPTC assisted the Fund with a full review and update to all financial processes and procedures in 2016-2017. That review was informed by, and was intended to address, all of the issues reported in the series of two procedural reviews conducted by the Office of the City Controller (see section one above).

At this stage, the Fund would expect an auditor to review and test the updated financial processes and procedures; assess and compare the City Controller’s reports to those processes; and then to provide a written report with any recommendations or findings. Additionally, the auditor may wish to make a presentation of any recommendations directly to the board.

VI. Selection Process for Auditors

*1. How many firms received the RFP?*

The RFP was posted on the Mayor’s Fund website and also emailed directly to eight firms with nonprofit auditing practices.

*2. Is the incumbent from 2014, RSM LLC bidding on this work also?*

We do not anticipate that RSM will submit a proposal to this request.

*3. May we contact Your Part Time Controller with questions?*

As it’s important to the integrity of the process that all firms have access to the same information, please refrain from contacting YPTC at this time.

*4. What is the expected timing for the proposal process?*

Initial proposals are due to the Fund by 5:00 p.m. on May 17th. The Fund’s staff and Finance Committee will conduct an initial review. A selection of firms may be invited to meet with management, the Finance Committee, and/or the Board of Directors. Firms not selected to proceed to interviews will be informed of that decision. We anticipate those meetings to occur in early to mid-June. We hope to make a final selection by July 1, 2019.

*6. What is the most important consideration in selecting a firm?*

The Fund will select a firm based on a “best value” analysis, assessing the respondents’ experience with nonprofit accounting and auditing; the proposed approach to staffing and conducting the audit; and cost and timeline considerations.

VII. Financial Management Questions

*1. What accounting system are you using?*

The Fund uses Sage 50 software.

*2. Is there any other software in use (i.e., payroll)?*

The Fund outsources the payroll function to the Paychex, Inc. payroll firm.

*3. How many employees are in the finance department?*

There is one full-time financial manager on staff.

Additionally, the Fund uses the accounting service consulting firm Your Part-Time Controller (YPTC). The consulting accountant is on-site on a regular, weekly basis to perform accounting procedures, reconciliations and financial reporting. Additional YPTC expertise is utilized as needed.

*4. Is the finance staff and YPTC preparing all of the audit w/ps and confirms?  Will these w/ps be prepared in electronic format or will they be available electronically?*

The finance staff and YPTC will prepare all statements, financial reports, general ledger reports and trial balances required for the audit. All are available electronically. Hard copy files provide backup documentation for individual transactions. The auditor will have full access to the those files, which are held onsite. Fund staff will also be available to assist with pulling files/documents on request.

*5. Is there any supporting documentation, financial information, financial records, contracts, agreements, etc. that may not be available for review during the audits for each of the calendar years 2015 through 2018?*

All supporting documentation and records, contracts, etc. are available and will be made accessible to the auditors for the calendar years 2015-2018.

*6. Does the Fund have documented processes, procedures, and internal controls?*

* 1. *Treasury, revenue/receivables, expenses/payables, investments, grants*
  2. *Functional allocation of expenses?*

Yes to all of the above. The Fund has documented processes, procedures and internal controls. YPTC assisted the Fund with a full review and update to all financial processes and procedures in 2016-2017.

Previous audit reports (available at the Fund’s website) accurately describe the nature of the Fund’s activities and provide a summary of significant accounting policies.

*7. Will any assistance from the independent auditor be required relating to the adoption of any new accounting standards updates (ASU 2016-14)?*

As the Fund receives assistance from our accounting consultant YPTC with all accounting standards updates, we believe that we are currently up to date and prepared with adoption of the accounting standards. However, we will welcome any recommendations from the independent auditor to improve our standards, practices and procedures as part of the regular audit process or if the optional internal control review is conducted.

*8. Please provide an explanation for and status of the investigations performed by the City Controller’s Office and State Attorney General.*

The City Controller conducted two performance reviews and issued reports in August 2016 and March 2017. The Fund’s Board of Directors passed a resolution to accept and adopt all the recommendations made in the Controller’s reports. With guidance from the Fund’s outside consulting accounting firm (Your Part Time Controller, Inc.) and independent legal counsel, the Fund reviewed and updated its financial procedures and controls. That improvements were implemented on an ongoing basis and the procedures were formally adopted in June 2017.

In September 2017, the outgoing City Controller referred the matter of the 2015 Fund activities to the Pennsylvania Attorney General for additional review. The PA Attorney General convened a grand jury on the matter. That investigation continued through 2017-18. The Fund

In January 2018, the new City Controller notified the Fund that the Office’s investigation was concluded.

In November 2018 the grand jury convened by the PA Attorney General issued an indictment of the Fund’s former Board Chair (2014-2015), Desiree Peterkin Bell.

The legal matter regarding Ms. Bell is proceeding, and the timeline for concluding the proceedings is unknown. The Fund is not aware of any additional investigations, either new or continuing, at this time.

*a. What impact, financial and non-financial, have these investigations had on the Fund?*

Members of the Fund’s staff, former board and others provided legal testimony. The Fund supported the costs of legal representation for those individuals.

*b. As a result of these investigations, was a forensic audit performed?*

A forensic audit was not performed.

*c. Did/Does the Fund have sufficient insurance coverage for these matters? Were any insurance claims processed?*

The Fund maintains a full insurance package. Insurers were informed but no claims have been processed.

*9. Has the Internal Revenue Service initiated any reviews or investigations with the Fund? If yes, what is the status?*

The PA Attorney General notified the Internal Revenue Service of its investigation and indictment. The Fund has not been informed of an IRS review or investigation.

*10. Are there any contingencies or legal issues that could have an impact on the financial statements?*

As the legal matter is proceeding, there may be impacts on the financial statements; those are unknown at this time.