

**REQUEST FOR QUALIFICATIONS
(RFQ)**

AUDIT SERVICES

**Johnson City Housing Authority
901 Pardee Street
Johnson City, TN 37601**

“REQUEST FOR QUALIFICATION” (RFQ) EXPLANATION:

A “Request for Qualification” (RFQ) is intended to reduce the amount of bidders on a project to only those that qualify for the project.

A “Request for Qualification” (RFQ) allows vendors and contractors to provide a quotation on a specific product or service that is intended to be procured or obtained. Unlike a number of other requests, RFQ’s are not solely based on the price at which the vendor or contractor provides in order to perform the service or provide the product. RFQ’s are based off of various aspects of the type of job to be performed or product to be supplied.

The intent of a RFQ is to allow you to select who you feel is the most qualified for your project. It allows the opportunity to negotiate a fee with your final selection. If you cannot come to terms, you always have the option to go to your second or third choice.

It is a more appropriate method of soliciting for various professional services such as architectural and engineering services, computer and information technology services, construction services, management services, accounting/bookkeeping services, etc.

There is an evaluation process for a RFQ. It offers a structure that allows input from an Evaluation Committee that utilizes a weighted scoring scale in appropriate/applicable areas for the requested type of service; and provides an objective and defensible process for determining a selection pool of vendors/contractors with the highest scored company being panned as number 1 with the next highest as number 2; and so on.

INTRODUCTION:

The Johnson City Housing Authority (JCHA) is a medium-sized Public Housing Authority serving the housing needs of lower-income residents of the City of Johnson City, Tennessee. The Conventional Public Housing, Capital Fund and Homeownership Programs assist approximately 765 families within JCHA-owned and managed properties. The Section 8 Housing Program administers the Federal Housing Choice Voucher and Section 8 New Construction Programs which assists approximately 602 families. We also have a component unit, Keystone Development Inc., which requires a separate audit and reporting. An agency overview for JCHA is available at <http://www.ichousing.org>. The Johnson City Housing Authority closely follows HUD Guidelines and follows Procurement Regulations 2 CFR Part 200. JCHA also follows Tennessee Public Records Act and conducts all procurement procedures in accordance with state regulations.

JCHA invites qualified, independent, auditors (hereinafter called “auditor”) having sufficient governmental accounting and auditing experience in performing an audit in accordance with the specifications outlined in this Request for Qualification (RFQ) to submit a proposal.

There is no expressed or implied obligation for JCHA to reimburse firms for any expenses incurred in preparing proposals in response to this request.

I. SCOPE OF SERVICES:

The audit will be in accordance with generally accepted auditing standards as included in Statements on Auditing Standards, the GAO Government Auditing Standards, GAO Guidelines for Financial and Compliance Audits of Federally Assisted Programs, Federal OMB Circular A-128 and Circular A-87, the Single Audit Act of 1984, AICPA Statement of Position 92-7 Audits of State and Local Government Entities Receiving Federal Financial Assistance, and Laws of the State of Tennessee.

The Annual Financial Statements include the basic financial statements, required and other supplementary information, and compliance records.

II. AUDIT SERVICE PERIOD:

The Housing Authority intends to continue the relationship with the selected auditor for a three (3) year term and is subject to annual review and recommendation of the Executive Director.

- **October 01, 2021 through September 30, 2022 (Fiscal Year 2022)**
- **October 01, 2022 through September 30, 2023 (Fiscal Year 2023)**
- **October 01, 2023 through September 30, 2024 (Fiscal Year 2024)**

III. AUDIT SERVICE REQUIREMENTS:

1. The audit must be conducted in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; Office of Management and Budget Circular A-133, and Audits of States, Local Governments.
2. The auditor should also be familiar with and prepared to advise Housing Authority Staff on how best to implement both current and proposed GASB Statements. In addition, the auditor is expected to provide informal advice and consultation, throughout the year, on matters relating to accounting and financial reporting. This would not necessarily include any task that entails significant research or a formal report.
3. Should circumstances arise during the audit that requires significant additional work to be performed in excess of the amounts set forth in the contract, additional costs shall be negotiated prior to commencement of the work, and an amended contract will be submitted for approval.
4. The Housing Authority is responsible for balancing all accounts at year-end and will furnish work papers in conjunction with the audit engagement. The Housing Authority will prepare a preliminary draft of the financial statements in a format suitable for publication to be reviewed by the auditor. The auditor will provide recommended adjusting journal entries to be reviewed by the Housing Authority.
5. Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:
 - A. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles for the Housing Authority. The financial audit opinion will cover the basic financial statements. The audit shall lead to the expression of an unqualified opinion on the financial statements unless the auditor justifies to the Housing Authority, in advance and in writing, the reasons for an opinion that is other than unqualified. Certain combining schedules and related information are not necessary for a fair presentation, but will be presented as additional analytical data. This supplementary information will be subjected to tests and other auditing procedures applied in the audit of the basic financial statements; and an opinion will be given as to whether the supplemental information is fairly stated in all material respects, in relation to the financial statements taken as a whole.
 - B. A report on compliance and on the internal control over financial reporting, based on an audit of financial statements performed in accordance with Government Auditing Standards (Single Audit).
 - C. A report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133 (Single Audit).

- D. A schedule of findings and questioned costs (Single Audit).
6. The audit fieldwork must be completed during **February and March following the fiscal year-end** and final reports for the Housing Authority must be rendered by April 30th.
7. Each annual audit may include 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 auditors during the examination. This management letter shall be provided in draft form prior to publication of the annual financial statement, and discussed with the Executive Director. The draft of the management letter shall be provided by **approximately July 24, 2022**.
8. The working papers shall be retained, at the auditor's expense, and made available upon request by the Housing Authority or any cognizant agency for **no less than five years from the date of the audit report**.
9. In addition to the report and opinion issued for the Housing Authority, the auditor may be requested to review and issue opinions on separate reports for each of the component units utilizing appropriate standards.

IV. OTHER SERVICES:

1. The planning phase of the audit engagement may commence upon notification to the auditor of acceptance of their proposal. The auditor should meet with the Executive Director prior to the commencement of the Fiscal Year 2021 Audit to discuss the auditor's planned approach to the audit, and to provide a list of schedules to be prepared by Housing Authority Personnel prior to the beginning of fieldwork. It is expected that interim fieldwork would be performed in **February or March with the final phase of fieldwork completed by May**.
2. An exit conference is required of the auditor upon completion of fieldwork with the ED to inform them of pertinent findings.
3. **A formal presentation of the report by the auditor to the Board of Commissioners may be required in person, audio/visual or telephonic. (4th Wednesday of September).**
4. The auditor will complete and transmit the Data Collection Form to be filed with the federal clearing house and other required submissions.
5. The auditor will not be involved in submission of the unaudited Financial Data Schedule to the U.S. Department of Housing and Urban Development. However, the auditor will perform appropriate procedures related to the submission of the audited Financial Data Schedule upon completion of the audit and, if necessary, any re-submission as required by the U.S. Department of Housing and Urban Development. The auditor will report on compliance and internal control over financial reporting based on an audit performed in accordance with Governmental Auditing

Standards. The auditor will report on compliance with the requirements applicable to each major program in accordance with Office of Management and Budget Circular A-133.

6. The auditor will prepare Internal Revenue Service Form 990s or other appropriate forms, as well as, appropriate State of Tennessee tax forms, as may be appropriate for the Housing Authority's component units. The auditor will be responsible for preparing and submitting, upon Housing Authority approval, and necessary requests for extensions.

7. The auditor should be prepared to provide an electronic version of any opinion letters or management letters such that they can be inserted into a Comprehensive Annual Financial Report utilizing the ability to insert pages into a PDF document. The Housing Authority typically uses Microsoft Word to prepare the annual financial report with the final version exported to a PDF file for publication and distribution.

8. The auditor must audit the following basic financial statements:

- a Combined Balance Sheet**
- b Combined Statement of Revenues, Expenses and Retained Earnings**
- c Combined Statement of Cash Flow**
- d Footnotes accompanying the financial statements**
- e Supplementary Information**

9. The auditor must assist the PHA staff in preparing a reconciliation of the internally prepared FDS to the audited FDS.

10. The date of the last full physical inventory was May 2021. PHA will be conducting another full physical inventory March 2022.

11. PHA maintains a complete, up-to-date fixed asset ledger.

V. DESCRIPTION OF PROGRAMS ADMINISTERED BY THE AUTHORITY:

1. Programs using project-based accounting that require audit include:

- A. Conventional Public Housing (425 units)**
- B. Section 8 Homeownership Program**
- C. Section 8 Housing Choice Vouchers (507 HCV Vouchers & 160 HUDVASH Vouchers)**
- D. Multifamily Section 8 (317 PBRA Vouchers)**
- E. Federal Capital Fund Programs (CFP) including a Formula Stimulus Grant**
- F. Business Activities – PPM**
- G. Component Unit – Keystone Development Inc. (KDI)**

H. State/Local Programs

2. The Housing Authority may create additional entities or participate in new programs that may be subject to audit procedures.

VI. ACCOUNTING RECORDS:

The computerized budget and accounting records are processed on a networked system utilizing Scott Accounting Computer System (SACS) software.

VII. Other Clauses:

1. No material belonging to the Housing Authority may be removed from the office of the Housing Authority.
2. All work performed in the administrative office of the Housing Authority will be during regular business hours of the authority (7:00 am to 4:30 pm Monday through Thursday).
3. No member, officer, or employee of the Housing Authority, no member of the governing body of the locality, in which any of the projects situated, no member of the governing board of the City of Johnson City where the Housing Authority was activated, and no other public official of such locality or localities who exercise any functions of responsibilities with respect to the Housing Authority's projects during his/her tenure, or for one year thereafter, shall have any interest, direct or indirect, in this contract or the proceeds thereof.
4. No member of or delegate to the Congress of the United States, or Resident Commissioner, shall be admitted to any share or part of the contract or to any benefits that may arise there from.
5. 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 Authority 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.
6. The Auditor shall not assign or transfer any interest in the contract without prior approval of the Housing Authority.
7. The Auditor covenants that she/he presently has no interest and shall not acquire any interest, direct or indirect, in the projects and/or programs of the Housing Authority, or any other interest, which would conflict with the performance of his/her audit.

VIII. AUDIT CONTRACT & PAYMENT OF AUDIT FEES:

The audit contract must be approved by the Board of Commissioners. Invoices are subject to approval by Housing Authority Staff. Interim or progress billings will be accepted up to 75% of the total fee prior to submission and acceptance of the audit reports and materials to the staff of the Housing Authority.

IX. DESCRIPTION OF SELECTION PROCESS:

1. **Proposals will be considered solely based upon the evaluation factors listed in this RFQ. The firm best meeting the experience, audit approach and cost/price requirements will be selected.**
2. **The Housing Authority shall establish a competitive range for the proposals. Any proposal which as a reasonable chance to meet the Authority's objectives should be included to maximize potential competition among the proposals. Any firm who scores within the competitive range shall be eligible for an interview if the Authority decides to use the interview process. The Authority waives the right to conduct oral interviews for the competitive range of bidders if such process proves unnecessary.**
3. **The Authority reserves the right to reject any or all packages when it is in the best interest of the Authority to not accept the proposal of a bidder who has not met the prerequisites of the RFQ, and who has failed to complete projects on time of a similar nature or in the opinion of the Authority is not in a position to perform the work satisfactorily. JCHA also reserves the right to waive any informalities and technicalities.**
4. **Failure to respond to any requirements outlined in the RFQ, or failure to enclose copies of the required documents may disqualify the bid.**

X. EVALUATION CRITERIA:

1. Responses to this request should follow the outline below for requested information:
 - A. **Indicate the number of people (by level) located within the local office that will handle the audit.**
 - B. **Provide a list of the local office's current and prior housing authority clients, indicating the types of services performed and the number of years served for each. Responsive firms should include any relevant information regarding audits performed on financial statements.**

C. Describe your audit organization's participation in AICPA-sponsored or comparable quality control programs (peer review). Provide a copy of the firm's current peer review.

D. Describe the professional experience in housing authority audits of each senior and higher level person assigned to the audit, the years on each job, and his/her position while on the audit. Indicate percentages of time each senior and higher-level personnel will be on site.

E. Describe the professional experience of assigned individuals in auditing relevant housing authority agencies, programs, activities, or functions (e.g. Low Rent Public Housing, Housing Choice Voucher and Affordable Housing).

F. Provide names, addresses, and telephone numbers of personnel of current or prior housing authority clients who may be contacted for reference.

G. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book), Amendment 3. Provide a copy of the firm's Statement of Policy and Procedure.

H. Describe the firm's insurance coverage and limitations.

I. Describe any regulatory action taken by an oversight body against the proposing audit organization or local office.

J. Describe any assistance or responsibilities expected of the Authority's staff, if other than outlined in the RFP.

K. Describe tentative schedule for completing the audit within the specified deadlines of the RFP.

L. Specify costs using the format below for the audit year October 1, 2021 to September 30, 2022. For the two years, which follow, list estimated costs. The cost for the audit year ending September 30, 2022 is binding, while the two years which follow are estimated costs.

i. Labor costs – Itemize the following for each category of personnel (partner, manager, senior, staff accountants, clerical, etc.) with the different rates per hour.

ii. Estimated hours – categorize estimated hours into the following: on-site interim work, year-end on-site work, and work performed in the auditor's office.

iii. Rate per hour.

iv. Total cost for each category of personnel and for all manpower costs.

v. Travel – itemize transportation and other travel costs separately.

- vi. Cost of supplies and materials – itemize.
- vii. Other costs – completely identify and itemize.

XI. EVALUATION CRITERIA:

The table below demonstrates the evaluation criteria that will be utilized by the Housing Authority to evaluate proposals received from interested firms.

<u>Evaluation Criteria:</u>	<u>Description:</u>	<u>Maximum Points:</u>
Ability to perform work:	Technical and professional competence of principals and staff assigned to the project	25
Professional Services:	Capability of firm to complete work in a timely manner, creativity of approach, use of technology and communication tools	25
Past performance:	Evidence of quality of work for the clients, ability to control costs, and compliance with performance schedules	25
Section 3:	Evidence of a Section 3 Plan in place comply with HUD Section 3 regulations or the auditor is a HUD Section 3 business	10
Cost:	Cost of services	15
Total:		100

For each of the criteria above, proposals will be assigned a point rating from 0 to the maximum available by each member of an Evaluation Committee assigned to review and evaluate proposals.

Time Schedule & Submittal Format for Awarding the Contract:

- Request for proposal packages will be available via www.jchousing.org on June 21, 2021.
- The RFP must be received no later than: **4:00 PM, EST, July 15, 2021. Late bids will not be accepted.**
- Proposals can be submitted: **via email to: richardm@jchousing.org**
- The proposals must include the following information: **Firm Name, Bid Number, Bid Description.**
- **For hard copy submittals send to:**
Richard McClain, Executive Director
Johnson City Housing Authority
901 Pardee Street
Johnson City, T.N. 37601

Deadline for questions: July 12, 2021, EDT. The answers to questions received will be posted by **July 14, 2021** by the **end of the business day**. All questions and answers will be posted on the website at www.jchousing.org.

All inquiries should be sent via email to **Richard McClain**, richardm@jchousing.org.

**THANK YOU FOR YOUR
PROPOSAL!**