

REQUEST FOR PROPOSAL

FINANCIAL AUDIT

**THE LAFOLLETTE HOUSING AUTHORITY
802 SOUTH FOURTH STREET
POST OFFICE BOX 392
LAFOLLETTE, TENNESSEE 37766**

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FINANCIAL AUDIT

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DEFINITIONS

For the purposes of this Request for Proposal, the following definitions shall apply:

- The terms “**LHA**”; “**Authority**”; and “**Housing Authority**” mean the LaFollette Housing Authority.
- The term “**RFP**” means this Request for Proposal.
- The terms “**auditor**” and “**firm**” and “**proposer**” mean the company(s) or firm(s) from whom proposals are requested.
- The term “**PHA**” refers to a Public Housing Authority. As used in this RFP, the term PHA will refer to a particular type of organization.
- The term “**HUD**” means the United States Department of Housing and Urban Development, a Federal agency which partially funds and monitors operations of the LaFollette Housing Authority. Nothing contained in this RFP or in the contract resulting from the selection process shall be construed to create any contractual relationship between the successful proposer and HUD.
- The term “**GAAP**” means Generally Accepted Accounting Principles.
- The term “**GFOA**” means Government Finance Officers Association.
- The term “**GASB**” means Governmental Accounting Standards Board.
- The term “**GAS**” means Government Auditing Standards.
- The term “**UFRS**” means the Uniform Financial Reporting Standards for HUD Housing Programs.
- The term “**FDS**” means Financial Data Schedule as described by UFRS.

SCOPE OF SERVICES

The LaFollette Housing Authority hereby requests proposals from qualified certified public accountants to perform the accounting services listed below for a period of two (2) fiscal years beginning with Fiscal Year Ending September 30, 2023 and ending with Fiscal Year Ending September 30, 2024.

- **Annual independent financial audit.** The annual independent financial audit of the LaFollette Housing Authority will include the Authority’s Conventional Public Housing Fund (and any related Comprehensive Modernization, Development, or Capital Fund grants), Grant Fund and Housing Choice Voucher Program Fund. The audit must be performed in accordance with the following:
 - A. Generally Accepted Accounting Principles as established by the Government Accounting Standards Board
 - B. Generally Accepted Auditing Standards contained in *Government Auditing Standards*

- C. All appropriate provisions of the Single Audit Act Amendments of 1996, and
- D. All appropriate requirements of HUD Notices regarding audits of any applicable HUD programs.

All Authority financial statements are now required by HUD to be prepared according to GAAP. Accordingly, the Auditor must be knowledgeable of all HUD, GAS, GAAP, and GASB reporting requirements as related to the operations of the LaFollette Housing Authority.

- **Financial Data Schedule Requirements.** The electronic submission of unaudited and audited Financial Data Schedules (FDS) is now a mandatory requirement of the Uniform Financial Reporting Standards for HUD Housing Programs (UFRS), dated September 1, 1998. Accordingly, the Auditor **must** be knowledgeable of and capable of complying with all UFRS requirements.

The Authority's fiscal year ends September 30 of each year. All books of account are generally closed by November 15 and ready for audit by December 31. Submission of, and auditor agreement/disagreement of all Financial Data Schedules **must** be completed no later than the earliest of 45 days following issuance or nine months after fiscal year end.

GENERAL INFORMATION

The LaFollette Housing Authority (LHA) was incorporated in 1950 as a public housing authority (PHA) under the laws of the State of Tennessee. The cognizant federal agency for all PHAs at that time was the United States Housing Authority (now HUD). The mission of the LaFollette Housing Authority was specifically stated that every person with whom we have contact is our customer and that our mission is to deliver value to every customer. Our customers, whether they are residents, members of the public or fellow coworkers, are not an interruption of our work, but rather the purpose for it. We show that by respecting their time, money and goals. We listen, focus on their needs, express a genuine concern and then orient our systems, policies and procedures to provide a level of customer service that we hope will exceed their expectations.

The LaFollette Housing Authority is governed by a Board of Commissioners consisting of 12 persons, one each appointed by the Mayor of each town/city we serve (LaFollette, Tazewell, New Tazewell, Luttrell, Rocky Top, Oneida, Huntsville/Helenwood, Caryville, Jacksboro, Jamestown and Wartburg) and one resident board member voted on by the Board of Commissioners. The chief executive officer of the Authority, responsible for the organization's general operations, is the Executive Director. The Authority's four departments and their areas of responsibility are as follows:

- **Executive Director's Office:** General Management, Public Relations, Tenant Services, and Human Resource Management.
- **Department of Housing Management:** Project Management, Admissions, reexamination, Housing Choice Voucher Program, and Grounds Maintenance.
- **Department of Facilities Management:** Overall maintenance of the physical plant, inventory management, Comprehensive Grant Program, Development Program, and miscellaneous construction activity.
- **Department of Finance:** Financial management, accounting, cash management, purchasing, and information systems management.

The Authority currently has 45 budgeted positions. Operations are conducted from one primary office. The LaFollette Housing Authority currently provides low income housing services through the use of five funds as described in the following:

Public Housing Program

- The management and administration of 28 public housing projects.
- The physical maintenance of those 28 projects.
- The ongoing modernization and/or improvement of the physical plant.
- The construction of new housing projects (subject to funds availability).
- The provision of related Tenant Services.

The Conventional Public Housing Program includes a total of 1,116 available housing units. The Authority currently has four Capital Funds Programs as follows:

501-19 501-20
501-21 501-22

Approximate annual budgeted expenditures for the Conventional Public Housing Program - \$8,872,260
Approximate annual check disbursement count for all programs related to Conventional Public Housing -4,500

Housing Choice Voucher Program

- The inspection of housing units for qualification and inclusion in the HCV program.
- The Processing of Housing Choice Voucher Payments for all tenants living in Section 8 units.
- Overall program management for the HCV Program.
- Overall financial management for the HCV Program.

The Housing Choice Voucher Program includes the following allocation of units:

1. Section 8 Housing Choice Voucher Program	328 units
Total	328 units

Approximate annual budgeted expenditures for the Housing Choice Voucher Program Fund - \$1,435,330
Approximate annual check disbursement count – 4,100

REQUIRED PROPOSAL FORMAT

Each submitted proposal should contain all information requested in the following paragraphs.

Firm Qualifications

Each firm submitting a proposal should possess substantial experience in general governmental accounting/auditing, and specific public housing authority (PHA) accounting/auditing. ***Such experience is an absolute prerequisite for acceptance of a proposal.***

Each firm should include in Section I of its proposal the following items:

- A summary of the firm's organization and general history.
- A summary of the firm's experience in both governmental auditing and PHA auditing.
- A listing of both governmental audits and PHA audits performed, including the PHA address, telephone number, and the name of the appropriate contact person.
- A statement regarding the firm's experience with, exposure to, and training relevant to GASB 34 and its implementation.
- A statement concerning the status of the firm's peer review process. If the firm's peer review has been completed, evidence of satisfactory completion should be provided.
- A statement of the firm's compliance with the GAO Yellow Book requirements for continuing professional education in the field of governmental accounting and auditing.
- A summary of the professional backgrounds of each staff member expected to be assigned to the audit.
- A certified statement that the proposer or any relevant employees are not debarred, suspended or otherwise prohibited from professional practice by any Federal, State or local agency.
- Evidence of a required minimum of \$1,000,000 professional liability insurance.
- Evidence of Workmen's Compensation Insurance.

The LaFollette Housing Authority reserves the right to reject any proposal submitted which, in the judgment of the Audit Committee, does not possess the necessary governmental and PHA auditing experience.

Planned Approach for the Services

Section II of the proposal should describe the auditor's plan for conducting the audit(s). Specifically, this section should include the following information:

- A work plan and schedule for provision of all required services.
- A summary of the firm's planned use of personnel. This summary should describe the hours and level of staff to be devoted to the various portions of the work program.
- A summary of the auditor's planned methods of transaction sampling for the various types of transactions (purchase orders, AP checks, PR checks, etc.)

All firms should note that the Authority expects the work plan proposed by the firm to be followed during the performance of all specified services. This requirement is particularly applicable to the firm's planned use of personnel. The Authority expects firm personnel to be utilized approximately as shown in the audit work plan. Substantial deviation from the work program without prior Authority approval shall be considered an instance of contract noncompliance and can be considered grounds for cancellation of the audit contract. The Authority reserves the right to ask the firm for verification of personnel utilization at any time during performance of the audit.

Proposed Service Costs

In Section III the firm should provide its proposed costs for each year of the applicable period. Proposed costs should be shown on the included Proposed Services Costs Form (pages 7-9). This form will become part of the final contract. The Proposed Services Costs Form requires that all costs be shown in terms of 1) Assigned Employees, 2) Hourly Rates for each type of employee, and 3) Travel Rates. Please note that the distribution of work between planned employees should agree with the service work plan submitted in Section II of the proposal.

The final result of each year’s costs calculation should be a fixed fee for each year of the contract. Travel rates should be itemized as a separate item and should be included in the fixed fee. Each firm should submit a proposed cost that will adequately cover the actual costs of performing the audit. The LaFollette Housing Authority reserves the right to reject any proposals containing an obviously unrealistic proposed cost.

PROPOSAL SELECTION

The Auditor will be selected by an evaluation of the following factors:

<u>EVALUATION FACTORS</u>	<u>Maximum Points</u>
A. Experience in the performance of audits of public housing authorities.	30
B. Ability to provide consultation/advise as to compliance with and application of GASB 34 in relation to LHA operations.	10
C. Copy of firm’s most recent peer review letter.	5
D. Evidence that all GAO Yellow Book continuing education requirements are current.	5
E. Professional qualifications of all relevant firm employees.	5
F. Submission of an acceptable work plan.	10
G. Assurance that all services requirements will be met within the allotted time frame.	5
H. Combined Two-Year Cost.	5
I. Provided certified statement that the proposers or any relevant employees are not debarred, suspended or otherwise prohibited from professional practice by any Federal, State or local agency.	yes or no
J. Provided evidence the proposer has the required	yes or no

professional liability (minimum of \$1,000,000)
as well as workman's compensation insurance.

An Audit Committee consisting of the Executive Director, Financial Officer and the Purchasing Manager, will review all received RFPs. From this review, the Committee will select an auditor evaluated to have the best combinations of qualifications and resources for providing the most responsible and timely services necessary to meet LHA needs. The Audit Committee will present the successful firm to the entire board for approval. The Authority reserves the right to accept or reject any and or all proposals, to waive irregularities and technicalities, award the contract in the best interest of the LaFollette Housing Authority or to request re-proposal. A minimum of three references will be checked on the selected auditor. Assuming no problems emerge as a result of the reference checks, the selected auditor will be forwarded to the Board of Commissioners for approval.

All proposals must be submitted in accordance with the guidelines specified in this Request for Proposal. No requirement and/or specification should be construed as an attempt on the part of the Housing Authority to limit competition, however, the nature of the Authority's audit requirements may necessarily result in the elimination of a number of prospective proposals.

INSTRUCTIONS FOR RFP SUBMISSION

Prior to actual submission of proposals, any firm who wishes to meet with representatives of the Housing Authority will be allowed to do so. All such meetings must be arranged in advance and any travel costs associated with such a meeting are the responsibility of the auditing firm.

The LaFollette Housing Authority must receive completed proposals no later than 5:30 p.m. on August 10, 2023. All Proposals should be identified as PROPOSAL: FINANCIAL AUDIT on the envelope. All proposals should be mailed or delivered, in triplicate, to the following address:

John K. Snodderly, Executive Director
The LaFollette Housing Authority
802 South Fourth Street
Post Office Box 392
LaFollette, Tennessee 37766

When the Authority has tentatively selected a firm's proposal, it may request a conference in LaFollette with that firm to clarify any unclear areas or discuss any prominent points concerning the proposal. Each firm choosing to submit a proposal should be willing to attend such a conference, if necessary, at its own expense. As a result of the conference, the Authority may choose to modify its choice of a selected proposal.

Based upon the Authority's proposal review and conference, the audit contract will be forwarded along with a recommendation for contract approval to the Board of Commissioners. Upon that approval, a contract will then be executed.

TIMETABLE

RFP Distributed
Proposals Due

July 10, 2023
August 10, 2023

**THE LAFOLLETTE HOUSING AUTHORITY
FINANCIAL AUDIT
PROPOSED SERVICES COSTS FORM**

Fiscal Year Ending September 30, 2023

Annual Independent Financial Audit	Rate Per Hour	Estimated Hours	Total Cost
A. Principal/Partner	\$ _____	_____	_____
B. Senior/Manager	\$ _____	_____	_____
C. Semi-Senior	\$ _____	_____	_____
D. Junior	\$ _____	_____	_____
E. Other	\$ _____	_____	_____
F. Travel	\$ _____	_____	_____
	Totals	_____	_____

**THE LAFOLLETTE HOUSING AUTHORITY
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Fiscal Year Ending September 30, 2024

Annual Independent Financial Audit	Rate Per Hour	Estimated Hours	Total Cost
A. Principal/Partner	\$ _____	_____	_____
B. Senior/Manager	\$ _____	_____	_____
C. Semi-Senior	\$ _____	_____	_____
D. Junior	\$ _____	_____	_____
E. Other	\$ _____	_____	_____
F. Travel	\$ _____	_____	_____
Totals		_____	_____

Transition of Current Reporting Model			
A. Principal/Partner	\$ _____	_____	_____
B. Senior/Manager	\$ _____	_____	_____
C. Semi-Senior	\$ _____	_____	_____
D. Junior	\$ _____	_____	_____
E. Other	\$ _____	_____	_____
F. Travel	\$ _____	_____	_____
Totals		_____	_____

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Financial Data Schedule Requirements			
A. Principal/Partner	\$	_____	_____
B. Senior/Manager	\$	_____	_____
C. Semi-Senior	\$	_____	_____
D. Junior	\$	_____	_____
E. Other	\$	_____	_____
F. Travel	\$	_____	_____
Totals		_____	_____

**THE LAFOLLETTE HOUSING AUTHORITY
FINANCIAL AUDIT
PROPOSED SERVICES COSTS FORM**

Combined 2 Year Totals

Annual Independent Financial Audit	Rate Per Hour	Estimated Hours	Total Cost
A. Principal/Partner	\$	_____	_____
B. Senior/Manager	\$	_____	_____
C. Semi-Senior	\$	_____	_____
D. Junior	\$	_____	_____
E. Other	\$	_____	_____
F. Travel	\$	_____	_____

Totals

Transition of Current Reporting Model

A. Principal/Partner	\$	_____	_____	_____
B. Senior/Manager	\$	_____	_____	_____
C. Semi-Senior	\$	_____	_____	_____
D. Junior	\$	_____	_____	_____
E. Other	\$	_____	_____	_____
F. Travel	\$	_____	_____	_____

Totals

Financial Data Schedule Requirements

A. Principal/Partner	\$	_____	_____	_____
B. Senior/Manager	\$	_____	_____	_____
C. Semi-Senior	\$	_____	_____	_____
D. Junior	\$	_____	_____	_____
E. Other	\$	_____	_____	_____
F. Travel	\$	_____	_____	_____

Totals
