

RFP 0922-4
Request for Proposals for
Audit Services
Questions and Answers
November 1, 2022

Q1. May we please receive a copy of the prior year's financial statements of the Library?

A1. The Library's and Foundation's most recent financial statements can be found here:
<https://www.dropbox.com/s/838ilk7o15uyv1p/FY22%20QPL%20Audited%20Financial%20Statements%20-%20Final.pdf?dl=0>

Additional available information can be found here:
<https://www.queenslibrary.org/about-us/queens-public-library-overview/financials> .

Q2. How many auditors are typically in the field each year and for approximately how many days?

A2. Project approach is dependent upon the experience and qualifications of the proposer. The Library's provider of the last audit had a partner, director, manager, senior and staff accountant. The senior and staff were active on the account on a daily basis during the performance of the contract. The last few audits were remote and the Library is not able to determine the number of days on our account.

Q3. What were the fees for the prior year's services?

A3. Available information can be found at the April 7, 2022 Audit Committee Meeting Agenda and is located on this webpage:
<https://www.queenslibrary.org/about-us/queens-public-library-overview/leadership/board-of-trustees/board-and-committee-meetings>

Q4. What is the typical timing of fieldwork each year?

A4. The audit begins the last week in June and concludes August 31st. This is critical information as the Library is required to submit its Board approved audited financial statements to the City of New York.

Q5. Does the Library prefer the audit to be conducted on-site or remotely?

A5. The RFP has not communicated a preference. The last several audits were completed successfully remotely. Proposers should detail its project approach and if it intends to work on-site or remotely.

- Q6. How many firms have been invited to propose?
- A6. The Library has advertised this RFP and not limited to any number of firms
- Q7. What is the reason for an RFP?
- A7. See RFP Section V. Scope of Services.
- Q8. Is the current auditor invited to bid?
- A8. The Library has not placed restrictions on how many or which firms can submit a responsive proposal.
- Q9. Was a management letter issued in the most recent audit? If so, can you please present a copy to us?
- A9. Yes, a management letter was issued and can be accessed through this DropBox link, <https://www.dropbox.com/s/ut93fk5j1zkq2wl/FY22%20QPL%20Management%20Representation%20Letter%20-%20Final.pdf?dl=0>
- Q10. We noted that in Section V of the RFP, 990 preparation is included in the scope of work. However, Section VI, Part B did not include this in the pricing table. Can you please confirm that 990 preparation is expected to be part of this RFP?
- A10. The completion of Form 990 for the Library and Foundation are required as part of the audit and the RFP. Please see Addendum 3 and the revised Pricing Sheet.
- Q11. Section VI, Part A provided specificity over response document. Can you please let us know if power point presentation is an acceptable form?
- A11. Yes, as long as the required information is provided.
- Q12. Do you prefer to have your auditors on site, off site or a mix of both during the audit fieldwork?
- A12. See answer to question number 5
- Q13. We noted in the RFP document that Footnote 10 of the audited financial statements, Retirement Plan. This footnote discussed about the 403(b), this is not included in the RFP. Do you want us to include in our proposal of services?
- A13. An audit of the 403(b) plans is not required as there is no contribution from the Library.

- Q14. Footnote 3, Liquidity and availability of resources, showed financial assets available to meet cash needs or general expenditures within one year at \$491 thousand. With the total operating expenses for the year ended June 30, 2021 at \$2.8 million, are there any concern over the Library's ability to continue as a going concern?
- A14. No, the Library receives the majority of its funding from NYC which is contractually obligated to do so in perpetuity.
- Q15. Footnote 4, Investments at Fair value, showed the investment portfolio detail as mostly level 1 securities. Are there any plans in the near future to venture to alternative investments?
- A15. No.
- Q16. Where do you stand with regards to ASU 2016-02, Leases (Topic 842) adoption? What are the procedures you have in place to ascertain that your lease population is complete?
- A16. The Library is still in the evaluation stage. This is a small process and should not affect pricing.
- Q17. Were there any significant deficiencies or material weaknesses in the prior year?
- A17. No.
- Q18. Do you have written policies and procedures for internal controls?
- A18. Yes.
- Q19. Approximately how many and what types of audit entries were made in the prior year? Is this typical?
- A19. See answer to question number 1.
- Q20. Do you have an IT Department? If so, how many people are in that Department and what are their roles?
- A20. One centralized team – total Staff of 57.
- Q21. Were there any audits or review done in the prior years around the IT general controls of the financial information systems? If so, any significant deficiencies or material weaknesses noted
- A21. This is part of the annual audit. No significant deficiencies or weaknesses noted.
- Q22. Section V - Scope of Services, # 5 - of the RFP indicates that there will be a planning meeting with the Audit Committee and another meeting to present the financial

statements and management letter to the Audit Committees of the Library and Foundation. Does this mean that there will be two (2) scheduled meetings (one (1) planning and one (1) to present the financial statements) or three (3) scheduled meetings (one (1) planning and two (2) to present the financial statements)?

A22. The auditors do not have to meet with the audit committee to discuss the planning of the engagement.

Q23. Your RFP states ... Detail your firm's experience and understanding of the NYS and NYC disparity studies and how your firm can build upon this information to create a cost-effective study for the Library. Can you please provide additional background as to what you are looking for here and what the projected deliverable would be?

A23. Please see revised RFP document and addendum 4 which states this portion of the paragraph has been removed.

Q24. All of the investments are considered long-term. This leaves very little in current assets. In reviewing the assets released from restrictions in the 2021 Foundation financials, there was about \$1 million released. Any consideration in reflecting as current those net assets expected to be released next year as current? This will improve your liquidity. In addition, you have a low level of unrestricted net assets. What are you doing to increase your net assets without restrictions?

A24. A. The classification of investments has been determined by our auditors. B. \$79M of the \$103M in net assets is classified as without donor restriction. In FY21 \$63M of the \$83M was without donor restriction.

Q25. The financial statements state that program costs are allocated from the library to the Foundation. How are the allocated costs determined?

A25. Actually, program costs are allocated from the Foundation to the Library. The costs that are allocated are determined by the grants received.

Q26. Pursuant to NYPMIFA, the Foundation should have investment and spending policies. Are these in place, and does the Board evaluate each year the investment holdings and whether to accumulate or appropriate endowment funds as required by NYPMIFA?

A26. This is currently being discussed and we are close to formalizing a policy.

Q27. When will you be implementing ASU 842 (accounting for lease) and ASU 2020-07 (contributed nonfinancial assets)?

A27. The Library will be looking for guidance from our auditors. The population of leases is small.

Q28. How are contributed facilities valued and by whom?

- A28. By the Finance department based upon square footage and actual lease payments made.
- Q29. Is QPL looking to do 1 cyber assessment annually based on the entire environment or multiple individual assessments based on locations?
- A29. QPL does 1 cyber assessment annually for the entire environment.
- Q30. How many IT members/teams oversee the locations? Individual teams per library or 1 centralized team?
- A30. See answer to question number 20.
- Q31. Is there a cybersecurity team or CISO in the organization?
- A31. The cybersecurity responsibilities are distributed across several teams but under the leadership of the VP of ITD and the Director of Infrastructure.
- Q32. Is there a governing board for organizational cybersecurity?
- A32. The VP of ITD and Director of Infrastructure provide the oversight to Library Leadership.
- Q33. What information technology systems and software are in operation?
- A33. SAP is the accounting software used and primary focus of the audit.
- Q34. Is the server infrastructure in one location or the cloud?
- A34. The server infrastructure is in one location, housed at the Library's main facility- Central.
- Q35. Does the QPL use the same technologies in all 66 locations?
- A35. Yes.
- Q36. Have there been any cybersecurity assessments performed on the library systems within the past 2 to 3 years?
- A36. Yes, each year a cybersecurity assessment is performed.
- Q37. Is QPL required to follow any specific cybersecurity regulatory compliance or mandated framework?
- A37. Yes, if a cybersecurity breach is detected NYS governmental entities are notified along with local police and federal law enforcement authorities.

Q38. Has QPL experienced any cyber incident (breach or otherwise) over the past 5 years?

A38. No.

Q39. Does QPL have approved policies and plans in place such as disaster recovery, incident response, acceptable use, and information security?

A39. Yes.

Q40. What were the total engagement fees (by service delineation of audit/tax/advisory) charged by the incumbent firm for each of the last three years?

A40. Please review the board item listed in answer number 1.

Q41. Had the incumbent firm achieved reliance on general and application IT controls in concluding on the effectiveness of financial statement controls?

A41. Yes.

Q42. Please provide the required communications received from the external auditors for the most recent audit, including management letter, if used. Already have audit and management letter.

A42. Please see answers to question number 1 and number 9.

Q43. Have there been any passed or posted adjustments resulting from the audit process in recent years?

A43. No.

Q44. Generally, when and how long were the auditors in the field for interim and final fieldwork? When will the records for the financial statements be ready for the start of fieldwork?

A44. See the answer to Question 4.

Q45. Why had the Organization issued an RFP for these services?

A45. Please see the answer to questions number 7.

Q46. What does management desire from their external auditor and is most interested in learning/understanding through the proposal response?

A46. Please see the answer to question number 7.

Q47. Is the current external auditing firm permitted to rebid through this RFP?

- A47. Please see the answer to question number 6.
- Q48. Are there any litigation, governments investigations, compliance matters, etc. impacting the Organization?
- A48. No
- Q49. Are there any third-party firms that assist with supporting the organization with their IT needs (i.e. managed services firms, third party development firms, etc.)?
- A49. Yes.
- Q50. Does management have a list of financially significant applications that outline the key systems and if the system is in-house or outsourced?
- A50. Yes
- Q51. For any in-house system(s), does management has access to the source code of the application? Please also indicate the source code repository tool in place, if any.
- A51. Library IT management does modify source code within application exits for our ERP (SAP). The source code repository is stored in the ERP change management tools.
- Q52. Please provide details on the location/vendor name on any co-sourced data centers. If data center(s) is owned by management, please indicate the locations.
- A52. None.
- Q53. What is the approximate number of production servers (both physical and virtual) maintained by the Company?
- A53. 10.
- Q54. Do you have a common set of controls across the organization, with regard to logical security, change management and operations? For example:
- a. Access Provisioning: Is there is a consistent manner (i.e. form/ticket) utilized across the organization to grant, change, and revoke access to systems
 - b. Access Review: Is there a documented user access review completed on a periodic basis and retained?
- A54. Yes for all security change management and operations.
- Q55. Are there any known system conversions planned for 2023 - 2025?
- A55. No.

- Q56. Has the organization experienced a breach or cyber-event over the past year?
- A56. See answer to question 38.
- Q57. What is important to you in your tax service team?
- A57. Timely and accurate filings at a reasonable rate. Accessibility and communication with tax audit team.
- Q58. Are there currently any pain points related to the tax services?
- A58. No.
- Q59. Please provide a general understanding of the prior tax compliance process (i.e. information sharing portals, data collection tools utilized, number of people involved, etc.).
- A59. Typically once the audited financial statements are completed a file is sent to me from the tax auditor via email to complete. In the file are various tabs with specific requests of information. I compile the information requested and submit the file back to the tax auditor. Then sometime later draft versions of the Form 990's are sent to me for review. I then forward the documents internally for review and approval. Once the internal review is complete the tax auditor will present the filings to both organizations' board. After this is complete the returns are filed electronically by the auditor, who then sends me confirmation of the filings, a taxpayer version and a public version of both of the tax filings.
- Q60. We utilize C-TRAC, an online, IRS-approved tax solution, for delivering tax services to our clients. Would you be available for a demonstration in advance of our team submitting a proposal?
- A60. This seeks information not required to provide a response.
- Q61. Should Form 990-T be included in scope of services? We noted prior year return had no activities reported.
- A61. No.
- Q62. If Form 990-T is part of the scope, can you please confirm following:
- a. What is the current process for analyzing revenue streams for purposes of determining classifications of related, unrelated or excluded from unrelated business income?
 - b. Does Queens Library and related Foundation maintain a record of all revenue streams and documentation to support tax reporting positions?
 - c. Should a UBI study be considered as part of the scope of the engagement?

- A62. Not applicable.
- Q63. Please describe the current process for conducting the annual conflict of interest survey process for both the organization as a whole as well as addressing Form 990 and related disclosures.
- A63. Our Legal department sends out the forms, monitors and reviews the receipts. The draft version of the Form 990 is sent to Legal for their review.
- Q64. Is any assistance needed with the state filings indicated on the Form 990, Part VI, Line 17?
- A64. No, the Library does not file tax returns on the state level.
- Q65. Any other tax matters that you may need assistance on beyond the Forms 990 (and Form 990-?
- A65. Because the Foundation is a charitable organization and contracts with fundraising consultants a CHAR500 is required.
- Q66. We wanted to confirm that you meant to include GASB and not FASB updates in your scope of work. The Library isn't required to follow GASB standards.
- A66. Please see Addendum 5, the revised RFP and revised pricing document that now reflects FASB.