

Request for Proposals: Audit Services For Jackson Housing Authority and Affiliate Entities

INTRODUCTION

Jackson Housing Authority (JHA) requests proposals from qualified Independent Public Accounting (IPA) firms to provide IPA audit services for its portfolio of assisted housing and related programs. It is expected that the audit services will be performed in accordance with Generally Accepted Governmental Auditing Standards (GAGAS). The audit also must meet all requirements set forth in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), or any successor issuance, and/or any HUD Requirements, which are in effect as of the date of the audit onsite fieldwork.

JHA was established in 1938 and has 49 employees. The Agency's fiscal year-end is December 31 and the agency is mainly funded by the U.S. Department of Housing and Urban Development (HUD). The Agency is a unit of local government and therefore follows Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). For financial statement purposes, the PHA reports as a single enterprise fund. The auditor will submit to the agency one (1) original unbound, one (1) electronic and 10 bound copies of the audited financial statements including the Single Audit report to the Executive Director.

The Agency maintains the following programs:

- **Public Housing Program.** The Agency operates 539 traditional public housing units organized into four (4) asset management projects. The Agency has adopted asset management with a Central Office Cost Center (COCC). As part of its housing program, the PHA receives Capital Fund grant awards each year, currently with 7 active and 1 with final Cost Certification for completed CFP grants.
- **Low Income Housing Tax Credits (LIHTC).** The Agency manages six (6) mixed finance developments: 493 Developer owned units of which 234 units are ACC, and 259 include a blend of 50 PBRA, 155 PBV, 31 RADPBV, and 23 Market rate units. Note that: For the LLCs, we will also require Tax Preparation Services for each fiscal year with drafts due to the investor by February 15th. The LLC audits must also be completed and submitted to the investor members by February 28th. A draft of each report should be submitted at least one week earlier.
- **Section 8 Housing Choice Voucher (HCV) Program.** The Agency manages 1394 HCV vouchers, 15 Emergency Housing Vouchers (EHV), 25 HUD-VASH, and 31 RAD.
- **Additional Grants.** The PHA also operates a ROSS grant with one coordinator and FSS Program with 2 coordinators for HCV and 2 coordinators for public housing.
- **Non-Profit Component Unit.** JHA has a non-profit Tennessee Housing Development Corporation instrumentality for strategic planning and future development of low income housing. An annual form 990 tax return must be completed and submitted for this entity. THDC also owns seven (7) For-Profit corporations used in the ownership strategy of LIHTC deals that need annual corporate returns completed and submitted.
- **The PHA's federal awards expended based on last year's audit (rounded to thousands) were as follows:**
 - CFDA 14.850 Low Rent Public Housing: \$2,806,966

- CFDA 14.PHC Low Rent Public Housing – COVID-19: \$230,512
- CFDA 14.872 Public Housing Capital Fund: \$1,761,660
- CFDA 14.871 Housing Choice Voucher: \$9,185,529
- CFDA 14.HCC Housing Choice Voucher – COVID-19: \$55,365
- CFDA 14.870 Resident Opportunities and Self-Sufficiency: \$68,053
- CFDA 14.896 PIH Family Self Sufficiency Program: \$198,439
- Summary of auditor’s results based on last year’s audit were as follows:
 - Unmodified opinion on Financial statements
 - Unmodified opinion on major Federal programs: Low Income Public Housing and Capital Fund Program
 - No Findings

The Agency’s financial records and tenant records are maintained on Emphasys Elite software system. The Agency utilizes the services of a fee accountant, BDO PHA Finance, since 2019.

Additional information about the agency can be obtained from our website at www.jacksonha.com.

The RFP contains submission requirements, scope of services, period of services, terms and conditions and other pertinent information for submitting a proper and responsive proposal. All proposals submitted in response to this solicitation must conform to all of the requirements and specifications outlined within this document and any designated attachments in its entirety.

Prospective offerors requiring any explanation or interpretation of the solicitation must request it in writing no later than 5:00 pm CST on 9/15/2021. The request must be addressed to Tiffany Hopper, Chief Financial Officer at the following email address: thopper@jacksonha.com. Any information given to a prospective offeror about this solicitation will be furnished to all other prospective offerors as a written amendment to this solicitation.

All responses to the RFP must be enclosed in a sealed envelope and labeled as follows with the specific information: **RFP: Jackson Housing Authority, Request for Audit Services**, Due Date and Time: 09/30/2021, 5PM CST.

The Agency wishes to enter into a fixed fee contract to assure that commitments will be met in a professional, effective, and cost-efficient manner. The Agency intends to award the contract pursuant to a “best value” basis, not a “lowest bid” basis. An evaluation committee shall review and rank each of the offerors’ proposals using the method of evaluation described in this request. The committee shall enter into negotiations with the highest ranked proposal first, and if necessary, any or all of the other proposals and submit the list of ranked offerors to the Executive Director. The contract will be awarded to the most competent, responsive, and responsible offeror in accordance with the proposal evaluation criteria.

The awarded contract will be for two years with an option to extend annually for an additional three years.

AGENCY’S RESERVATION OF RIGHTS

The Agency reserves the following rights in association with the RFP process and upon contract award.

1. **Right to Reject, Waive, or Terminate the RFP.** Reject any or all proposals, or to terminate the RFP process at any time, if deemed by the Agency, to be in its best interests.
2. **Right to Not Award.** Not to award a contract pursuant to this RFP.

3. **Right to Terminate.** Terminate a contract award pursuant to this RFP, at any time for the Agency's convenience, upon 10 days written notice to the successful offeror(s).
4. **Right to Determine Time and Location.** Determine the days, hours, and locations that the successful offeror(s) shall provide the services called for in the RFP.
5. **Right to Retain Proposals.** Retain all proposals submitted and not permit withdrawal for a period of 90 days subsequent to the deadline for receiving proposals.
6. **Right to Negotiate.** Negotiate the fees proposed by the offeror(s).
7. **Right to Reject Any Proposal.** Reject and not consider any proposal that does not meet the requirements of this RFP, including but not necessarily limited to incomplete proposals and/or proposals offering alternate or non-requested services.
8. **Right to Reject Proposal for Debarment.** In addition, the Agency reserves the right to reject the proposal of any firm who is debarred by HUD from providing services.
9. **No Obligation to Compensate.** Have no obligation to compensate any offeror for any costs incurred in responding to this RFP.
10. **Unauthorized Sub-Contracting Prohibited.** The successful offeror/contractor shall not assign any right, nor delegate any duty for the work proposed pursuant to this RFP (including, but not limited to, selling or transferring the contract) without the prior written consent of the Agency. Any purported assignment of interest or delegation of duty, without the prior written consent of the Agency shall be void and may result in the cancellation of the contract with the Agency or may result in the full or partial forfeiture of funds paid on the contract, as determined by the Agency.
11. **Project Staffing Changes.** Engagement partners, managers, other supervisory staff, and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. These personnel may also be changed for other reasons. However, in either situation, the Agency retains the right to approve or reject replacements.

SCOPE OF WORK

Previous/Current Auditor

The Agency's current contractor for audit services is Smith Marion & Co. in Murfreesboro, TN who has performed these services for the Agency since 2009.

General Requirements

The Auditor will adhere to the general requirements provided below.

1. **Audit Standards (Single Audit).** It is expected that the audit services will be performed in accordance with Generally Accepted Auditing Standards (GAAS) as set forth by the American Institute of Certified Public Accountants (AICPA) and Generally Accepted Governmental Auditing Standards (GAGAS) as issued by the US Government Accountability Office (GAO). The audit also must meet all requirements set forth in Title 2 U.S. code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), or any successor issuance, and/or any HUD or other Federal agency requirement, which are in effect as of the date of the audit onsite fieldwork.
2. **State Requirements.** Any state audit requirements and procedures are expected to be properly performed and completed as part of this scope of work.

3. **Audit Report.** The auditor will provide one (1) original unbound, one (1) electronic and 10 bound copies of the audited financial statements including the Single Audit report to the Executive Director.
4. **Retention of Work Papers.** The auditor shall retain work papers for a minimum of five (5) years after the date of issuance of the auditor's report to the Agency.
5. **Access to Working Papers.** Audit work papers shall be made available upon request by the Agency, HUD, or any other governmental agency having jurisdiction to such request (i.e., Office of Inspector General), and are to be made available to the requested party within 10 days of receipt of such request. All reports rendered to the Agency by the auditor are the exclusive property of the Agency and is subject to the Agency's use and control, according to applicable laws and regulations.
6. **Inquiries from Successor Auditors.** The audit firms shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing significance.
7. **Compliance with Laws.** The Auditor agrees to be bound by applicable Federal, State, and Local laws, regulations and directives as they pertain to the performance of the audit contract.

Specific Services

The Contractor will provide the following services/tasks for audit services commencing with the Agency's fiscal year ending December 31, 2021.

1. Perform a financial statement and compliance audit of the Agency in accordance with standards as described under the aforementioned General Requirements section. The statements to be provided by the housing agency include the following:
 - a. Statement of Net Position
 - b. Statement of Revenue, Expenses, and Changes in Net Position
 - c. Statement of Cash Flows
 - d. Notes to Financial Statements
 - e. Management Discussion & Analysis
 - f. Schedule of Expenditures of Federal Awards
 - g. Statement and Certification of Actual Costs
2. As part of the engagement, the auditor will provide the following reports
 - a. Independent Auditor's report, including in relation to opinions: (1) Management Discussion and Analysis, (2) Financial Data Schedule, (3) Schedule of Expenditures of Federal Awards
 - b. Independent Auditor's Report on Internal Control over Financial Reporting on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
 - c. Independent Auditor's Report on Compliance for Each Major Program and Internal Control Over Compliance as Required by the Uniform Reporting Guidance
 - d. Schedule of Findings and Questioned Costs
 - e. Any other report as needed to be compliant with current audit standards and HUD, other Federal agency and state requirements, including HUD's Capital Fund Grant Close-out Cost Certificates
3. Provide with the annual audit, written recommendations made to management which address any findings, observations, opinions, or comments relating to internal controls, financial systems,

compliance, or other matters that come to the attention of the auditor during the examination. The management letter shall be provided in draft form prior to publication of the annual financial statement and be discussed with the Executive Director and other appropriate housing agency staff.

4. The auditor will not be involved in submission of the unaudited Financial Data Schedule (FDS) to HUD. The auditor will review any HUD comments provided on the unaudited FDS submission and last year's audited submission and address accordingly.
5. The auditor will perform the HUD required Agreed-upon Procedures related to the submission of the audited FDS upon completion of the audit and if necessary, any re-submission as required by HUD.
6. The auditor will complete and transmit the Data Collection form to be filed with the Federal Clearinghouse.
7. An exit conference is required of the auditor upon completion of fieldwork with the Executive Director and/or designated staff to inform them of pertinent findings.
8. A formal presentation of the report by the auditor to the Board of Commissioners is required. The formal presentation can be completed via conference call.
9. **Audit Timeline** – Jackson Housing Authority's fiscal year ends December 31. The audit for FY2021 will be required to be performed prior to May 30th, 2022 and the audit report must be submitted to HUD by June 30th, 2022. The following timeline will be followed by the Agency and auditor for the completion of the Agency's financial statement and federal program audits.

#	Time Period	Task
1	November	The audit rfp committee meets and selects audit firm. The audit planning meeting occurs between the auditors and the Executive Director.
2	December 31	Auditor completes bank and investment confirmation – confirming the existence of accounts, loans, or line of credit belong to the Agency.
3	January through March	<ul style="list-style-type: none"> • The Agency closes the fiscal year and prepares audit schedules. • Fee accountant prepares financial statements. • A list of items needed at the start of the onsite field work is communicated from the auditor to the Chief Financial Officer. • Electronic files of tenant waitlist and populations are sent to the auditor for sample selection.
4	April through May	Year-end financial statement audit field work and review takes place. Onsite field work must be completed no later than May 31st. Note: The State of Tennessee requires that PHAs submit their financial statements to the state 6 months after the PHA's FYE.
5	June	<ul style="list-style-type: none"> • Reports - The auditor will submit to the agency one (1) original unbound, (1) electronic and 10 bound copies of the audited financial statements including the audit reports to the Executive Director prior to the June Board Meeting, which is scheduled for the 3rd Tuesday of each month. • The auditor will present the audit to the Board of Commissioners at the June Board meeting. • Final submission to HUD REAC and the Federal Clearinghouse by June 30th.

10. Consultation and Assistance. Provide advice or other services to the Board of Commissioners, Executive Director, or other designated PHA staff on Agency financial matters when requested. (Up to 100 hours is budgeted for this task).

Note: These services are outside the scope of the above listed audit services. The IPA may not engage in any consultation or assistance services where the IPA would lose their independence status and therefore be unable to provide audit services. It is expected all consultation and assistance services will be performed offsite. Consultation and Assistance services must be approved by the Agency prior to services being rendered and billed.

The Agency's responsibilities with respect to the audit and the Agency's expectations of the audit firm is described below.

Housing Agency Responsibilities

- The Executive Director has the responsibility for the oversight of the audit and coordination with the Board of Commissioners as necessary.
- The Executive Director/Accountant serves as the liaison with the auditors and has responsibility for coordinating the financial statements and single audits for the Agency.
- The Executive Director/Accountant coordinates the preparation of financial processes and internal control descriptions and the audit schedules utilized by the auditors during the audit process.
- The audited FDS is prepared by the auditor and is reviewed and submitted by the Agency.

Auditor Responsibilities

- The audit senior or manager will provide the Executive Director with timely reports during field work should any questions, concerns, potential findings, questioned costs, reportable conditions, weaknesses or deficiencies, which is identified by the audit firm staff.
- The auditor will substantially complete the audit work and that the engagement manager and engagement partner, to the fullest extent possible, will review the audit work papers prior to the audit team leaving the field (Agency).
- The auditor will inform the Agency about the nature of the proposed management letter comments or single audit exceptions prior to the completion of the audit field work.
- The auditor will keep confidential the Agency data and information and such information will not be used for any purpose other than to perform the agreed-upon services.

INSTRUCTIONS TO OFFERORS

1. Notice of Intent to Propose. If your firm elects to respond to this RFP, notify Tiffany Hopper at the following email address: thopper@jacksonha.com by 09/15/2021.
2. Prospective offerors requiring any explanation or interpretation of the solicitation must request it in writing no later than 5:00 pm CST on 09/15/2021. The request must be addressed to Tiffany Hopper at thopper@jacksonha.com. Any information given to a prospective offeror about this solicitation will be furnished to all other prospective offerors as a written amendment to this solicitation. After this date and time responses to questions on the RFP will not be provided to any prospective offeror. Responses to questions must be made in writing before the deadline for the submission of written questions.
3. Proposals are to be submitted in a sealed envelope clearly marked **RFP: Jackson Housing Authority, Request for Audit Services** and will be received until 5:00 pm CST on 09/30/2021 at Jackson Housing Authority, 125 Preston Street, Jackson, TN 38301. Any proposal received/time-stamped after 5:00 pm CST on 09/30/2021 will be considered late and will be returned. If the proposal is hand-delivered, please allow enough time as there may be other clients, etc. at the front desk and you may have to wait to get your proposal time-stamped. Proposals must be time-stamped. If a proposal is sent by mail or courier, the proposal will be time-stamped upon receipt.
4. The offeror should submit a signed original and four (4) copies of its proposal.
5. No proposal may be withdrawn or modified in any way after the deadline for proposal submittal. Proposals shall remain firm and valid for ninety (90) days from said deadline.
6. The proposal must be completed in its entirety, completing all forms included in the proposal packet. If the offeror should have any questions regarding the forms, Tiffany Hopper at thopper@jacksonha.com.
7. Offerors may supplement their proposal with attached sheets for the purpose of adding or otherwise explaining any further conditions the offeror wish to have considered. Such supplemental attachments are to be considered items to be reviewed, accepted, rejected, or further considered by the evaluation committee.

PROPOSAL FORMAT

The Agency intends to retain the successful offeror pursuant to a “Best Value” basis, not a “Lowest Bid” basis, i.e., the Agency will consider other factors than cost in making the award decision. All proposals submitted in response to this RFP must be formatted in accordance with the sequence and instructions provided below. Any proposal which fails to include all of these items will be considered a non-responsive proposal and will not be considered for evaluation.

Title Page. The title page should include the proposal subject, the firm’s name, address, phone, and fax numbers, email address and contact person, date of the proposal, Federal ID number of the firm, and firm’s license number with the State Board of Accountancy.

Tab 1. Knowledge and Experience (Maximum Page Limit: 5 Pages). This section should provide information on the size of the firm, experience with auditing public housing authorities and HUD program regulations, including experience auditing the Rental Assistance Demonstration (RAD) program, tax credit property, etc. Include information on the firm’s client portfolio and the services offered by the firm.

The offeror shall identify whether or not subcontractors will be used for the engagement, if awarded, and/or if the proposal is a joint venture with another firm. All information required from the offeror must also be included for any major subcontractors or from any joint venture.

Tab 2. Management and Staffing Plan (Maximum Page Limit: 10 Pages). Provide a management plan that describes the firm’s audit approach, including consideration of laws and procedures, the process for review, and quality control of services to be provided. Include in the response, an alternate schedule for completing the services, if different from the schedule outlined in the Scope of Work. In addition, describe any assistance expected of the Agency’s staff, if other than outlined in the RFP.

Provide a staffing plan that identifies key personnel and other staff who will be assigned to the project and duties to be performed on the project.

- For the principal supervisory and management staff, including engagement partners, managers, or other supervisors, indicate whether each person is licensed to practice as a certified public accountant in the state.
- For each staff, provide their job title, background, and experience, including information on the government auditing experience of each person, relevant continuing professional education, and membership in organizations relevant to the performance of this audit.
- Include in the staffing plan, the total estimated hours to be performed onsite and offsite at the auditor’s office by job classification, for example, partner, manager, senior, and staff

Tab 3. References. Provide no more than five (5) references of housing authorities currently under contract with the firm or clients served within the past three (3) years for whom the offeror has performed similar services to those described in the RFP. The list shall include the: client’s name, client’s contact name, client’s telephone number, the date the service(s) was provided, and a brief narrative description and scope of the service(s), including key personnel and contract value.

The firm is also required to submit a copy of the report of its most recent external peer review report as approved by a State Society of CPAs. The firm shall also provide information on the results of any HUD QASS review, other federal or state desk reviews or field review of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organization.

Tab 4. Commitment Letter. The proposal must include a signed letter indicating that if selected, your firm will sign an annual contractor for audit services for a period of two (2) years. This contract may be extended for three (3) additional one (1) year periods for a total of five (5) years of audit services if mutually agreed upon by the Agency and the contractor.

Tab 5. Licensing and Insurance Requirements. Prior to award, but not as part of the proposal submission, the successful contractor will be required to provide the following documents.

- a. Evidence that the key personnel that will be reviewing all work performed under the engagement is licensed as a certified public accountant.
- b. An original certificate evidencing the contractor's current industrial (worker's compensation) insurance carrier and coverage amount.
- c. An original certificate evidencing the contractor's General Liability coverage.
- d. An original certificate evidencing the contractor's Professional Liability and/or "errors and omissions" coverage.
- e. A copy of the contractor's business license allowing the entity to provide such services within the jurisdiction.
- f. A copy of the contractor's license issued by the State of record allowing the contractor to provide the services provided in the RFP.

Tab 6. Price Proposal. Submit a price proposal for the two (2) years and three (3) option periods. Please list the price for audit individually for each of the LLCs and Non-profit entities.

Tab 7. HUD Form 5369-B, Instructions to Offerors, Non-Construction. Read and initial each page indicating that you have read and agree with the contents.

Tab 8. HUD form 5369-C, Certifications and Representations of Offerors, Non-Construction. Read and initial each page indicating that you have read and agree with the contents.

Tab 9. HUD Form 5370-C, General Contract Conditions, Non-Construction. Read and initial each page indicating that you have read and agree with the contents.

EVALUATION CRITERIA

The Agency intends to award the contract to the successful offeror pursuant to a “Best Value” basis. An evaluation committee will review and rank each proposal using the evaluation factor and point system shown. The award of points for each listed factor will be based upon the documentation that the offeror submits with the proposal.

#	Evaluation Factor	Maximum Points
1	<p>Firm’s Knowledge and Expertise with PHAs and HUD Programs The proposal demonstrates the firm’s experience with generally accepted accounting principles and audit standards as they apply to housing authorities.</p>	30
2	<p>Management and Staffing.</p> <ul style="list-style-type: none"> • The audit approach adequately describes the work to be performed and provides information on the sampling techniques and analytical procedures that will be used. • The offeror’s proposed management plan for assigning and overseeing the work and the proposing staffing and proposed hours provides assurance that: <ul style="list-style-type: none"> ○ The firm has assigned staff to the project with the necessary expertise for performing and reviewing the work. ○ The number of hours proposed by the firm to complete the audit appears reasonable. ○ The firm’s approach will meet the Agency’s provided timeline. 	30
3	<p>Quality of Firm’s References and Peer Review</p> <ul style="list-style-type: none"> • The offeror has provided evidence of successful performance of similar audits for other housing authorities. • The prior audit experience with other housing authorities have been deemed acceptable as evidenced by references and the housing authorities’ response to the reference check. • Latest peer review and the results of any federal or state desk reviews (if applicable) has been determined to have been acceptable. • The firm has not had any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organization that would be deemed concerning. 	20
4	<p>Price. The offeror’s cost seems reasonable based on the services requested and the offeror’s management and staffing plan for each of the requested year(s).</p>	20
	Total Points	100