# Procurement Template: Audit Services

## BACKGROUND INFORMATION

HUD’s Uniform Financial Reports Standard (UFRS) rule (24 CFR Part 5, Subpart H) requires all public housing agencies (PHAs) to submit year-end financial data electronically to HUD that are prepared in accordance with Generally Accepted Accounting Principles (GAAP). With a few exceptions, most PHAs are considered governmental entities, and therefore must follow GAAP promulgated by the Governmental Accounting Standards Board (GASB). Under the UFRS rule, all PHAs must provide HUD with unaudited data that is due no later than two months after the end of the PHA’s fiscal year. Any PHA that expends $750,000 or more in Federal expenditures annually is also required to have an audit completed per regulations (2 CFR 200.500) as issued by the U.S. Office of Management and Budget (OMB). In addition, many state governments require that all local governments in their jurisdiction are audited annually (Public Act 2 of 1968, as amended). If a PHA is required to have an audit per the requirement of OMB or the PHA was audited with the audit paid from Federal funds/Federal program income, the PHA must submit the results of the audit to HUD. Because of these two requirements, approximately 90% of all PHAs are audited each year.

An ***audit*** is an examination of an entity’s financial statements by a firm of Independent Public Accountants (IPA). The objective of the IPA’s work is the expression of an opinion as to whether a PHA’s financial statements are presented fairly in accordance with accounting principles generally accepted in the United States. As part of the audit, IPAs will also test the PHA for compliance with applicable laws and regulations, evaluate the PHA’s internal control system, and review the PHA to see if the PHA has committed fraud, waste or abuse. An audit provides to both PHA management and HUD an objective evaluation of the PHA’s financial condition and compliance with laws and regulations. A PHA’s failure to file timely audits to HUD or qualifications in the audit reports will normally result in more in-depth HUD monitoring. An audit must be completed by an independent third party and therefore must be procured.

HUD is providing this document to help PHAs issue a solicitation for audit services that are compliant with both PHA and HUD’s requirements. This procurement template is provided because of the PHA’s need for a proper and timely audit coupled with the fact that for many PHAs, the proper execution of procurement actions is an area of higher risk. The use of this document is not required but is intended to aid PHAs in successfully awarding a contract for audit services in a timely and compliant manner. The document is intended to provide best practices used by other PHAs and highlights many of HUD’s procurement requirements.

The next two sections further describe the organization of this document and items to consider when developing a request for proposal (RFP) for audit services. The remainder of the document provides sample RFP language and instructions.

## ORGANIZATION OF DOCUMENT

This document provides PHAs with a framework and sample language to issue a request for proposal (RFP) for audit services. HUD requires that a PHA’s RFP is compliant with procurement laws, regulations and guidance, including the PHA’s policies. HUD does not specify a certain format for a PHA’s RFP. Therefore, the actual organization, scope of services and detail included in a solicitation for audit services varies widely from PHA to PHA. Most PHA’s RFPs are unique to that PHA, as PHAs have preference in the order and manner solicitation information is presented in their procurement actions. Also, many PHAs may have additional contract clauses, templates or forms that they want to include as part of the award process and contract that are not required by HUD. PHAs should review and incorporate in their RFP, the information provided in this sample procurement template, as appropriate.

The table below identifies ten (10) sections of an RFP for audit services that should be included in the solicitation package and the order in which they typically appear. The table also briefly describes the information that is provided in each section. The column “Sample Provided” indicates whether sample language that a PHA may modify and include in their solicitation is included in this document.

| **#** | **Solicitation Package** | **Sample Provided** |
| --- | --- | --- |
| 1 | **Cover Page & Table of Contents**. Each solicitation package normally will have a cover page, which provides basic information. The basic information typically includes the PHA’s name, address, PHA contact information, date of issuance, proposal number and title, such as “Request for Audit Services”. Many PHAs also include a table of contents that list the major section of the procurement package and the respective page number. | No |
| 2 | **Introduction**. This section of the procurement package provides summary information about the PHA, general information about the scope of services requested and related procurement action schedule. | Yes |
| 3 | **Agency’s Reservation of Rights**. This section highlights and describes certain rights maintained by the Agency in association with the RFP process and upon contract award. | Yes |
| 4 | **Scope of Work**. This section describes the services that the auditor will perform for the agency. The sample provides the typical audit services that are provided. In addition, language is provided for optional consultation services. | Yes |
| 5 | **Instructions to Offerors**. This section provides general instructions on how the proposal should be submitted, the due date for the submission of questions on the proposal and the proposal due date. | Yes |
| 6 | **Proposal Format**.This section provides information on the procurement strategy used for this RFP (i.e., best value) and instructions to the offeror on the information to be submitted and how the proposal must be organized. This section also provides information on the HUD-required forms and other PHA-required information that must be submitted with the proposal (see sections 9 & 10). | Yes |
| 7 | **Price Proposal Template**. While audit services will be based on a firm fixed fee contract, this section provides a sample price proposal template that the Agency can require all offerors to utilize when submitting the proposal. The pricing template requests rate information and total number of annual estimated hours for each proposed staff, both onsite and offsite in order to better evaluate the offeror. Additional sample pricing templates are also provided for expenses such as travel and consultation services. | Yes |
| 8 | **Evaluation Criteria**. This section provides the factors and associated weights that would be used to evaluate each proposal and describes the contract award process. | Yes |
| 9 | **HUD Mandatory Contract Provisions**. The PHA is required by HUD to include with the solicitation mandatory contract provisions when procuring non-construction services. HUD has made these contract provisions available via forms that can be downloaded from HUD’s website. This section provides information on the mandatory contract provision and how the PHA can include them in the solicitation. | Yes |
| 10 | **PHA-Required Contract Provisions**. This section of the solicitation would include other contract provisions, affidavits, or statements required by the PHA or state law but are not required by HUD. The template includes a list of provisions that are frequently found in PHAs’ RFP for audit services. Note: Use of these provisions is strictly optional. | Yes |

A PHA can use the information using one of two approaches. If the PHA already has an RFP for audit services that they believe is compliant and meets their needs, the PHA should review this document and update their current RFP, as necessary. If the PHA does not have an RFP for audit services or if they believe a large number of changes are warranted based on the information presented in this document, the PHA should cut and paste the sample language in this document into a new document and modify the RFP language as needed to reflect the PHA’s preferences.

## ITEMS FOR CONSIDERATION

The following are items that the PHA should consider in procuring audit services and when using this template, including major assumptions that were used to develop the sample procurement template.

1. *Assumption* – The PHA is considered to be a unit of local government and therefore follows GAAP as promulgated by GASB. A few PHAs are classified as non-profits. Non-profits follow GAAP promulgated by the Financial Accounting Standard Board (FASB). From an audit perspective, the distinction between the two boards has to do mainly with the format and type of schedules, reports and other information that must be provided as part of an entity’s financial statements. For example, a Management Discussion and Analysis report is not required for a non-profit’s financial statements.
2. *Assumption* – If the PHA expends $750,000 or more in Federal awards annually, the PHA will have an audit in accordance with OMB rules. This audit type is commonly referred to as a single audit. If a PHA has not expended $750,000 in Federal awards but will be audited, the audit will be performed using Generally Accepted Government Auditing Standards (GAGAS) as issued by the US Government Accountability Office (GAO). This type of audit is also known as a yellow book audit and in this document this audit is also referred to as a non-single audit.

A ***non-single audit***is an audit of the PHA’s financial statements and internal control and compliance testing at the financial statement level. Normally, less work is required under a non-single audit as these auditees tend to be smaller PHAs with only one or two programs. A ***single audit*** encompasses all the requirements of a non-single audit and requires additional internal control and compliance testing at the major program level. Other requirements of a single audit include additional auditor reports and the filing of the audit with the Federal Audit Clearinghouse. Single audit requirements can be found at 2 CFR 200.500 to 521.

1. *Assumption* – State procurement laws do not limit offerors to have established offices within the state.
2. *Assumption* **–** Contract length will be the base period of two (2) years with an option to extend for one year. PHAs can award the contract with up to three (3) option periods (a total of five years).
3. *Assumption –* The PHA utilizes the services of a fee accountant.
4. *Procurement Strategy* – The procurement strategy used in this sample is a competitive proposal which is the preferred method to be used for audit services. A competitive proposal procurement strategy allows the PHA to make the award based on best-value using the RFP’s evaluation factors and not lowest offeror. It is not recommended that the PHA use a small purchase procurement strategy for professional services such as audit services which would mean the contract would likely be awarded to the lowest offeror and with little information on the qualifications and approach to providing the requested service.
5. *Housing Knowledge and Experience* – The public housing industry is a very specialized area and there are a number of audit firms who have specialty in public housing. A firm’s experience and knowledge with HUD’s housing program regulations and financial reporting requirements is critical in obtaining a proper audit. Firms that do limited PHA work are likely not to be well-versed in HUD’s subsidized housing programs. Also, HUD has a few audit requirements that are not typical of a local government audit engagement. It is recommended that the PHA include in the RFP, an evaluation factor that assesses the audit firm’s housing knowledge and experience and that this evaluation factor be assigned a significant number of points.
6. *Selection of an Audit Firm –* The audit provides a certain level of assurance that the PHA’s books of accounts are correct and the PHA is compliant with laws and regulations. For many small PHAs, the audit may be one of the major checks in its quality control process. PHAs should strive for using an audit firm which will perform a quality audit. However, some PHAs view the audit process as an expense that can only get them in “trouble” and therefore try to find and use audit firms that do not normally issue any findings. This process is commonly referred to as “opinion shopping”.

The procurement selection process should never consider the number of or types of findings an audit firm has issued for other PHAs, just like the PHA should never consider only price in its selection process. In addition, it is poor business practice not to exercise an option period, simply because the auditor issued findings.

While there are no HUD procurement rules that would prohibit the current auditor from submitting a proposal on a PHA’s procurement for upcoming audit work, the PHA should always consider using a new audit firm every few years. The process of changing audit firms is known as auditor rotation. Auditor rotation is considered by many as a best practice as it keeps a fresh set of eyes on the PHA’s books of account and practices. Auditor rotation helps prevent overfamiliarity that could lead to misstatements and misrepresentation in the PHA’s financial accounts and failure in identifying instances of non-compliance. However, a switch to a new audit firm is usually more expensive in terms of fees paid to the auditor as normally the incumbent auditor’s proposed fee will be lower due to their past experience with the housing agency and an increase in staff time required by the PHA to support the new audit firm.

Finally, all IPAs must be licensed in the state that the PHA is located to perform an audit. HUD will normally require the audit be re-performed if the auditor was not properly licensed. PHAs must ensure that as part of their review process the IPA is properly licensed.

1. *Scope of Work & Evaluation Factors* – The services to be provided by an auditor are fairly standard as the scope of work is heavily determined by the respective accounting and audit setting bodies (i.e., GAO, OMB, and American Institute of Certified Public Accountants – AICPA) and HUD itself. The scope of work section of this document lists the typical services that are provided by an audit firm under a single audit. The PHA should review the list and add, modify, and remove services as necessary.
2. *Schedule for Completion of Audit Work* – While HUD allows for the audit to be completed and submitted to them no later than nine months after the end of the PHA’s fiscal year, there can be major consequences for missing the deadline, including HUD designating the PHA as “Troubled”. It is best practice to have the audit completed no later than 7 months after the end of the PHA’s fiscal year end. This schedule allows ample time for the PHA to submit its audit and correct any reporting issues found in HUD’ s review process, if necessary. In the Scope of Work section, the PHA should provide a schedule for completion of the audit or require that the auditor provide such a schedule as part of the proposal which can be assessed as part of the evaluation factors.
3. *Fixed Fee Contract* – Pricing will be an all-inclusive fixed price which is the typical pricing strategy used by PHAs for audit work. The PHA will normally make progress payments throughout the contract when the auditor has completed certain milestones of the schedule. PHAs will normally hold back a large amount of the final payment until the audit has been completed and accepted by HUD*.*
4. *Timing of Issuance of Procurement for Audit Work* – HUD recommends that the procurement for audit services be started at least eight (8) months prior to the PHA’s fiscal year-end that will be initially audited. To properly plan the audit engagement and to send out timely confirmations, the audit firm will want to be under contract several months before the PHA’s fiscal year ends. In addition, eight months will provide sufficient time for the PHA to review and re-procure if the initial request for proposal was not successful.
5. *Section 3 Requirements and Evaluation Factor* – Section 3 of the HUD Act of 1968 and various Presidential Executive Orders requires that PHAs make efforts to ensure that small and minority-owned businesses, women’s business enterprises, labor surplus area (LSA) businesses[[1]](#footnote-2), and firms that are substantially owned (at least 51 percent) by a PHA resident, are used when possible. PHAs should consider their PHA procurement policy, including any goals/targets and procedures for Section 3 businesses. An evaluation factor can be included and weighted to provide points for proposals submitted by such firms or firms that employ subcontractors that qualify under Section 3.
6. *PHA Clauses* – When using this sample, PHAs should review and include the procurement clauses required by their state (if applicable), required by PHA procedures, or as a result of best practices as determined by the PHA. In addition, the PHA should identify and include templates, affidavits and forms that the PHA may want the offeror to use to ensure that certain information is provided in a standard format or that the information can be easily located. The PHA should modify or add contract provisions to clarify or ease the administrative burden of monitoring and administering the contract. For example, the PHA could require that the invoice be provided electronically or that payment of the invoice would be made through electronic funds transfer only.
7. *Market Research*–PHAs can advertise the RFP through the various regional and national housing industry newsletters. The agency can also perform market research to reach out to vendors directly. PHAs may want to check with the local HUD field office or other PHAs for a list of audit firms that have PHA clients in the same state or region. When obtaining information on audit firms, the PHA should also ask for information on the services that are provided, how the work is managed and staffed, and a rough cost estimate.
8. *Reminder* – PHAs should carefully read the sample procurement template and edit the text to align to the PHA’s facts and needs. For example, in the Sample - Introduction section, the language provided describes a relatively small PHA named the Housing Agency of the City of Anytown. This section should be tailored with the PHA’s information. Similarly, in the Scope of Services section there is a complete list of audit services requested, however, this list should be reviewed, and services added, modified and deleted as necessary to fit the PHA’s needs. Again, the list of audit services in this template is based on the requirements for a single audit, however, items that should be omitted for a non-single audit are identified.

## SAMPLE LANGUAGE (RFP SECTION #2) - INTRODUCTION

The Housing Agency of the City of Anytown (Agency) 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.

The Agency was established in 1969 and has 9 employees. The Agency’s fiscal year-end is June 30 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 125 public housing units organized into one (1) asset management project. The Agency has not adopted asset management and has not established a Central Office Cost Center (COCC). As part of its housing program, the PHA receives Capital Fund grant awards each year.
* Section 8 Housing Choice Voucher (HCV) Program. The Agency manages 175 HCV vouchers.
* Rural Rental Housing Program. The Agency administers 50 units of low-income housing; a program of the U.S. Department of Agriculture.
* 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: $432,000
* CFDA 14.872 Public Housing Capital Fund: $185,000
* CFDA 14.871 Housing Choice Voucher: $954,000
* CFDA 10.415 Rural Rental Housing: $217,000
* Summary of auditor’s results based on last year’s audit were as follows:
* Unmodified opinion on Financial statements
* One finding – HCV waitlist management

The Agency’s financial records and tenant records are maintained on XXX software system. The Agency utilizes the following modules: Tenant Application, Tenant Processing, Tenant Accounts Receivable, Section 8 Receivables, Accounts Payable, Receipt System, Payroll, General Ledger, Work Orders and Purchase Orders. The Agency utilizes the services of a fee accountant, NAME of FIRM and LOCATION of FIRM since DATE.

Additional information about the agency can be obtained from our website at WEBSITE LINK. A copy of the Agency’s most recent audited financial statements can be found on the Agency’s website under XXX section.

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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 EST on mm/dd/yyyy. The request must be addressed to XX Person at the following email address: XXXXXXXXXXX. 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.

**Notice of Intent to Propose.** If your firm elects to respond to this RFP, notify XX Person at the following email address: XXXXXXXXXXX by DATE.

All responses to the RFP must be enclosed in a sealed envelope and labeled as follows with the specific information: **RFP: Anytown HA, Request for Audit Services**, Due Date and Time: mm/dd/yyyy, 5:00 pm EST.

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 Executive Director shall make a recommendation to the Board of Commissioners to award a single contract 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 for an additional one year.

## SAMPLE LANGUAGE (RFP SECTION #3) - 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.

## SAMPLE LANGUAGE (RFP SECTION #4) - SCOPE OF WORK

### Previous/Current Auditor

The Agency’s current contractor for audit services is NAME of FIRM and LOCATION of FIRM who has performed these services for the Agency since DATE.

### 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.

**-OR-**

**Audit Standards (Non-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 of any HUD or other Federal agency requirements, which are in effect as of the date of the audit onsite fieldwork.

1. **State Requirements**. Any state audit requirements and procedures are expected to be properly performed and completed as part of this scope of work.
2. **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.
3. **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.
4. **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.
5. **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.
6. **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

*[Note to PHA – The specific audit services described below are the typical services that are generally provided by auditors. The PHA should review and select/tailor the services accordingly. Items 1f, 2c, 2d, and 6 should be deleted for a non-single audit. For item 9, step 5, delete third bullet reference to Federal Clearinghouse as this is required for a single audit only. ]*

The Contractor will provide the following services/tasks for audit services commencing with the Agency’s fiscal year ending June 30, XXXX.

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:
   1. Statement of Net Position
   2. Statement of Revenue, Expenses, and Changes in Net Position
   3. Statement of Cash Flows
   4. Notes to Financial Statements
   5. Management Discussion & Analysis
   6. Schedule of Expenditures of Federal Awards
2. As part of the engagement, the auditor will provide the following reports
3. 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
4. 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
5. Independent Auditor’s Report on Compliance for Each Major Program and Internal Control Over Compliance as Required by the Uniform Reporting Guidance
6. Schedule of Findings and Questioned Costs
7. 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
8. 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.
9. 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.
10. 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.
11. The auditor will complete and transmit the Data Collection form to be filed with the Federal Clearinghouse.
12. An exit conference is required of the auditor upon completion of fieldwork with the Finance Committee to inform them of pertinent findings.
13. 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.
14. **Audit Timeline -** The Housing Agency of the City of Anytown’s fiscal year ends June 30. The audit for FY 2019 will be required to be performed prior to December 31st, 2019 and the audit report must be submitted to HUD by January 31st, 2020. The following timeline will be followed by the Agency and auditor for the completion of the Agency’s financial statement and federal program audits.

*[Note to PHA – The following assumptions were used to complete the timeline table below. The PHA should review the task and dates provided and modify both based on their situation. Assumptions: 1) PHA’s fiscal year end is June 30; 2) audit services contract is procured at least 2 months prior to end of PHA’s fiscal year; 3) field work is completed 6 months after the PHA’s FYE; 4) final report is due 7 months after the PHA’s FYE; 5) auditor will be present to discuss the audit report with the Board of Commissioners at Board meeting before the submission is due to HUD; and 6) the final report is due to the Agency and HUD two months before the HUD mandated submission due date of nine months.]*

| **#** | **Time Period** | **Task** |
| --- | --- | --- |
| 1 | May | The Board of Commissioners approves the audit engagement, scope, timing, and fees. The audit planning meeting occurs between the auditors and the Executive Director. |
| 2 | June 30 | Auditor completes bank and investment confirmation – confirming the existence of accounts, loans, or line of credit belong to the Agency. |
| 3 | July through October | * 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 Executive Director. * Electronic files of tenant waitlist and populations are sent to the auditor for sample selection. |
| 4 | November through December | Year-end financial statement audit field work and review takes place. Onsite field work must be completed no later than December 20th.  **Note:** The State of Michigan requires that PHAs submit their financial statements to the state 6 months after the PHA’s FYE. |
| 5 | January | * 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 January Board Meeting, which is scheduled for the 2nd Tuesday of each month. * The auditor will present the audit to the Board of Commissioners at the January Board meeting. * Final submission to HUD REAC and the Federal Clearinghouse by January 31st. |

1. **(Optional)** 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 fee accountant and is reviewed and submitted by the Agency and auditor, respectively.

The Housing Agency will provide the following GAAP-based statements and schedules to the Auditor:

* Final trial balances of all fund with appropriate reconciliation of control accounts to detail records.
* Preliminary Financial Data Schedule (FDS).
* Financial Statement drafts including footnotes and supplemental schedules.
* Management Discussion & Analysis.

### 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.

## SAMPLE LANGUAGE (RFP SECTION #5) - INSTRUCTIONS TO OFFERORS

1. **Notice of Intent to Propose.** If your firm elects to respond to this RFP, notify XX Person at the following email address: XXXXXXXXXXX by mm/dd/yyyy.
2. Prospective offerors requiring any explanation or interpretation of the solicitation must request it in writing no later than 5:00 pm EST on mm/dd/yyyy. The request must be addressed to XX Person at the following email address: XXXXXXXXXXX. 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: Anytown HA, Request for Audit Services** and will be received until Due Date and Time: mm/dd/yyyy, 5:00 pm EST time at Anytown Housing Agency, Physical and Mailing Address. Any proposal received/time-stamped after mm/dd/yyyy, 5:00 pm EST time 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 one copy 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, contact XX person at XX Phone Number or via email at XXXXXXXXXXXXXX.
7. Proposals are to be submitted in narrative form and are to include the Price Proposal Template included in this package.
8. 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.

## SAMPLE LANGUAGE (RFP SECTION #6) – 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 an additional one (1) year period for a total of three (3) 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.

1. Evidence that the key personnel that will be reviewing all work performed under the engagement is licensed as a certified public accountant.
2. An original certificate evidencing the contractor’s current industrial (worker’s compensation) insurance carrier and coverage amount.
3. An original certificate evidencing the contractor’s General Liability coverage.
4. An original certificate evidencing the contractor’s Professional Liability and/or “errors and omissions” coverage.
5. A copy of the contractor’s business license allowing the entity to provide such services within the jurisdiction.
6. A copy of the contractor’s license issued by the State of record allowing the contactor to provide the services provided in the RFP.

**Tab 6. Price Proposal Template.** Submit a price proposal for the two (2) years and one (1) option period according to the instructions and template provided.

**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.

**Tab 10. PHA-Contract Provisions.** Read and initial each page indicating that you have read and agree with the contents.

## SAMPLE LANGUAGE (RFP SECTION #7) – PRICE PROPOSAL TEMPLATE

### Annual Audit Service Fee

The price proposal template provided below is required to be provided for Year 1 (Base Year), Year 2, and one (1) option period and will be used by the Agency to review the offeror’s overall fee and staffing level for the audit services. Offerors are instructed to complete the template for Year 1 and then duplicate the template and update /complete it for Year 2 and the option period.

For the requested year, for each proposed personnel, provide the labor category, hourly rate, and estimated hours to be performed onsite at the PHA and offsite at the auditor’s office for the audit work.

| **Table 1. Rate, Hours, and Total Cost by Staff – Year 1 (Base Year)** | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Staffing** | **Labor Category** | **Year 1**  **Hourly Rate** | **Year 1**  **Hours (Onsite)** | **Year 1**  **Hours (Offsite)** | **Year 1**  **Total Cost)** |
| **Name of Lead Audit Firm** | | | | | |
| Name 1 | Engagement Partner | $13.00 | 20 | 40 | $780.00 |
| Name 2 | Sr. Auditor | $10.00 | 20 | 40 | $600.00 |
| Name 3 | Jr. Auditor | $8.00 | 20 | 40 | $480.00 |
|  |  |  |  | Subtotal,  Lead Firm | $1,860.00 |
|  |  |  |  |  |  |
| **Name of Subcontractor Firm** | | | | | |
| Name 4 | Sr. Auditor | $6.00 | 10 | 20 | $180.00 |
| Name 5 | Jr. Auditor | $4.00 | 10 | 20 | $120.00 |
|  |  |  |  | Subtotal,  Subcontractor | $300.00 |
|  |  |  |  |  |  |
|  |  |  | **Total, Annual Fee** | | **$2,160.00** |
|  |  |  | **Total, Travel (see table 2)** | | **$X,XXX.00** |
|  |  |  | **Total, Annual Fee (all inclusive)** | | **$XX,XXX.00** |

### Annual Estimated Travel Cost for Audit Services

The price proposal template provided below is required to be provided for Year 1 (Base Year), Year 2, and the one (1) option period. Offerors are instructed to complete the template for Year 1 and then duplicate the template and update /complete it for Year 2 and the option period.

Provide the estimated travel associated with the onsite field work.

| **Table 2. Other Expenses - Year 1 (Base Year)** | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Name | Labor Category | Days Onsite | Transportation | Lodging | Meals | Other Expenses | Total Expenses |
| Name 1 | Engagement Partner | 5 | $1.00 | $1.00 | $1.00 | $1.00 | $20.00 |
| Name 2 | Sr. Auditor | 5 | $1.00 | $1.00 | $1.00 | $1.00 | $20.00 |
| Name 3 | Jr. Auditor | 5 | $1.00 | $1.00 | $1.00 | $1.00 | $20.00 |
|  |  |  |  |  | **Total, Expenses** | | **$60.00** |

### Other Pricing Information – Consultation and Assistance Services

The price proposal template provided below is required to be provided for Year 1 (Base Year), Year 2, and the one (1) option period. Offerors are instructed to complete the template for Year 1 and then duplicate the template and update/complete the template for Year 2 and the option period.

For the requested year, for each proposed personnel, provide the labor category, hourly rate, and estimated hours to be performed for the project. The number of hours in the base period or any of the option periods should not exceed 100 hours. Consultation and Assistance Services must be approved by the Agency prior to services being rendered and billed.

Invoicing for this task should be supported by information similar to this information requested in Table 3 along with a narrative of the task performed. Pricing for this service will be billed at the rate shown in the offeror’s Table 3.

| **Table 3. Rate, Hours, and Total Cost by Staff – Task 9: Consultation and Assistance Services**  **Year 1 (Base Year)** | | | | |
| --- | --- | --- | --- | --- |
| **Staffing** | **Labor Category** | **Year 1**  **Hourly Rate** | **Year 1**  **Hours** | **Year 1**  **Total Cost** |
| **Name of Lead Contractor Firm** | | | | |
| Name 1 | Engagement Partner | $13.00 | 10 | $130.00 |
| Name 2 | Sr. Auditor | $10.00 | 10 | $100.00 |
| Name 3 | Jr. Auditor | $8.00 | 10 | $80.00 |
|  |  |  | **Total Hours (NTE 100)** |  |
|  |  |  | **Total Annual Fee (NTE)** | **$360.00** |

### Invoicing and Payment

1. Audit Services. The auditor will submit three (3) invoices for each audit. The three invoices will total to the Total Hours, Annual Fee (all Inclusive) shown on Table 1 of the offeror’s submission for each respective year, regardless of actual hours worked or other expenses incurred. The auditor will submit an invoice for payment based on schedule below.
   1. Thirty percent (30%) of the total annual fee upon the completion of the field work
   2. Thirty percent (30%) of the total annual fee upon delivery of the audit report.
   3. Forty percent (40%) of the total annual fee after approval of the audit by HUD-REAC.
2. Consultation and Assistance Services. The auditor shall invoice the Agency monthly for consultation and assistance services as these costs are incurred. The Agency will provide payment within 30 days of an acceptable invoice.
3. Equitable Adjustment. At any time, the Agency may, by written notice, make changes in or additions to work or services within the general scope of the agreement. If such changes are made, an equitable adjustment will be made in the cost of the audit using the rates specified in the agreement. If the auditor believes that a change in or addition to work is beyond the general scope of the agreement, the auditor must notify the Agency in writing within 10 days of notification to begin such work. The final administrative authority in settling such disputes shall rest with the Agency.

## SAMPLE LANGUAGE (RFP SECTION #8) – SAMPLE 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 | **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. | 25 |
| 2 | **Management and Staffing.**   * 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: * 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. | 25 |
| 3 | **Quality of Firm’s References and Peer Review**   * 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 | **Section 3 Requirements.**  *[Note: this evaluation factor should be tailored to reflect the PHA’s procurement policy].* The offeror is a Section 3 firm or has proposed that a portion of the work is performed by Section 3 firms, i.e., small and minority-owned businesses, women’s business enterprises, labor surplus area businesses, or firms that are substantially owned by a PHA resident. | 10 |
| 5 | **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). | 20 |
|  | **Total Points** | **100** |

Once each offeror’s proposal has been evaluated and ranked, final negotiations will be scheduled for the top ranked offeror. If the final negotiation is successful, the Executive Director will make a recommendation to the Board of Commissioners to award a single contract to that offeror. The Board may require additional information or negotiations before the Board will approve an award of the contract.

Should negotiations with the selected offeror become unsuccessful, the Agency reserves the right to cease negotiations with the offeror. In the event of cessation of negotiations with the first selected offeror, the Agency reserves the right to either enter into similar interviews and negotiations with the next highest ranked offeror, and so on or take other action as it deems most beneficial.

The PHA should refer back to its Procurement Policy regarding the notification of unsuccessful applicants once a firm has been chosen.

## SAMPLE LANGUAGE (RFP SECTION #9) – HUD MANDATORY CONTRACT PROVISIONS

HUD requires that certain contract provisions be contained in the contract. These contract provisions should be provided as part of the procurement package. HUD has provided the mandatory contract clause provisions as HUD forms, which can be searched via the internet by the HUD form number and simply attach it to the procurement proposal or the PHA may type the clauses into the procurement package. Some PHA’s procurement module in their management information system already have these HUD required clauses, which can be printed and included as part of the RFP package.

## HUD Mandatory Contract Provisions

1. Form HUD 5369-B, Instructions to Offerors – Non-Construction.
2. Form HUD 5369-C, Certifications and Representations of Offerors – Non-Construction Contract.

**(Optional)** Form HUD 5370-C, General Conditions for Non-Construction Contracts

While not mandatory, HUD highly recommends the use of Form HUD 5370-C, General Conditions for Non-Construction Contracts. This form provides 18 other contract provisions that protect the PHA’s interests, via clauses such as handling disputes with the offeror, termination of the contract for convenience and default and provides other federal requirements that may not be known to some offerors, such as Equal Employment Opportunities requirements and conflicts of interest.

If the PHA elects not to include the contract provisions, the PHA should review the form and determine if the PHA should modify and include many of these contract provisions by adding them to the PHA contract provision section of the procurement package.

As a reminder, when reviewing Form HUD 5370 – C, PHAs should specifically look at the PHA’s contract provisions that mirror or are similar to those contract clauses in the HUD Form 5370-C. In the event of duplicate or similar contract provisions, the PHA should modify the provisions into one clause as the PHA deems most proper.

## SAMPLE LANGUAGE (RFP SECTION #10) – PHA-CONTRACT PROVISIONS

This section of the solicitation would include other contract provisions, affidavits, or statements required by the PHA or state law but are not required by HUD. Below are a list of provisions that are frequently included in PHA’s RFP for audit services.

1. No material belonging to the Housing Agency may be removed from the office of the Housing Agency.
2. All work performed at the Housing Agency will be during regular business hours of the agency (8:00 am to 5:00 pm Monday thru Friday).
3. The Auditor warrants that he/she has not employed any person to solicit or secure the contract upon any agreement for a commission, percentage, brokerage, or contingent fee. Breach of this warranty shall give the Housing Agency the right to terminate the contract, or in its discretion, to deduct from the Auditor’s fee the amount of such commission, percentage, brokerage, or contingent fees.
4. The Auditor shall not assign or transfer any interest in the contract without prior approval of the Housing Agency.
5. The Auditor certifies that he/she presently has no interest and shall not acquire any interest, direct or indirect, in the projects and/or programs of the Housing Agency, or any other interest, which would conflict with the performance of his/her audit.
6. The Housing Agency reserves the right to request changes in the selected firm’s representation, if at the Agency’s discretion, assigned personnel are not satisfying the needs of the Housing Agency.

1. Labor surplus areas (LSAs) are government-designated towns and counties that have experienced severe unemployment. LSAs are designated by the federal government annually based on a survey. [↑](#footnote-ref-2)