

# Request for Proposals: Audit Services

**Release Date: July 1, 2024**

**Proposals Due: August 1, 2024, 5:00 p.m. EST**

## I. GENERAL INFORMATION

### Purpose

The purpose of this RFP is to contract for a financial and compliance audit for the years ending June 30, 2024, 2025 and 2026. At the discretion of the Executive Committee of the Philadelphia Works' Board of Directors, this audit contract may be extended for two additional one-year periods.

### Organizational Background

Philadelphia Works is a non-profit organization that leads the city's workforce development efforts. Philadelphia Works' mission is to connect employers to a skilled workforce and help individuals develop the skills needed to thrive in the workplace.

What we do:

- Fund, oversee and provide technical assistance to service providers who offer career guidance, job training, and job placement services to youth and adults.
- Offer employers wage subsidies, employee training and re-training assistance, and work to help their employees who have been laid off.
- Conduct research on employment and workforce trends and provide our findings to businesses, policy makers, service providers and the media.
- Promote public policy that meets the needs of jobseekers and employers.
- Create innovative partnerships and services to upgrade the skills of Philadelphians and meet employers' needs.

Philadelphia Works is supported by federal, state, and privately raised employment and training funds.

## **Description of Entity and Records to be Audited**

Philadelphia Works has an automated set of books and utilizes MIP accounting software. Philadelphia Works has 4 bank accounts and approximately 92 employees. Virtually all activity runs through the main checking account. Payroll is outsourced to an independent payroll service. Approximately 2,000 checks are written annually. Philadelphia Works writes and manages over 500 contracts and amendments annually. The total organizational budget is in excess of \$80M.

## **Who May Respond**

Only Licensed Certified Public Accountants may respond to this RFP.

## **Options**

At the discretion of the Executive Committee of the Philadelphia Works' Board of Directors, this audit contract may be extended for two additional one-year periods. Philadelphia Works and the Offeror will agree upon the cost of the option periods. At any time during the business relationship, either party can opt to terminate said relationship.

## **II. SPECIFICATION SCHEDULE**

### **Scope of a Financial and Compliance Audit**

The purpose of this RFP is to obtain the services of a public accounting firm, whose principal officers are independent certified public accountants, certified or licensed by a regulatory authority of a state or other political subdivision of the United States, hereinafter referred to as the "Offeror" to perform a financial and compliance audit of Philadelphia Works.

Government Audit Standards (2018 revision) states in Section 1.17, subsection A:

The primary purpose of a financial statement audit is to provide financial statement users with an opinion by an auditor on whether an entity's financial statements are presented fairly, in all material respects, in accordance with an applicable financial reporting framework.

## Description of Programs/Contracts/Grants

Philadelphia Works connects employers to a skilled workforce and helps individuals develop the skills needed to thrive in the workplace. The organization is supported by federal and state funds passed through the Commonwealth of Pennsylvania in addition to privately raised employment training funds. The primary sources of revenue passed through the Commonwealth are the US Department of Health and Human Services, Department of Public Welfare (CFDA number 93.558) and US Department of Labor (CFDA numbers 17.258, 17.259, 17.260, 17.278).

Philadelphia Works manages and coordinates the workforce system through management and program staff located at the headquarter offices. Actual service delivery is contracted to expert third party vendors. Philadelphia Works manages in excess of 500 such contracts during the fiscal year. These contracts have various governing rules and regulations and various beginning and end dates.

## Performance

Records should be audited for the period July 1<sup>st</sup> through June 30<sup>th</sup> of each year.

The Offeror is required to prepare audit reports in accordance with the Government Audit Standards (2018 Revision), and Offeror is responsible for preparing IRS form 990 Return of Organization Exempt From Income Tax and the Bureau of Charitable Organization BC10 and auditing the organization's 401(k) benefit plan.

## Delivery Schedule

Offeror is to transmit one copy of the draft financial and compliance audit report and one copy of the 401(k) Plan audit report to Philadelphia Works' Vice President of Finance. The draft audit reports for the year ended June 30<sup>th</sup> and are due on January 15<sup>th</sup> of the following year.

The final audits should be completed, IRS Form 990 filed, and Bureau of Charitable Organizations BC10 filed by February 1<sup>st</sup> of the following year. The Offeror shall personally deliver final audit reports and report on the content of the audit reports at a board meeting yet to be determined.

Reports may be submitted earlier than the above schedule. However, if the Offeror fails to make delivery of the audit reports within the time schedule specified herein, or if the Offeror

delivers audit reports which do not conform to all of the provisions of this contract, Philadelphia Works may, by written notice terminate the whole or any part of this contract. Under certain circumstances, the contracting agent may extend this schedule upon written request of the Offeror with sufficient justification.

### **Price**

The Offeror's proposed price should include information indicating how the price was determined. For example, the Offeror should indicate the estimated number of hours by staff level, hourly rates, and total cost by staff level. Philadelphia Works requires that the audit firm's partner(s) must be involved in some aspect of the audit fieldwork and preparation. Any out-of-pocket expenses should also be indicated. The proposed price should accompany the information required for the Request for Proposal.

### **Payment**

Payment will be made when Philadelphia Works has determined that the total work effort has been satisfactorily completed. Should Philadelphia Works reject a report, Philadelphia Works' authorized representative will notify the Offeror in writing of such rejection giving the reason(s). The right to reject a report shall extend throughout the term of this contract and for ninety (90) days after the Offeror submits the final invoice for payment.

Progress payments will be allowed to the extent that Philadelphia Works can determine that satisfactory progress is being made.

Upon delivery and presentation to the Philadelphia Works' board members, copies of the final audit reports, and the board's acceptance and approval, the Offeror may submit a bill for the balance due on the contract for the audit.

### **Audit Review**

All audit reports prepared under this contract will be reviewed by Philadelphia Works' Executive Committee of the Board of Directors and its funding sources to ensure compliance with General Accounting Office's (GAO) Government Audit Standards and other appropriate audit guides.

### **Exit Conference**

An exit conference with Philadelphia Works' representatives and the Offeror's representatives will be held at the conclusion of the fieldwork. Observations and recommendations must be

summarized in writing and discussed with Philadelphia Works and the Audit and Financial Compliance Subcommittee. It should include internal control and program compliance observations and recommendations.

## Workpapers

1. Upon request, the Offeror will provide documentation pertaining to any questioned costs determined in the audit. The documentation must be concise and provide the basis for the questioned costs as well as an analysis of the problem.
2. The workpapers will be retained for at least three years from the end of the audit period.
3. The workpapers will be available for examination by authorized representatives of the cognizant federal or state audit agency, the General Accounting Office, and Philadelphia Works.

## Confidentiality

The Offeror agrees to keep the information related to all contracts in strict confidence. Other than the reports submitted to Philadelphia Works, the Offeror agrees not to publish, reproduce or otherwise divulge such information in whole or in part, in any manner or form or authorize or permit others to do so, taking such reasonable measures as are necessary to restrict access to the information, while in the Offeror's possession, to these employees on the Offeror's staff who must have the information on a need to know basis. The Offeror agrees to immediately notify, in writing, Philadelphia Works authorized representative in the event the Offeror determines or has reason to suspect a breach of this requirement. The Offeror will follow professional standards with regards to its workpapers.

## AICPA Professional Standards

The AICPA Professional Standards state:

Ethics Interpretation 501-3 Failure to follow standards and/or procedures or other requirements in governmental audits. Engagements for audits of government grants, governments units or other recipients of government monies typically require that such audits follow government audit standards, guides procedures, statutes, rules, and

regulations, in addition to generally accepted auditing standards. If a member has accepted such an engagement and undertakes an obligation to follow specified government audit standards, guides, procedures, statutes, rules, and regulations, in addition to generally accepted auditing standards, he/she is obligated to follow such requirements. Failure to do so is an act discreditable to the profession in violation of Rule 501, unless the member discloses in his/her report the fact that such requirements were not followed and the reasons, therefore.

### **III. OFFEROR'S TECHNICAL QUALIFICATIONS**

The Offeror, in its proposal, shall, as a minimum include the following:

#### **1. Prior Auditing Experience**

The Offeror should describe its prior auditing experience including the names, addresses, contact persons, and telephone numbers of prior organizations audited.

Experience should include the following categories:

1. Prior experience auditing nonprofit organizations.
2. Prior experience auditing similar programs funded by the Commonwealth of Pennsylvania.
3. Prior experience auditing programs financed by the Federal Government (Uniform Grant Guidance /2 CFR Part 200).
4. Prior experience auditing similar county or local government activities (GAGAS).

#### **2. Organization, Size and Structure**

The Offeror should describe its organization, size (in relation to audits to be performed) and structure. Indicate, if appropriate, if the firm is a small or minority-owned business. Offeror should include a copy of most recent Peer Review if Offeror has had a Peer Review.

### **3. Staff Qualifications**

The Offeror should describe the qualifications of staff to be assigned to the audits.

Description should include:

1. Audit team makeup.
2. Overall supervision to be exercised.
3. Prior experience of the individual audit team members

Only include resumes of staff to be assigned to the audits. Education, position in firm, years and types of experience, continuing professional education, state(s) in which licensed as a CPA, etc. will be considered.

### **4. Understanding Work to be Performed**

The Offeror should describe its understanding of work to be performed, including audit procedures, estimated hours, and other pertinent information.

### **5. Certifications**

The Offeror must sign and include as an attachment to its proposal the Certifications enclosed with this RFP. The publications listed in the Certifications will not be provided to potential Offeror by Philadelphia Works, because it would like to contract only with an Offeror who is already familiar with these publications.

## **IV. PROPOSAL EVALUATION**

### **Submission of Proposals**

The Offeror shall include three (3) copies of the entire proposal. These documents will become part of the contract.

## Nonresponsive Proposals

Proposals may be judged nonresponsive and removed from further consideration if any of the following occur:

1. The proposal is not received timely in accordance RFP terms.
2. The proposal does not follow the specified format.
3. The proposal does not include Certifications.
4. The proposal is not adequate to form a judgment by the reviewers that the proposed undertaking would comply with the Government Audit Standards of the U.S. Comptroller General (2011 Revision).

## Evaluation

Evaluation of each proposal will be based on the following criteria:

<u>Factors</u>	<u>Point Range</u>
1. Prior experience auditing.	
a. Prior experience auditing nonprofit organizations.....	0-10
b. Prior experience auditing similar programs funded by the Commonwealth of Pennsylvania.....	0-5
c. Prior experience auditing programs financed by the Federal Government.....	0-10
d. Prior experience auditing similar county or local government activities.....	0-5

*Philadelphia Works will contact prior audited organizations to verify the experience provided by the Offeror.*

2. Organization, size, and structure of Offeror's firm.  
(Considering size in relation to audits to be performed.)



a.	Adequate size of the firm.....	0-5
b.	Minority/small business.....	0-5
3.	Qualifications of staff to be assigned to the audits to be performed. This will be determined from resumes submitted. Education, position in firm, years and types of experience, continuing professional education, and state(s) in which licensed as a CPA, etc. will be discussed.	
a.	Audit team makeup.....	0-10
b.	Overall supervision to be exercised.....	0-5
c.	Prior experience of the individual audit team members....	0-10
4.	Offeror’s understanding of work to be performed.	
a.	Audit approach.....	0-10
b.	Time estimate of audit approach.....	0-5
5.	Price.....	0-20
	<b>MAXIMUM POINTS.....</b>	<b><u>100</u></b>

**Review Process**

Philadelphia Works may, at its discretion, request presentations by or meetings with any or all Offerors, to clarify or negotiate modifications to the Offeror’s proposals.

However, Philadelphia Works reserves the right to make an award without further discussion of the proposals submitted. Therefore, proposals should be submitted initially on the most favorable terms, from both technical and price standpoints, which the Offeror can propose.

Philadelphia Works contemplates award of the contract to the responsible Offeror with the highest total points.



Philadelphia Works reserves the right to negotiate proposed fees submitted with proposals.

## V. INSTRUCTIONS ON PROPOSAL SUBMISSIONS

### Closing Submission Date

Proposals must be submitted no later than 5:00 p.m. EST on **Friday, August 1, 2024.**

### Inquiries

Inquiries concerning this RFP can be submitted to: John Daly, Compliance Officer, at [Jdaly@philaworks.org](mailto:Jdaly@philaworks.org), with a cc: to Zach Hughes, at [ZHughes@Philaworks.org](mailto:ZHughes@Philaworks.org) indicating “Audit RFP” in the subject line. **All answers to questions about the content and/or process of this RFP will be posted on our website at <http://www.philaworks.org/about-us/procurement-opportunities>.** All questions must be submitted no later than 5:00 p.m. on **Friday, July 15, 2024.**

### Manner of Submissions

All proposals should be **submitted via electronically** to [jdaly@philawprks.org](mailto:jdaly@philawprks.org) with the subject line “Audit RFP.”

It is important that the Offeror’s proposal be received electronically by 5:00pm EST on Friday, August 1, 2024. Body of email should clearly state the following information:

**Your Firm Name**  
**Request for Proposal**  
**Audit Services**

Failure to do so will result in disqualification of your proposal.

It is the responsibility of the Offeror to ensure that the proposal is received by Philadelphia Works by the date and time specified above.

Late proposals will not be considered.

### **Notification of Award**

It is expected that a decision selecting the successful audit firm will be made within four weeks of the closing date for receipt for the proposals. Upon conclusion of final negotiations with the successful audit firm, all Offerors submitting proposals in response to this RFP will be informed, in writing, of the name of the successful audit firm. It is expected that the contract shall be a one-year fixed price contract with options for two additional one-year periods.

### **Conditions of Proposals**

All costs incurred in the preparation of a proposal responding to this RFP will be the responsibility of the Offeror and will not be reimbursed by Philadelphia Works.

### **Right to Reject**

Philadelphia Works reserves the right to reject any and all proposals received in response to this RFP. A contract for the accepted proposal will be based upon the factors described in this RFP.

### **Small and/or Minority-Owned Businesses**

Efforts will be made by Philadelphia Works to utilize small businesses and minority-owned businesses.

An Offeror qualifies as a small business firm, if it meets the definition of “small business” as established by the Small Business Administration (13 CFR 121.201), by having average annual receipts for the last three years of less than six million dollars.

## VI. CERTIFICATIONS

On behalf of the Offeror:

- A. The individual signing certifies that he/she is authorized to contract on behalf of the Offeror.
- B. The individual signing certifies that the Offeror is not involved in any agreement to pay money or other consideration for the execution of this agreement, other than to an employee of the Offeror.
- C. The individual signing certifies that the prices quoted in the proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition.
- D. The individual signing certifies that the prices quoted in this proposal have not been knowingly disclosed by the Offeror prior to an award to any other Offeror or potential Offeror.
- E. The individual signing certifies that there has been no attempt by the Offeror to discourage any potential Offeror from submitting a proposal.
- F. The individual signing certifies that the Offeror is a properly licensed certified public accountant.
- G. The individual signing certifies that the Offeror meets the independence standards of the Government Auditing Standards (2018 Revision).
- H. The individual signing certifies that he/she is aware of and will comply with the GAO Continuing Education Requirement of 80 hours of continuing education every two years; and that 24 hours of the 80 hours will be in subjects directly related to the government environment and to government auditing for individuals.

- I. The individual signing certifies that he/she is aware of and will comply with the GAO requirement of an external quality control (peer) review at least once every three years.
- J. The individual signing certifies that he/she is familiar and understands the following publications relative to the proposed audits:
1. Government Auditing Standards (December 2011 Update) (Yellow Book)
  2. OMB Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions (June 1997)
  3. OMB Circular A-133 – Compliance Supplement (Revised December 2012)
  4. OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations (1997)
  5. OMB Circular A-122, Cost Principles for Nonprofit Organizations (May 2004)
  6. Guide for Nonprofit Organizations: Cost Principles and Procedures for Establishing Indirect Cost and Other Rates for Grants and Contracts with the Department of Health and Human Services (May 1983)
  7. Audits of Voluntary Health and Welfare Organizations (AICPA Audit Guide)
  8. Audits of Certain Nonprofit Organizations (AICPA Audit Guide)
  9. Regulations, publications, or audit guides that are relevant to specific major programs to be audited.
- K. The individual signing certifies that he/she has read and understands all the information in this Request for Proposal, including the information on the programs/grants/contracts to be audited.
- L. The individual signing certifies that the Offeror, and any individuals to be assigned to the audits, does not have a record of substandard audit work with any federal, state or local government. (If the Offeror or any individual to be assigned to the audits has been found in violation of any state or AICPA professional standards, this information must be disclosed.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

(Offeror's Firm Name)

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(Signature of Offeror's Representative)

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(Printed Name and Title of Individual Signing)