



# Request for Proposal Audit and Tax Services

## Questions & Answers

### SCHEDULE

RFP Announcement: April 4, 2019

Questions Due: April 19, 2019

Answer to Questions Posted: April 26, 2019

Proposal Submittal Deadline: May 9, 2019

Award Notification: May 16, 2019

**Question:** Is the accounting function for KIPP New Orleans, Inc. centralized, or does each school present a unique control environment?

**Answer:** Our accounting function is centralized. However, each school maintains a Student Activity Fund (SAF) account, as required by the Louisiana State Legislature [RS 17:414.3](#). As of June 30, 2018, the combined balance across all SAF accounts totaled \$214,283.

**Question:** How many discrete general ledgers are involved in the consolidated entity?

**Answer:** KIPP New Orleans, Inc. (KIPP) maintains one discrete general ledger and Friends of KIPP New Orleans, Inc. (FKNO) maintains another discrete general ledger, as these are separate legal entities consolidated solely for annual reporting. Additionally, within KIPP's general ledger, we maintain separate reporting for eight business units, consisting of seven Local Education Agencies (LEAs) and one School Support Center (SSC).

**Question:** Will the audit firm be expected to prepare the financial statements and disclosures for either entity, or will they be prepared by management?

**Question:** Do you anticipate preparing the financial statements and footnotes for 2019 and in future years?

**Answer:** We will prepare the financial statements. Please prepare two quotes: one in which the audit firm will prepare the full audit report including supplementary disclosures and schedules, and another which leaves this preparation to management.

**Question:** Are there any standard journal entries, such as for depreciation expense, that the auditors will be expected to provide?

**Answer:** We will prepare and record all standard journal entries and transactions.

**Question:** If the auditors will prepare the financial statements, what is management's expected role in revising the financial statements for the new reporting guidance required by the adoption of ASU No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities?

**Question:** Will you require auditor assistance in implementing the new nonprofit accounting standard FASB ASU 2016-14 Non-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities?

**Answer:** We will prepare all required financial statements as stipulated in ASU No. 2016-14. We will look to our auditors to provide guidance and assurance that our presentation adheres to the required standards.

**Question:** What is the anticipated timeline of the audit?

- a. When do you expect that the general ledgers will be closed and the final trial balances available for each of the entities?
- b. What is your expected timeframe for fieldwork?
- c. If management will prepare the financial statements, including disclosures and supplementary information, what is their expected completion date?

**Question:** Are there any reporting deadlines that are internally-driven or required for compliance with financial covenants? If so, please provide the relevant dates.

**Answer:** We must obtain draft reports from our auditing firm by November 1<sup>st</sup> and final reports by November 15<sup>th</sup> so that we can properly prepare for our end-of-year Finance Committee meeting, which will be scheduled for late November. Our office is closed for five business days in late November for our network's Thanksgiving break. To meet our financial covenants and statutory deadlines, final reports are required to be submitted to the Louisiana Legislative Auditor, charter authorizers, and our lenders prior to December 31<sup>st</sup>. However, we expect to send reports to these entities by the end of the first week of December, and our office closes for the winter holidays at the end of the third week of December. In order to meet these timelines, we are open to audit timeline recommendations from our auditing firm. In recent years, we have conducted one week of interim fieldwork testing in mid-August, two weeks of year-end fieldwork in early September, and final wrap-up fieldwork in late October if needed. We have provided a preliminary general ledger prior to interim fieldwork in mid-August, and

we have provided a final trial balance and financial schedules in early September prior to year-end fieldwork. We have found efficiencies by prioritizing internal controls and Statewide AUP testing during interim fieldwork. Draft financial statements and disclosures are completed by early October. Our office is closed for three business days in early October for Fall Break.

**Question:** In which areas, if any, have the auditors proposed material journal entries during the past three audits?

**Answer:** Over the past three years, the only material auditor-proposed journal entry pertained to recording a multi-year pledge in the year pledged.

**Question:** Have there been any new federal awards during the 2018-2019 fiscal year? If so, under which federal program(s)?

**Answer:** We received a new Charter School Program (CSP) Dissemination grant for \$125,000 during the 2018-2019 fiscal year.

**Question:** Does either entity have a mandatory audit firm rotation policy? If so, what is the maximum auditor term?

**Answer:** We do not have a mandatory audit firm rotation policy.

**Question:** Do you anticipate any significant changes in the organization (including KIPP and Friends of KIPP) or changes in operations over the next few years?

**Answer:** We are in the preliminary stages of exploring potential expansion to Baton Rouge, which could result in us creating a ninth business unit within KIPP's general ledger in FY20 to house planning expenditures. However, should we decide to expand, we would not be initiating a new LEA until FY21 or later.