

RFP No. ICMAHQ/ICMA Audit Services/2022

Questions and Answers

1. Have there been any significant changes in ICMA's operations in the current year vs. the prior year (examples include: changes in audit policies, procedures, or personnel, etc.)?

A: There have been no significant changes in ICMA's operations in the current fiscal year vs. the prior year.

2. How was the prior year audit conducted, in person or virtually?

A: Virtually.

3. Do you foresee the next audit being conducted in person or virtually?

A: We anticipate the FY 2022 audit to be conducted virtually.

4. Have your systems of internal controls been maintained since COVID (we assume you are in a remote work environment)?

A: Yes.

5. Is the presentation to the board before or after we issue the final report? For example, some of clients prefer we present the draft report to the board and then it has to be approved by the board before we issue the final.

A: Auditors present the audit results and draft report to the Audit, Finance, and Business Operations Committee for review and approval before it's finalized.

6. What is the current year budget? Is the current year budget similar to the prior year? May we please receive a copy?

A: ICMA's FY 2022 budget is approximately \$28.5 million.

7. Were there any audit adjustments in the past two years? If so, how significant were the adjustments and what accounts did the adjustments relate to?

A: No audit adjustments or findings were identified in the past two fiscal years.

8. Does management prepare the financial statements and notes or do the auditors assist with the preparation?

A: Management prepares the preliminary financial statements (Statement of Financial Position, Statement of Activities, and Statement of Cash Flows) in addition to the SEFA. Auditors and staff work together on preparing the final financial statements, related footnotes, and the relevant disclosures of accounting standards that would have a current and future impact on the organization.

9. Is there any specific expertise and advice ICMA is looking for that it may not be receiving from its current provider? For example, is ICMA satisfied with the incumbent auditors:

- a. Timeliness
- b. pro-activeness on communications
- c. involvement outside of the audit process

d. value they provide to ICMA

A: ICMA has been satisfied with the level of service received from the incumbent firm.

10. Are there any improvements you would like to see in the audit process?

A: See response to question 9

11. Was there any turnover with the incumbent auditor's staff?

A: No.

12. Has there been any disagreement with the incumbent? If yes, please provide some background on the issue.

A: No.

13. In an effort to understand the level of effort currently exerted by the incumbent auditing firm, please provide:

a. prior year audit and tax fees

b. schedule of auditors in the field (For example, 2 people for 2 weeks in September)

A: (a) This information is confidential.

A: (b) Typically 3-4 auditors for a period of two weeks during preliminary and final fieldwork.

14. Is a D.C. state return required in addition to the Form 900 and 990-T?

A: Yes.

15. Please confirm if there are any other required tax deliverables?

A: None.

16. What is the reason for the RFP solicitation at this time?

A: A five (5) years agreement with the current audit firm is set to expire soon. It is ICMA's policy to issue an RFP for audit/tax services every five (5) years.

17. Will the incumbent (GRF) be participating in the solicitation?

A: By ICMA policy, the incumbent firm is not precluded from participating in the solicitation.

18. Have there been any disagreements or disputes with GRF? If so, please provide details.

A: None.

19. Were there any significant audit adjustments proposed for FY20? If so, please provide details.

A: See response to question 7.

20. Will there be any significant changes in the type or dollar amounts of federal award expenditures for FY22 compared to FY21? If so, please provide details.

A: We expect the FY 2022 total federal award expenditures to be comparable to the FY 2021 amount.

21. Will the activities of ICMA Europe be any more significant in FY22 and future years than they were in FY21? If so, please provide details.

A: We don't anticipate significant changes to the ICMA Europe activities for FY 2022 compared to the prior year at this time.

22. When are the annual audited financial statements for CPAS typically available? Do the CPAS auditors provide the standard representations as component unit auditors?
A: CPAS's audited financial statements are typically available around the April-May timeframe (CPAS's year ends December 31st). A copy of the audit report is shared with ICMA once finalized.
23. Has the 2021 PPP loan (\$1.9 million) been forgiven yet? If not, has the application for forgiveness been submitted?
A: ICMA's second PPP loan forgiveness application has been recently submitted (January 2022). The application is currently under review by the lender.
24. What revenue stream(s) constitute ICMA's sources of unrelated business income?
A: Primarily advertisement income.
25. There is a revenue line in the statement of activities titled "Fees" (\$1.2 million in FY21 and \$1.8 million in FY20) – can you elaborate on the nature and source of this revenue stream?
A: Fees primarily consist of revenues derived from registration fees to various ICMA training, credentialing, professional development, and education programs.
26. What is the typical timing for the 403(b) plan audit? Will that continue to be a limited scope engagement?
A: The 403(b) Retirement Plan audit fieldwork typically takes place in May-June timeframe in conjunction with the ICMA interim audit. It will continue to be a limited scope engagement.
27. Does the Audit, Finance, and Business Operations Committee typically require internal control reviews over and above what is required under GAAS and GAGAS? If so, please provide details.
A: No.
28. Are you anticipating any overseas field office audits to be performed during the next three years? If so, please provide details.
A: None that we are aware of at this time. However, this may change depending on future circumstances.
29. Do you anticipate the FY22 audit to be performed remotely or on-site? Do you have preferences either way?
A: See response to question 2. Audits for the previous two years have been conducted virtually. Since our experience with remote audits has been positive, and given the continued risks due to the ongoing pandemic, we anticipate the FY 2022 audit to be conducted virtually as well.
30. Please share the reason why ICMA has decided to issue the RFP for Audit & Tax Services.
A: See response to question 16.
31. Please share the number of CPA firms the RFP was sent to and the names of those firms.
A: To maintain the integrity of the RFP process, we're unable to share this information at this time.
32. Please share any/all issues of challenges ICMA has had with its existing audit firm – if any.
A: None.
33. Please share any/all improvements to the level/quality of service you are looking to achieve via this RFP process and the potential selection of a new audit/tax firm.

A: See response to question 9.

34. Speak to the strength of your finance & accounting teams and please share the extent of any/all accounting operations in Europe.

A: ICMA's US-based finance team consists of competent and highly skilled professionals.

The ICMA Europe Managing Director prepares the report of financial transactions of ICMA Europe. A detailed list of all financial transactions and the supporting documents are provided to the ICMA HQ finance team on a quarterly basis for review and recording of the transactions in the financial system (Deltek CostPoint).

35. Has there been any significant turnover within your finance & accounting team?

A: No.

36. With respect to the selection process – will management be making the decision with respect to the "down select" and or is that in the hands of the audit committee?

A: The Finance, Audit, and Business Operations Committee will make the final decision and select the finalist.

37. With respect to the selection process – will the finalist interviews be with the audit committee and/or a combination of the audit committee and management?

A: The Finance, Audit, and Business Operations Committee and management will conduct the finalist interviews.

38. With respect to the selection process – is the final decision with respect to the potential change in audit/tax firm in the hands of the audit committee and/or a dual responsibility between management and the audit committee?

A: See response to question 36.

39. With respect to the selection process – is ICMA required to rotate audit/tax firms after a set number of years?

A: See response to question 16.

40. Please share the number (if any) of foreign bank accounts and the countries they are located in.

A: ICMA currently has one foreign bank account in the Philippines.

41. Are all finance/accounting operations centralized within the U.S. – specifically the Greater Washington DC area – if not – please share where else finance/accounting operations exist and the plan ICMA follows are consolidation of activities.

A: ICMA's finance/accounting operations are centralized in the U.S. within ICMA HQ.

42. If ICMA has accounting/finance operations outside of the U.S. does that/those groups utilize Deltek and the other finance/accounting applications that reside within ICMA HQ in the U.S.?

A: ICMA currently has one field office outside of the U.S. It is in the Philippines, and it was established for the purpose of implementing a USAID-funded contract. The field office utilizes the

QuickBooks application for bookkeeping. Financial transactions of the field office are imported into Deltek CostPoint monthly.

43. Please share the number/if any of foreign bank accounts and the countries they are located in and, if there is a system in place to move funds internationally back and forth between ICMA HQ in the U.S. and its overseas location/locations.

A: See response to question 40. Funds are sent from the US to the field office to be used for project activities.

44. Please share the number of foreign bank accounts and the countries they are located in.

A: See response to question 40.

45. Please share a brief overview of the ICMA Europe operations based in the Slovak Republic - is there a need for a separate/stand alone Statutory Audit for this entity?

A: ICMA Europe was founded by ICMA in December 2017 as a nonprofit organization in the Slovak Republic. Due to the size of ICMA Europe operations, there has not been a need for a stand alone statutory audit for this entity.

46. We understand that the N.P. Industry has been hit hard from COVID specific to the Conferences & Meetings that are a mainstay of many of our clients. Please share whatever plan ICMA has put in place specific to this revenue stream for 2022.

A: ICMA's FY 2022 budget includes conservative assumptions with respect to conferences and meetings revenue. ICMA held an in-person event in October 2021, as well as a digital conference in conjunction with the in-person event. The budgeted revenue takes into account capacity restrictions and, generally, a high level of uncertainty with respect to holding large in-person events in the aftermath of the pandemic.

47. Royalty Income is a significant part of ICMA's overall revenue stream – Please share the process you follow to ensure the correctness of this revenue stream.

A: ICMA receives detailed calculations on a quarterly basis supporting the royalty amount paid. The calculations are reviewed by ICMA finance staff to ensure accuracy and completeness in accordance with the licensing agreement. In addition, ICMA-RC (dba MissionSquare Retirement) is required to deliver to ICMA a special purpose audit report annually attesting to the revenue on the basis of which payments to ICMA were derived.

48. We understand that you have not adopted ASU 2019-01 Topic 842 (Leases) – please share what if/any plan you may be putting in place to address the adoption of 842.

A: ICMA plans to implement ASU 2019-01 Topic 842 in the fiscal year 2023 and the related accounting processes and controls to ensure compliance with the new ASU.

49. Can you please share with us the approximate timing of the 403(b) audit fieldwork?

A: See response to question 26.

50. Can you please let us know what state filings are associated with the Form 990-T filing?

A: District of Columbia Form D-20ES

51. What is the top priority for management and the Audit, Finance, and Business Operations Committee for a new partner?
A: Please refer to the RFP for major criteria for the selection of the audit firm. Once the firm is selected, establishing open lines of communication and clarity of expectations with respect to the audit timeline and documentation requirements, especially during the transition period, is one of management's priorities.
52. Are there changes to international operations in FY 2022 or planned for future years?
A: None are planned at this time. However, since ICMA continuously bids on funded international opportunities, this may change – i.e., the number of field offices may grow.
53. How long are the auditors typically onsite/scheduled for planning and fieldwork?
A: See response to question 13b.
54. What is the expected amount of federal expenses for FY 2022?
A: See response to question 20.
55. Are there new federal programs for FY 2022?
A: Yes. ICMA continuously bids on federally funded opportunities. There have been new wins in FY 2022.
56. Have there been any changes to the Royalty agreement?
A: Not recently.
57. Has forgiveness been received for second PPP loan?
A: See response to question 23.
58. How much was recorded for contributed services in FY 2021 and what is the expected amount for FY 2022?
A: A total of \$140,332 was recorded in FY 2021. In FY 2022 we estimate the amount of contributed services to be comparable with FY 2021.
59. Have there been material changes or new related party relationships?
A: No.