

## **Request for Proposals For Auditing Services**

### **INTRODUCTION**

Through this Request for Proposals (“RFP”), Rhode Island Housing seeks proposals from qualified professional auditing firms with experience in auditing **participating jurisdiction** entities for a **program specific audit** in accordance with OMB Circular A-133 audit requirements, of the Home Investment Partnerships Program (CFDA 14.239) for the Corporation’s fiscal years ending June 30, 2015 and 2016.

Rhode Island Housing is a public instrumentality created by the Rhode Island General Assembly. The Corporation is a component unit of the State of Rhode Island and is included in the State’s comprehensive annual financial report as well as the State’s Single Audit Report.

The Corporation had an audit performed of its financial statements and major federal programs (based on the State’s overall major program definition criteria) for fiscal year 2015. This program specific audit of the Home Investment Partnerships Program is supplemental to that audit. Additionally, the Corporation has engaged an auditor to perform an audit of its financial statements and major federal programs (based on the State’s overall major program definition criteria) for fiscal year 2016. This program specific audit of the Home Investment Partnerships Program for fiscal 2016 will be separate and supplemental to the audit of the Corporation’s other major federal programs (based on the State’s overall major program definition criteria).

Fiscal 2015 expenditures of federal awards for the Home Investment Partnerships Program totaled \$1,810,540. Fiscal 2016 expenditures of federal awards for the Home Investment Partnerships Program are estimated at \$2,100,500.

### **INSTRUCTIONS**

One original, 3 copies and an electronic copy of the proposal should be submitted to Rhode Island Housing, 44 Washington Street, Providence, RI 02903-1721, Attn: Ms. Dora M. Garcia, [dgarcia@rhodeislandhousing.org](mailto:dgarcia@rhodeislandhousing.org). Proposals should be concise and include all attachments and work samples. Proposals should be presented on business letterhead.

**Proposals must be postmarked or delivered in person no later than 5:00 p.m. on Friday, May 6, 2016.** Proposals received after the deadline will be disqualified.

Respondents are advised that all submissions (including those not selected for engagement) may be made available to the public on request upon completion of the process and award of a contract. Accordingly, any information included in the proposal that the respondent believes to be proprietary or confidential should be clearly identified as such.

## **SCOPE OF WORK**

Please see Attachment A.

## **ITEMS TO BE INCLUDED WITH YOUR PROPOSAL**

### A. General Firm Information

1. Provide a brief description of your firm, including but not limited to the following:
  - a. Name of the principal(s) of the firm.
  - b. Name, telephone number and email address of a representative of the firm authorized to discuss your proposal.
  - c. Address of all offices of the firm.
  - d. Number of employees of the firm.

### B. Experience and Resources

1. Provide a description of the experience your firm has in performing governmental audit engagements for participating jurisdiction entities, single audits performed in accordance with federal OMB Circular A-133, and auditing programs funded by the federal Department of Housing and Urban Development.
2. Discuss how your firm deals with professional ethics in connection with audit engagements.
3. The highest standards of conduct must apply to Rhode Island Housing especially in regards to the review and selection of the Corporation's Auditors. The public has a right to know that decisions relative to the review and selection of the Corporation's Auditors are not based upon political considerations. Accordingly, Rhode Island Housing insists upon full compliance with Chapter 27 Title 17 of the Rhode Island General Laws, Reporting of Political Contribution by State Vendors.
4. Provide a brief description of your firm including an organizational chart which indicates how many partners and professionals work in your accounting and tax departments.
5. Submit the qualifications of those partners and professionals who will be working on the Rhode Island Housing engagement.
6. Submit the names of three companies or corporations for which these individuals have provided similar services on behalf of your firm. Please provide the name and telephone number of the appropriate person with whom your staff has worked on these engagements.
7. Submit the names of any other public or public purpose corporations for which your firm has provided similar services currently or in the past.

8. Identify any conflict of interest that may arise as a result of business activities or ventures by your firm and associates of your firm, employees, or subcontractors as a result of any individual's status as a member of the board of directors of any organization likely to interact with Rhode Island Housing.
9. Identify any material litigation, administrative proceedings or investigations in which your firm is currently involved. Identify any material litigation, administrative proceedings or investigations, to which the firm or any of its principals, partners, associates, subcontractors or support staff was a party, that has been settled within the past two (2) years.
10. Describe how your firm will handle actual and or potential conflicts of interest.

C. Fee Structure

The cost of services is one of the factors that will be considered in awarding this contract, but is not the determining factor. The information requested in this section is required to support the reasonableness of your fees.

1. Please provide a cost proposal for all services as outlined in Schedule A. Please provide a breakdown of costs based on Schedule B attached. The fee should be submitted in a separate sealed envelope.
2. Provide an itemized breakdown of billing rates and hourly costs, list of key personnel and their hourly rates, reimbursable expenses, etc. for any services that may be requested in addition to the services previously described.
3. Please provide any other fee information applicable to the engagement that has not been previously covered that you wish to bring to the attention of Rhode Island Housing.

D. Miscellaneous

1. Rhode Island Housing encourages the participation of persons of color, women, persons with disabilities and members of other federally and State-protected classes. Describe your firm's affirmative action program and activities. Include the number and percentage of members of federally and State-protected classes who are either principals or senior managers in your firm, the number and percentage of members of federally and State-protected classes in your firm who will work on Rhode Island Housing's engagement and, if applicable, a copy of your Minority- or Women-Owned Business Enterprise state certification.
2. Discuss any topics not covered in this Request for Proposals that you would like to bring to Rhode Island Housing's attention.

E. Certifications

1. Rhode Island Housing insists upon full compliance with Chapter 27 of Title 17 of the Rhode Island General Laws, Reporting of Political Contributions by State Vendors. This law requires State Vendors entering into contracts to provide services to an agency such as Rhode Island Housing, for the aggregate sum of \$5,000 or more, to file an affidavit with the State Board of Elections concerning reportable political contributions. The affidavit must state whether the State Vendor (and any related parties as defined in the law) has, within 24 months preceding the date of the contract, contributed an aggregate amount in excess of \$250 within a calendar year to any general officer, any candidate for general office, or any political party.
2. Does any Rhode Island “Major State Decision-maker,” as defined below, or the spouse or dependent child of such person, hold (i) a ten percent or greater equity interest, or (ii) a Five Thousand Dollar or greater cash interest in this business?

For purposes of this question, “Major State Decision-maker” means:

(i) All general officers; and all executive or administrative head or heads of any state executive agency enumerated in § 42-6-1 as well as the executive or administrative head or heads of state quasi-public corporations, whether appointed or serving as an employee. The phrase “executive or administrative head or heads” shall include anyone serving in the positions of director, executive director, deputy director, assistant director, executive counsel or chief of staff;

(ii) All members of the general assembly and the executive or administrative head or heads of a state legislative agency, whether appointed or serving as an employee. The phrase “executive or administrative head or heads” shall include anyone serving in the positions of director, executive director, deputy director, assistant director, executive counsel or chief of staff;

(iii) All members of the state judiciary and all state magistrates and the executive or administrative head or heads of a state judicial agency, whether appointed or serving as an employee. The phrase “executive or administrative head or heads” shall include anyone serving in the positions of director, executive director, deputy director, assistant director, executive counsel, chief of staff or state court administrator.

If your answer is “Yes,” please identify the Major State Decision-maker, specify the nature of their ownership interest, and provide a copy of the annual financial disclosure required to be filed with the Rhode Island Ethics Commission pursuant to R.I.G.L. §§36-14-16, 17 and 18.

3. Please include a letter from your president, chairman or CEO certifying that (i) no member of your firm has made inquiries or contacts with respect to this Request for Proposals other than in an email or written communication to Dora M. Garcia, [dgarcia@rhodeislandhousing.org](mailto:dgarcia@rhodeislandhousing.org) seeking clarification on the Scope of Work set forth in this proposal, from the date of this RFP through the date of your proposal, (ii) no member of your firm will make any such inquiry or contact until after May 31, 2016, (iii) all information in your proposal is true and correct to the best of her/his knowledge, (iv) no member of your firm gave anything of monetary value or promise of future employment to a Rhode Island Housing employee or Commissioner, or a relative of the same, based on any understanding that such person's action or judgment will be influenced and (v) your firm is in full compliance with Chapter 27 of Title 17 of the Rhode Island General Laws, Reporting of Political Contributions by State Vendors.

### **EVALUATION AND SELECTION**

A selection committee consisting of Rhode Island Housing employees and the Auditor General of the State of Rhode Island (the "Committee") will review all proposals. Rhode Island Housing may invite one or more finalists to make presentations. The decision of the Committee will be submitted to the Rhode Island Housing Board of Commissioners, including the Director of Administration of the State of Rhode Island for approval.

Rhode Island Housing will consider the following factors in its evaluation of proposals:

- Professional capacity to undertake the scope of work
- Experience auditing HOME participating jurisdiction (states, entitlements and Consortiums) entities. Please provide a list of PJs and date audited.
- Proposed fee structure.
- Ability to perform within time and budget constraints.
- Evaluation of potential work plans.
- Previous work experience and performance with Rhode Island Housing and/or similar organizations.
- Recommendations by references.
- Firm minority status and affirmative action program or activities.
- Other pertinent information submitted.

Proposals shall be scored using the following scoring weights:

Overall qualifications and experience of the firm and the specific engagement personnel to be assigned focusing on experiences with governmental entities and the specific line of business or services provided by the entity to be audited.	40
Overall audit approach and audit strategy described/outlined in the proposal and firm capacity to perform the engagement within	30

the specified timeframe (prior experience of the firm in meeting timelines should be factored in here)

Audit fees - See formula for points awarded for audit fees (*)	30
Maximum evaluation points	100

**\* Evaluation technique – audit fees**

Audit fee score = (lowest bid/bid for firm being evaluated) X 30 points

**Example:** Assume 3 bids are received: Firm A - \$40,000; Firm B - \$46,000; Firm C - \$50,000

Each firm’s score on the fee category would be determined in accordance with the following formula:

Firm A (the lowest bidder) awarded 30 points	$\$40,000/\$40,000 \times 30 \text{ points} = 30$
Firm B awarded 26 points	$\$40,000/\$46,000 \times 30 \text{ points} = 26$
Firm C awarded 24 points	$\$40,000/\$50,000 \times 30 \text{ points} = 24$

At its sole discretion, Rhode Island Housing may negotiate with one or more firms who have submitted qualifications to submit more detailed proposals on specific projects as they arise.

Rhode Island Housing’s selection is subject to approval by the Auditor General, Director of Rhode Island Department of Administration and the Rhode Island Housing Board of Commissioners.

By this Request for Proposals, Rhode Island Housing has not committed itself to undertake the work set forth. Rhode Island Housing reserves the right to reject any and all proposals, to rebid the original or amended scope of services and to enter into negotiations with one or more respondents. Rhode Island Housing reserves the right to make those decisions after receipt of responses. Rhode Island Housing’s decision on these matters is final.

**For additional information contact:** Dora M. Garcia, [dgarcia@rhodeislandhousing.org](mailto:dgarcia@rhodeislandhousing.org).

Together with its partners, Rhode Island Housing works to ensure that all people who live and work in Rhode Island can afford a healthy, attractive home that meets their needs. Rhode Island Housing uses all of its resources to provide low-interest loans, grants, education and assistance to help Rhode Islanders find, rent, buy, build and keep a good home. Created by the General Assembly in 1973, Rhode Island Housing is a privately funded public purpose corporation.

## Attachment A

### Scope of Work

Rhode Island Housing seeks to engage a qualified professional auditing firm with experience in auditing participating jurisdiction entities for a **program specific audit** in accordance with OMB Circular A-133 of the Home Investment Partnerships Program (CFDA 14.239) for the fiscal years ending June 30, 2015 and 2016.

**NOTE:** The federal government released new federal audit requirements for state and local governments receiving federal funds. The new audit requirements will be effective for audit periods beginning on or after December 26, 2014 (fiscal 2016 audits). References to OMB Circular A-133, as included herein, shall be superseded by those new requirements (OMB Guidance 2 CFR – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards – Subpart F – Audit Requirements) for audit periods as of the applicable effective date.

The audit services relative to the program specific audit of the Home Investment Partnerships Program shall be separate and supplemental to the Corporation's annual financial statement and single audit.

The selected auditing firm, in conducting a program specific audit for the Home Investment Partnerships Program (CFDA 14.239), shall perform the audit procedures as outlined in OMB's Circular A-133 and Compliance Supplement (for 2015 and 2016 as applicable) for the program.

Review of Rhode Island Housing's Internal Controls as they relate to the HOME Investment Program.

#### **Reporting Deadlines**

The audit shall be completed and delivered to the Corporation and to the Director of Administration and Controller of the State of Rhode Island, by **August 15, 2016** for the period ending **June 30, 2015** and by **October 31, 2016** for the period ending **June 30, 2016**.

#### **Qualifications of Auditor**

1. The auditing firm must be a firm of certified public accountants holding a valid (license) in the State of Rhode Island or from another state having equal professional standards and has not provided prior audit services for Rhode Island Housing.
2. The senior accountant in charge of the fieldwork of the engagement must be a certified public accountant.
3. The audit organization and the individuals responsible for planning, directing, conducting substantial portions of the fieldwork, or reporting on government audits must meet the

continuing educational requirements of *Government Auditing Standards* issued by the Comptroller General of the United States.

4. The audit organization must have an appropriate internal quality control system in place and participate in an external quality control review program as required by *Government Auditing Standards*.
5. The audit organization must provide a copy of their most recent external quality control review report to the Corporation.

### **Audit Contract**

1. The audit contract shall be for the fiscal years ended June 30, 2015 and 2016. The fees and expenses must be listed separately for each year in accordance with Attachment B, and shall be inclusive of all expenses.

### **Audit Standards**

1. The audit will be conducted in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants.
2. The audit will be conducted in accordance with the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Single Audit Act of 1984 as amended in July 1996, and the provisions of revised OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

NOTE: The federal government released new federal audit requirements for state and local governments receiving federal funds. The new audit requirements will be effective for audit periods beginning on or after December 26, 2014 (generally fiscal 2016 audits). References to OMB Circular A-133, as included herein, shall be superseded by those new requirements (OMB Guidance 2 CFR – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards – Subpart F – Audit Requirements) for audit periods as of the applicable effective date.

### **Audit Reports to Be Provided**

1. Supplementary Schedule of Expenditure of Federal Award related to the Home Investment Partnerships Program with auditor's opinion thereon.
2. Reports on Compliance for a Federal Program and Report on Internal Control Over Compliance when using the Program Specific Audit Option.
3. Other reports and summaries resulting from the performance of the program specific audit.

4. If necessary, a separate management letter will be prepared containing additional recommendations and/or observations resulting from the program specific audit of the Home Investment Partnerships Program.

#### **Coordination between the Auditor of the Corporation and the Auditor General**

1. The auditor shall cooperate with the Auditor General of the State of Rhode Island, in this coordination of the Home Investment Partnerships Program audit. This will include communications between the Auditor General and the private auditor.
2. Specific inquiries and procedures to assure coordination with the Auditor General which includes:
  - a. a written representation that the private auditor is independent under the requirements of the American Institute of Certified Public Accountants and *Government Auditing Standards*.
  - b. a written representation that the private auditor of a component unit meets the continuing educational requirements of *Government Auditing Standards*.
  - c. a written representation that the private auditor has an appropriate internal quality control system in place and has participated in an external quality control review program; as required by Government Auditing Standards.
  - d. a written representation that the private auditor has expertise with generally accepted accounting principles for state and local government units and with the generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants; Government Auditing Standards issued by the Comptroller General of the United States; the single Audit Act of 1984 as amended in July 1996 and the provisions of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and will conduct the audit and will report in accordance with those standards.
  - e. invitations to the Auditor General at entrance, exit and other conferences between the private auditor and the Corporation.
  - f. submission of ALL “draft” copies of the audit report(s) and management letter before the exit conference.
  - g. prompt notification to the Auditor General, HUD’s Community Planning & Development Office in Boston and the State Director of Administration by the private auditor if they become aware of fraud, abuse, or illegal acts or indications of such acts affecting the Corporation related to the Home Investment Partnerships Program.
  - h. prompt notification to the Auditor General, the State Director of Administration and HUD’s Community Planning & Development Office in Boston by the private auditor if they encounter any significant accounting and/or auditing problems, or any situations that would delay completion of the audit related to the Home Investment Partnerships Program.

### **Audit Workpapers**

Audit workpapers of the private auditors shall be made available upon request of the Director of Administration and/or the Auditor General and HUD's Community Planning & Development Office in Boston for their review, at the completion of the Corporations audit.

### **Workplan and Timetable**

1. Specifically identify the significant steps in your audit plan and your specific time schedule for completion.

### **Corporation's Rights**

The Corporation reserves the right to terminate the contract at its sole discretion if it believes in its judgment that the auditors are not performing the appropriate services or if there is a change in key personnel assigned to the Corporation.

**Attachment B**

**Cost**

Provide a separate detailed cost breakdown for each fiscal year for the required services requested in this RFP. This schedule should be prepared using the following format:

	<u>FY 2015</u>	<u>FY 2016</u>
Home Investment Partnerships Program Audit (based on enclosed specifications)		
Hourly rate	\$	\$
Hours to Complete		
Total Fee		
<b>Total fixed fee</b>	<u>\$</u>	<u>\$</u>