

Below are questions regarding the Request for Proposal for Audit Services:

1. Who is the previous audit firm and can they bid, again, under the current RFP?
2. Can you provide a copy of the last auditor's contract?
3. Please provide the auditor's last engagement letter.
4. Can you provide the audit reports for the last two fiscal years along with corresponding management letters?
5. How much were the audit fees for each year of the last contract period, or, at a minimum, for the last 3 years?
6. What is the budget for the FYE 2020 audit?
7. How long were the auditors in the field for preliminary and for final?
8. What months were the auditors were in the field for preliminary and for final?
9. What were the auditor's total hours?
10. Was state single audit required for FYE 2017 and/or 2018?
11. Does the organization expect changes in federal, state or local funding that will impact reporting requirements?
12. Has there been a change in finance/accounting department key personnel in the last two years?
13. Page 2 of the RFP states that the audit services are for a 3 year period beginning with FYE 9/30/2020, while page 7 states that respondents should state how they intend to "assume responsibility of upcoming audit for Fiscal Year Ending 2019". Please clarify that the 1st audit year under this RFP is for FYE 9/30/2020.
14. Who is responsible for preparing the financial statements?
15. Who is responsible for duplicating the financial statements?
16. When will the books be closed and when will the auditors be able to get the final trial balance?
17. Who, specifically, will make up the selection committee?
18. For the original copy of the proposal, can electronic signatures be used?
19. For the original and all other copies of the proposal, can digitally-certified signatures be used?
20. Can forms be signed digitally?

1. Malcolm Johnson & Associates
2. Yes, copy ready for pickup.
3. See #2.
4. Yes, copy ready for pickup
5. A. 2019 \$11,500
B. 2018 \$11,600
C. 2017 \$10,850
6. \$19,720
7. 8.5 days
8. February and April
9. Not known
10. Yes, all single state audits filed.
11. Yes, Florida Housing Finance partnership
12. No
13. Depends on timing of contract, before after February.
14. Fee Accountant
15. Don't understand the question, the auditor reviews the financials to verify and reproduce results.
16. November
17. Executive Director, Consultant and 1 Board Member
18. Yes
19. Yes
20. Yes

**CONTRACT FOR AUDIT
OF PUBLIC HOUSING AUTHORITY PROGRAMS**

THIS AGREEMENT, entered into as of the 17th day of ~~July~~ 2019, by and between DANIA BEACH HOUSING AUTHORITY in the State of FLORIDA (hereinafter referred to as the Authority), and MALCOLM JOHNSON & COMPANY, P.A., Independent Public Accountants of P.O. Box 530848, 210 N. Highway 17-92, DeBary, Florida 32753-0848 (hereinafter referred to as the "Contractor").

WHEREAS, the Authority desires the Contractor to conduct and perform an audit of its basic financial statements for the year ended **SEPTEMBER 30, 2018**.

An understanding with the client regarding an audit of the basic financial statements generally includes the following matters:

1. Audit Objectives

The objective of our audit is the expression of an opinion as to whether your basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America, and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the basic financial statements taken as a whole. The objective also includes reporting on internal control related to the basic financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the basic financial statements in accordance with *Government Auditing Standards*.

If federal awards expended exceed \$750,000 for the audit period, we will also report on Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and the Office of Management and Budget (OMB) issued Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

The reports on internal control and compliance will each include a statement that the report is intended for the information and use of the audit committee, management, specific legislative or regulatory bodies, Federal awarding agencies, and if applicable, pass-through entities.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the OMB Uniform Guidance, and will include tests of accounting records, a determination of major program(s) (if applicable) in accordance with the OMB Uniform Guidance and other procedures we consider necessary to enable us to express such an opinion and to render the required reports. If our opinion(s) is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we were unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

2. Management Responsibilities

Management is responsible for establishing and maintaining internal control and for compliance with the provisions of contracts, agreements, and grants. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of basic financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for all financial statements, schedules, and financial records and related information. We understand that you will provide us such information required for our audit and that you are responsible for the accuracy and completeness of that information. Management's responsibility also includes the establishment and maintenance of adequate records and effective internal control over financial reporting and compliance, the selection and application of accounting principles, and the safeguarding of assets. Management is responsible for adjusting the basic financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole. Additionally, as required by the OMB Uniform Guidance when applicable, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review.

3. Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the basic financial statements are free of material misstatement, whether caused by error or fraud. When required by the Single Audit Act Amendments of 1996 and the OMB Uniform Guidance, our audit will include test of transactions related to major federal award programs for compliance with applicable laws and regulations and the provisions of contracts and grant agreements. Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements (whether caused by errors or fraud), illegal acts, or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements, immaterial illegal acts, or illegal acts that do not have a direct effect on the basic financial statements or major programs. However, we will inform you of any material errors that come to our attention and any fraud that comes to our attention. We will also inform you of any illegal acts that come to our attention, unless clearly inconsequential.

Our responsibility as auditors are limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the basic financial statements and related matters.

4. Audit Procedures – Internal Controls

In planning and performing our audit, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our audit procedures for the purpose of expressing opinions on the Authority's basic financial statements and, if a single audit is performed, on its compliance with requirements applicable to major programs.

We will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the basic financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the basic financial statements. Tests of controls relative to the basic financial statements are required only if control risk is assessed below the maximum level. Our tests, if performed, will be less in scope that would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

If required by the OMB Uniform Guidance, we will perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed if we issue a report on internal control pursuant to the OMB Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we will inform the governing body or audit committee of any matters involving internal control and its operations that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the basic financial statements. We will also inform you of any nonreportable conditions or other matters involving internal control, if any, if required by the OMB Uniform Guidance.

5. Audit Procedures – Compliance

Our audit will be conducted in accordance with the standards referred to in the section titled Audit Objectives. As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the Authority's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The following paragraph applies if the auditee expends \$750,000 or more in federal awards:

OMB Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of the applicable procedures described in the OMB Uniform Guidance *Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Authority's major programs. The purpose of those procedures will be to express an opinion on the Authority's compliance with requirements applicable to major programs in our report on compliance issued pursuant to the OMB Uniform Guidance.

6. Audit Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, if applicable, we will complete the appropriate sections of and sign the Data Collection Form that summarizes our audit findings. We will provide copies of our reports to management; however, it is management's responsibility to submit the reporting package to the required parties.

NOW, THEREFORE, the Authority and the Contractor do mutually agree as follows:

7. The Contractor shall audit the accounts and records of the Authority for the **twelve (12) month period ended September 30, 2018**, in accordance with generally accepted auditing standards (GAAS), generally accepted government auditing standards (GAGAS), and, if applicable, the Single Audit Amendment Act of 1996 (Pub. L. No. 104-156) as prescribed by the OMB Uniform Guidance, and the OMB Uniform Guidance Compliance Supplement. The audit performed shall be sufficient in scope to enable the contractor to express an opinion in the audit report on the basic financial statements of the Authority.
8. The books of account and financial records to be audited are maintained and are located at the Authority's office. These books and records will be made available to the Contractor by the Executive Director of the Authority at the Contractor's request for the Contractor's use at the Public Housing Authority's office during normal business hours.
9. The audit report shall include all statements, reports and schedules required by applicable reporting standards and additional schedules as required by the U.S. Department of HUD.

10. FDS Submission and Attestation

According to the "*Guidelines on Reporting and Attestation Requirements of Uniform Financial Reporting Standards (UFRS - March 2001)*", responsibility for the submission of the audited data to REAC rests with the Executive Director of the PHA. In order to assure accuracy and completeness in the data REAC will be using for scoring purposes, auditors are required to perform a separate agreed-upon procedures engagement. This agreed-upon engagement procedure is included in the audit services at no additional costs.

The PHA may choose any auditor for this separate agreed-upon procedure. However, if our firm is selected, the audit engagement will be expanded to include this additional procedure.

- A. The Audit Report shall be submitted within the time restrictions imposed by federal and state requirements.

B. The Audit Report will be presented in compliance with Generally Accepted Auditing Standards.

11. The Authority may, before or during the conduct of the audit, request changes in the scope of the services of the Contractor to be performed under this contract. Such changes, including any increase or decrease in the amount of the Contractor's compensation and any change in the time limitation for submission of the Authority and the Contractor's report, which are mutually agreed upon by and between the Authority and the Contractor, shall be incorporated into written amendments to this contract and shall be subject to the Authority's approval.
12. The Public Housing Authority agrees to pay the Contractor as compensation for the services and report mentioned herein, a lump-sum fee of \$11,500.00*, inclusive of all costs and expenses. The fee is based on the following:

a. Principal:	\$ 195.00 per hour; estimated man-days	<u>5</u>	\$ 7,800.00
b. Senior:	\$ 125.00 per hour; estimated man-days	<u> </u>	\$ <u> </u>
c. Semi-Senior:	\$ 95.00 per hour; estimated man-days	<u>3.5</u>	\$ 2,660.00
d. Junior:	\$ 75.00 per hour; estimated man-days	<u> </u>	\$ <u> </u>
e. Other: Audit report and expenses (travel, meals, lodging, etc.)			\$ 1,040.00
Total			<u>\$11,500.00</u>

It is estimated that 8.5 man-days will be required to perform the audit.

The total fee will be allocated as follows:

Public Housing	\$ <u>102</u>	ALLOCATION TO BE MADE BY THE PHA.
Sec. 8 Exist.	\$ <u> </u>	
Sec. 8 MOD	\$ <u> </u>	
Sec. 8 Voucher	\$ <u>902</u>	
Sec. 8 NG	\$ <u> </u>	
Development	\$ <u> </u>	
Other	\$ <u> </u>	
	\$ <u> </u>	

*Such lump-sum fee shall be payable upon receipt of the audit report.

13. The Contractor must be a Certified Public Accountant.
14. The Contractor certifies that its principal officer or member does not now have and has not had during any period covered by this audit any interest, direct or indirect, in the Authority or any of its members or officials.
15. No member of or Delegate to Congress of the United States or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom.
16. The Contractor warrants that he has not employed any person to solicit or secure this contract upon any agreement for a commission, percentage, brokerage, or contingent fee. Breach of this warranty shall give the Authority the right to terminate this contract, or, in its discretion, to deduct from the Contractor's fee the amount of such commission, percentage, brokerage or contingent fee.

17. The Contractor shall not assign or transfer any interest in this contract except that claims for monies due (or to become due) from the Authority under the contract may be assigned to a bank, trust company, or other financial institution. If the Contractor is a partnership, this contract shall inure to the benefit of the surviving or remaining members of such partnership.
18. The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, age or national origin. The Contractor shall take affirmative action to ensure that applicants are employed, and employees are treated during employment, without regard to race, color, religion, sex, age, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation; and selection for training, including apprenticeship.
19. The workpapers for this engagement are the property of Malcolm Johnson & Company, P. A. and constitute confidential information. However, we may be requested to make certain workpapers available to the U. S. Government pursuant to authority given to it by law or regulation. If requested, access to such workpapers will be provided under the supervision of Malcolm Johnson & Company, P. A. personnel. Furthermore, upon request, we may provide photocopies of selected workpapers to the U. S. Government. The U. S. Government may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.
20. For a period of five (5) years from the date of the Audit Report, the Contractor shall make its work papers, records and other evidence of audit available to the Government and to the Comptroller General of the United States or his duly authorized representatives during normal working hours upon written request of the Government or of the Comptroller General or his representatives. The Government and the Comptroller General shall be entitled to reproduce any or all of such documents at their expense for which provision shall be made at the time the need for reproduction arises.

IN WITNESS WHEREOF, the Authority and the Contractor have executed this agreement the day and year first above written.

MALCOLM JOHNSON & COMPANY, P.A.

DANIA BEACH HOUSING AUTHORITY

BY MLP 6/13/18
 (Name) (Date)

BY [Signature]
 (Name) (Date)