

REQUEST FOR PROPOSAL – SINGLE AUDIT

For two fiscal periods ending
June 30, 2010 and
June 30, 2011



Berkeley Housing Authority

1901 Fairview Street
Berkeley, CA 94703

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I. RFP - SINGLE AUDIT SPECIFICATIONS

1. PURPOSE OF REQUEST FOR PROPOSAL (RFP)

The purpose of the Berkeley Housing Authority's Request for Proposal (RFP) for Single Audit is to procure the services of an Independent Public Accountant or firm to perform a professional, thorough, complete, and timely audit of the financial statements and program compliance requirements of the Housing Authority.

Items not expressly stated herein, but necessary to achieve the intent, is understood to be covered by the general specifications or instructions.

2. SINGLE AUDIT REQUIREMENTS

The audit is to be conducted in accordance with generally accepted auditing standards (GAAP) and Government Auditing Standards (GAS) issued by the Comptroller General of the United States. The audit requirements are:

- a) The audit shall be performed in accordance with the Single Audit Amendment Act of 1996, Public Law 98-502, and Office of Management & Budget Circular A-133 (Revised) "Audits of States, Local Governments and Non-Profit Organizations", and the requirements established under the Compliance Supplement for Single Audits, Notice PIH 96-32 (HA).
- b) The audit shall follow and comply with the provisions of HUD Handbook IG 2000.04, REV-1, Consolidated Audit Guide for Audits of HUD Programs and HUD Handbook 7476.1, REV-1, Audits of Public Housing Agencies (PHAs) and Indian Housing Agencies (IHAs) by Independent Auditors.
- c) In compliance with the reporting requirements of OMB Circular A-133 (Revised), the audit must be completed within nine (9) months following the close of the fiscal year. The audit report must be sent to required report recipients within 30 days following the completion of the audit, by March 31, 2011 for FY ending 6/30/10 and by March 31, 2012 for FY ending 6/30/2011, as specified in the audit completion and report submission provisions of OMB Circular A-133 (Revised). As further required by HUD, a copy must be provided to the Berkeley Housing Authority's Financial Analyst at the HUD Field Office in San Francisco, California.
- d) The audit shall include all Berkeley Housing Authority programs, (as indicated in Part 3 of the Proposal), funded by the federal government directly or indirectly or through the state, county or city as flow-through of federal funds, and all other funds that make up the general operations.

- e) The Independent Public Accountant shall render monthly status reports on the progress of the examination to the Housing Authority Executive Director and the BHA Finance Manager.
- f) The Independent Public Accountant shall provide the BHA Finance Manager with all audit adjustments and supporting worksheets at the conclusion of the audit.

3. SCOPE OF EXAMINATION

- a) The audit shall cover fiscal years ending June 30, 2010 and 2011, with an option to renew for another year.
- b) We anticipate our financial records will be closed and ready for audit by August 1 of each year. The books of account and financial records to be audited are maintained and located at the Authority's administration office located at 1901 Fairview St., Berkeley, CA 94703. The Finance Manager or designate shall make these books and records available to the audit firm.
- c) The financial audit shall include the following funds and shall take into account reporting requirements specified under the Single Audit Amendment Act of 1996 and OMB Circular A-133 (Revised), and under any information bulletin from HUD that may pertain to current programs or funds and for each renewal funding increment for the PHA's ongoing program.

Fund Program Description

City of Berkeley Housing Authority

101	Section 8 Housing Choice Voucher (HCV)
102	Section 8 Moderate Rehabilitation (Mod Rehab)
201	Low Income Public Housing (LIPH)
202	Rental Housing Construction Program (RHCP)
300	Capital Fund Program(CFP)

Other funds/programs include FSS Self-Sufficiency and Business Activity (Security Deposit Loan Fund), which are not significant in amount.

- c) The report package includes:
 - 1. Financial Statements (including all applicable footnotes)
 - 2. Footnotes on the Summary of Significant Accounting Policies and Federal Non Cash Assistance
 - 3. Auditor's opinion on the financial statements and required supplementary schedules; i.e. Schedule of Expenditure or Federal Awards, Financial Data Schedule, et al.

4. Report on Compliance and on Internal Control Over Financial Reporting based on an audit of financial statements performed in accordance with Government Auditing Standards (GAS) and/or Generally Accepted Auditing Standards (GAAS).
5. Report on Compliance with requirement applicable to each “major program” and internal control over compliance in accordance with OMB Circular A-133.
6. Schedule of Expenditures of Federal Awards.
7. Schedule of Findings and Questioned Costs (includes “Summary of Auditor’s Results” and findings in the current and prior year audits).
8. Corrective Action Plan.
9. Data Collection Form
10. Management Discussion and Analysis.

Concerning Compliance Supplement Review, the scope of audit must cover the selected programs and reporting requirements, as applicable to BHA, described in HUD Notice PIH 95-31 HA. The programs described in the Notice are as follows:

1. Modernization and Development
2. Procurement
3. Operating Fund
4. Public Housing Assessment System (PHAS)
5. Occupancy
6. Family Self Sufficiency (FSS)
7. Section 8 Rental Assistance
8. Section 8 Project Based Voucher Program

- d)** The audit includes assistance with submitting our Financial Data Schedule (FDS) via the Internet as required by the Real Estate Assessment Center (REAC) and attestation on the data as to its “fair presentation in relation to audited basic financial statements” in accordance with Government Auditing Standards.
- e)** The audit firm will also be expected to prepare the Bureau of Census Data Collection Form (Form SF-SAC) to accompany with the Single Audit Report).
- f)** Approximately 15 copies of the audited financial reports must be presented to the Authority.
- g)** The auditor will be expected to attend a meeting with the Finance Sub Committee and/or full Board Meeting to present the audit report and review the management letter. The letter would include non-reportable condition and immaterial instances of noncompliance and general recommendations on observations made during the audit that could be helpful to the financial management of the Authority.

4. PROPOSAL CONDITIONS

- a) The bid opening time and date require an original and three (3) copies of a complete and properly signed proposal and bid form/data sheet. The envelope containing the proposal should be clearly marked to show its contents. Supporting data should be forwarded in the same envelope with the bid form and data sheet. The Berkeley Housing Authority will not be responsible for non-receipt or for premature opening of proposal envelopes.
- b) All proposals along with appropriate supporting documents must be submitted in person or via registered mail no later than 2:00 p.m., **March 18, 2010** - the time and date set for opening.

Documents are to be submitted to:

Finance Manager
Berkeley Housing Authority
1901 Fairview Street
Berkeley CA 94703

and must include the following in the order listed:

- i. A letter of transmittal signed by an owner, principal or officer of the firm who is authorized to commit the firm to contractual obligations.
- ii. An indexed response to the proposal requirements.
- iii. Non-debarment Certification. A certified statement that the firm is not debarred, suspended or otherwise prohibited from professional practice by any federal, state or local agency.
- iv. Experience and Qualifications. Resumes or descriptions of the Firm's principals and staff who will be assigned to the work, including the relevant license numbers of the CPAs and/or other staff. The resumes or descriptions should detail the individual's expertise and expertise in handling the type of services solicited in this RFP.
- v. References. Contact information for three (3) professional references. Provide the name, address, telephone number and email address of three clients for whom the firm has performed services similar to those required under this RFP. These references should include the type of work performed and comment on the timeliness and quality of service provided.
- vi. Fee Schedule / Compensation. The Firm must indicate its hourly rates for the staff assigned to the project for each year of the two year contract, hourly rates

for each year of any option term, and its proposed reimbursable expenses. The Authority will negotiate an agreed upon fee schedule with the firm awarded contracts.

- vii. Indemnification and Insurance Requirements. Firm must certify that the indemnification and insurance requirements state below can be met and maintained throughout the term of the contract.
 - viii. Section 3. Firm must describe proposed compliance with Section 3 of the Housing Act of 1968, as amended regarding the provision of training and employment opportunities for low-income persons, with priority to residents of Berkeley, California.
 - ix. Firm must complete the Certifications of Representations of Offertory, Non Construction Contract (Form HUD-5369-C) (Exhibit 4) and Non Collusion Affidavit form furnish in this RFP package.
 - x. The Independent Public Accountant's Request for Proposal Form (Exhibit 3).
- c) Provided the application is received by the Berkeley Housing Authority prior to the time set for opening of proposals, proposals may be:
- i. withdrawn in person or by mail or fax (510) 981-5480
 - ii. modified in person or by mail or fax (510) 981-5470
- d) Every addendum to the request for proposal will, if issued, be sent as promptly as is practicable to each person to whom the request for proposal has been issued. All such addenda shall become part of the proposal documents. Failure of the Berkeley Housing Authority to send, or of any firm to receive, any such documentation shall not relieve any firm of its obligation under the proposal as submitted.
- e) No member, officer, or employee of the Berkeley Housing Authority, or former member, officer, or employee of the Authority who ceased to be a member, officer, or employee within one year shall acquire any interest, direct or indirect, in this proposal, or in any contract that may result from this proposal.
- f) The Board of Commissioners of the Berkeley Housing Authority reserves the right to reject any and all proposals and to accept (subject to final approval by the Department of Housing and Urban Development) the proposal deemed to be in the best interest of the Berkeley Housing Authority.

5. EVALUATION OF AUDIT PROPOSAL

- a) RFP Timeline. The following are proposed dates relating to this selection process

February 19, 2010	RFP Issued
March 5, 2010	Questions in writing, due by 4:00 pm.
March 11, 2010	Responses to questions, and RFP update if needed.
March 18, 2010	Proposals due by 2:00 pm.
March 30-31, 2010	Oral Presentations by finalists, if necessary
April 22, 2010	Recommendation at the Berkeley Housing Authority Board of Commissioners meeting.

- b) Questions. All questions must be submitted in writing no later than 4:00 pm on March 5, 2010. All questions will be answered and responded to in writing by March 11, 2010. No questions will be responded to after the question and answer period has expired. Questions are to be submitted to:

Jesy Yturalde
Berkeley Housing Authority
1901 Fairview St.
Berkeley, CA 94503
Phone: (510) 981 5488
Fax: (510) 951 5480
Email: jyturalde@ci.berkeley.ca.us

- c) Proposals not neatly typed, or mechanically printed, or with figures written in pencil will not be accepted.
- b) Mistakes may be crossed out and corrections inserted, but the person signing the proposal must initial the corrections in ink.
- c) Proposals will be initially evaluated based on the criteria set forth below and a certain number of top proposers (firms) will be invited to make an oral presentation to a selection committee, if necessary. Therefore, each proposer will be responsible for providing adequate written data to give a clear picture of their capabilities. Please include a discussion of the following:
- i. Experience related to financial and compliance audits with public housing authorities and other non-profit and/or government agencies;
 - ii. Experience of audit staff;
 - iii. Cost.
- d) The Berkeley Housing Authority reserves the right to re-evaluate written proposals upon the completion of the oral presentation.
- h) The owner or an executive officer of the firm shall sign bids. All figures and

notations must be typed or written in ink. Bids written in pencil will not be accepted. Mistakes may be crossed out and correction inserted, but the person signing the bid must initial the correction in ink.

6. SELECTION OF AUDIT FIRM

Selection of firm to perform the audit will be based on the extent to which the firm(s) responds to the criteria listed in the next page:

<u>CRITERIA</u>	<u>POINTS</u>
TECHNICAL	
Firm & Staff Qualifications:	
Staff & Firm Experience	30
Audit Team	5
Supervision	5
Presentation	
Written	5
Oral	5

Total Technical	50

COST	30

MANAGEMENT/OWNERSHIP	
Organization - size, professional association, Continuing education, etc.	10
Section 3 Compliance according to HUD Act of 1968, as amended, 12 U.S.C. 1701u (section 3)	15

Total Management/Ownership	25

TOTAL POINTS	105
	=====

7. AUDIT PAYMENT TERMS

Payment of audit fees shall be in accordance with HUD regulations, and consistent with

established City of Berkeley and BHA disbursement procedures. Payment of a lump sum fee for each single audit shall be made only after the audit report has been submitted and approved by HUD. Requests for partial payments may be made but has to be accompanied by a monthly audit progress report.

II. PROFILE OF THE BERKELEY HOUSING AUTHORITY

1. BOARD OF COMMISSION

The Berkeley Housing Authority (the “Authority”) is a public non-profit entity legally distinct from the City of Berkeley (the “City”). It is funded by the Federal Government and is subject to the rules and guidelines of the United States Department of Housing and Urban Development (HUD).

The Authority is a discreet component of the City of Berkeley, thus its basic financial statement is blended with the City’s. It is managed and controlled by a Board of Commissioners, appointed by the City Mayor, consisting of a Carole Norris, Chair, Marjorie Cox, Vice Chair, and Adolf Moody, Dorothy Hunt, Valerie Agostino, Katherine Gale, and George Austin, members. All meetings of the Board are held at the North Berkeley Senior Center, 1901 Hearst Ave., Berkeley, CA 94709.

The Authority’s purpose is to provide decent, safe, and sanitary housing for low-income families and/or individuals in the City of Berkeley, California.

2. FEDERAL and STATE PROGRAMS

The Berkeley Housing Authority is identified under HUD ACC as Project No. CA058. The Agency Identification Number (AID) is required in the submission of Federal Data Schedules (FDS) to Housing and Urban Development Real Estate Assessment Center (HUD REAC).

The Authority administers a Low Income Public Housing (LIPH – 61 units) program, a Section 8 Housing Choice Voucher (HCV – 1,841 units), and a Section 8 Moderate Rehab (MR – 98 units) program. These federal housing programs rely on HUD formulas for rent determination which are in accordance with the Congressional Brooke Agreement requiring that a tenant’s rent and utilities not to exceed 30 percent of his or her income, after certain specified deductions.

The Low Income Public Housing Authority also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority’s real estate properties. In addition, the Authority receives other funding from non-HUD resources from several programs, which are accounted for under the Business Activities Program.

- **Section 8 Housing Choice Voucher (HCV)**

Under HUD Section 8 programs, the Authority provides assistance to lower income families in renting privately owned dwelling units in decent, safe, and sanitary condition. There are **1,841** units/families certified under the Housing Choice Voucher program (SF –464).

The nature of the programs is that the Authority acts as an administrative agent to bring private landlords and qualified low or very low-income tenants together to create a leasing contract. Under this agreement a contract rent is established.

The tenant portion of the contract rent is based on a predetermined formula and is paid by the tenant to the landlord. The difference between the contract rent and the tenant paid portion is the amount subsidized by HUD and provided to the Authority to pay to the landlord.

- **Section 8 Moderate Rehabilitation (Mod Rehab)**

Under the Section 8 Moderate Rehabilitation program (SF – 465), the Authority provides assistance to lower income families in renting privately owned Single Room Occupancy (SRO) housing units rehabilitated through HUD funds. There are **98** individuals certified under the MR program.

- **Low Income Public Housing (LIPH)**

Under HUD Annual Contributions Contract (ACC # SF - 300) for Low Income Public Housing Program (sometimes referred to as Low Rent or Conventional Housing Program), the Authority owns and manages **61** family dwelling units. A tenant who rents a unit under the LIPH program pays his/her rent directly to the Authority.

- **Capital Fund (CF)**

Under HUD's Comprehensive Grant Program guidelines, the Authority must develop and submit every sixth year a Comprehensive Plan and an annual plan for improving the HA's public housing facilities. The grant provides funding for HA physical and management needs. The Plan is developed in consultation with the Authority residents.

The program is the primary funding source for management and physical improvements to the Authority's properties.

- **Rental Housing Construction Program (RHCP)**

The State of California provides for Annuity, similar to LIPH Operating Fund, to subsidize at 25% of household income, low-income tenants housed in **14** housing units owned by the Authority.

- **Family Self Sufficiency Program (FSS)**

The program is maintained to assist participants in acquiring skills necessary to become gainfully employed and independent of all government aid. Currently four (4) families are enrolled in the program and maintain escrow accounts with Wells Fargo bank (Acct. # 609-8611791).

- **Security Deposit Loan Fund (SDLF)**

Funded by a grant pass-through to the City, the SDRLF, also known as the Business Activities program, assists Section 8 Choice Voucher Program participants in paying or financing their security deposits.

3. ORGANIZATION AND FUNCTIONS

The Berkeley Housing Authority operates with experienced and innovative housing administrators headed by Tia Ingram, Executive Director. As of June 30, 2009, the Authority has a staff of 16 employees as indicated in the attached organization chart (Exhibit1). Following is a brief description of each department.

- **Executive Department**

The Executive Department provides general direction and oversight of the Authority. It also provides general support of the various lines and staff functions within the Housing Authority. The department consists of the Executive Director, a Management Analyst and an Administrative Secretary.

The City of Berkeley's Human Resources, Procurement and Information Technology departments provide support services to the Authority.

- **Finance Department**

The department is responsible for processing and monitoring all financial transactions, including budget development, financial analysis, cost control, Section 8 HAP payments, audit requirements, etc; as well as reporting results of financial operations to the cognizant agency (HUD), the City and the Board of Commissioners.

The Finance Manager provides financial management of the Authority's Low-Income Public Housing, Section 8 and other programs. An Accountant I and an Office Assistant assist in the daily financial processing and monitoring activities.

- **Occupancy Department**

This Occupancy Department consists of both Low-Income Public Housing (LIPH) and Section 8 Leasing operations. LIPH and Section 8 operations are funded through HUD's Operating Fund and Annual Contributions Contract. Its operating goals are to process applications and verification of information obtained (by Housing Specialists), and to maintain a waiting list for housing qualified applicants (by Housing Specialists). Eligibility standards include household composition, income, assets and citizenship verification, as well as any permissible additional criteria as mandated by the Authority.

The Property and Occupancy Managers direct the Low-Income Public Housing and Section 8 Leasing activities and is responsible for housing tenants, collecting rents, determining annual reexaminations of the correct rent to charge, and resolving landlord and/or tenant-related problems.

The department is also charged with the responsibility of maintaining all dwelling units owned by the Housing Authority in a decent, safe, and sanitary condition. As such it facilitates the planning, design, and major or comprehensive remodeling (i.e. capital improvement) of Authority properties by contracting with outside design professionals and general contractors in the renovation of Authority housing stock.

Ordinary operating, maintenance and repair (OMR) of units are contracted with a Property Management Company. Funds for capital and OMR expenditures are provided by HUD grants through the Capital Fund Program.

The Occupancy Department's function is two-fold:

- To refurbish vacant units so they may be re-tenanted promptly; and,
- To maintain the safe and habitable condition of those units that is occupied.

The department has 10 employees, including the Occupancy Manager and Property Manager.

3. Computer Systems and Office Location

- The Authority's computer system, procured from Emphasys Computer Solutions, referred to as "**Elite**" became partly operational in April 2006. The Windows-based modular system once fully installed can serve all of the Authority's operating and financial automated information needs.
- The Berkeley Housing Authority is located at 1901 Fairview Street in Berkeley, California.

III. EXHIBITS

- 1. BHA Organization Chart**
- 2. BHA Operating Budget**
- 3. Independent Public Accountant's Bid Form**
- 4. HUD Form 5369-C**

