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## **Request for Proposal ANNUAL FINANCIAL AUDIT and TAX PREPARATION SERVICES**

The Imperial Valley Housing Authority (IVHA) is inviting proposals from independent firms of certified public accountants to perform audits of (1) entity (IVHA-1 LP) that covers two programs/funds with a fiscal year ending December 31, 2023 plus additional four years- 2024, 2025, 2026 & 2027 (5 years total).

The audits shall be conducted in accordance with generally accepted auditing standards issued by the Comptroller General of the United States and in accordance to the HCD/CalHFA Audited Financial Statements Handbook for Multifamily Rental Housing. The financial statements are to be prepared by the auditor in accordance with Generally Accepted Accounting Principles (GAAP) with a timetable for the proper and timely submission of the entity's U.S. Return of Partnership Income (IRS form 1065).

### **Background**

IVHA is General Partner of, and acting as Management Agent, for IVHA-1, L.P. (The "Partnership"). The Partnership was created as a limited partnership under the laws of the State of California on December 8, 1992. The Partnership was created for the purpose of constructing and operating two rental housing Projects (the "Projects"). The Projects consist of 56 units located in Brawley and El Centro, California. They were placed in service in 1994 and are currently operating under the names of Hatfield Homes and El Centro Family Housing.

The Projects were eligible for Low-Income Housing Tax Credits (LIHTC) established under the program described in Section 42 of the Internal Revenue Code and generated LIHTC's beginning in 1995 through 2005 and were required to maintain compliance through 2020 (15 years). Debt financing was provided by the California Department of Housing and Community Development and the Imperial Valley Housing Authority.

The Partnership has one General Partner, ICGP, a California Corporation, which owns a 1% interest and two Limited Partners, Chelsea Investment Corporation, a California Corporation, which owns a 1% interest and the Imperial Valley Housing Authority, a California Nonprofit Corporation, which owns a 98% interest. All profits, losses and credits, except certain gain and losses referred to in the Partnership Agreement, shall be allocated among the partners in accordance with their percentage interests.

The Partnership's operations are concentrated in the multifamily real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. One such agreement is the regulatory agreement with the with the California Department of Housing and Community Development and the California Housing Financing Agency (HCD/CalHFA). Please refer to the HCD/CalHFA Audit Handbook (i.e. Audited Financial Statements Handbook for Multifamily Rental Housing) to review.

The total expenses for the Partnership was \$391,208 for the year ended December 31, 2022. \$382,341 of dwelling rental, investment and other income were generated to cover part of total expenses.

The Partnership was last audited for Calendar Year Ending Dec 31<sup>st</sup>, 2022.

IVHA was created to provide decent, safe, sanitary, and in good repair housing to low-income residents of Imperial County at reasonable and affordable rents. IVHA is an area housing authority created in 1989 by consolidating seven separate housing authorities: Brawley, Calipatria, El Centro, Holtville, Imperial, Westmorland, and Imperial County. These housing authorities have been in existence since the 1930's; the first public housing authority units were constructed in the 1950's. Our organization plays a vital role in our community by creating safe and stable living environments for those in need.

### **Scope of Services**

The Documentation comprising the finished audit must at a minimum include:

1. Independent Auditors Report
2. Management Discussion and Analysis
3. Financial Statements
  - a. Statement of Net Assets
  - b. Statement of Revenues, Expenses & Changes in Net Assets
  - c. Statements of Cash Flows
  - d. Summary of Significant Accounting Policies
  - e. Notes to Financial Statements
    - i. The most sensitive disclosures affecting the financial statements were:
      1. Restricted Deposits
      2. Related Party Transactions
      3. Notes Payable
  - f. Combining Financial Statements
4. Other Reports & information responsive to Federal Single Audit Act
  - a. Report on Internal Control over Financial Reporting in accordance with Government Auditing Standards
  - b. Report on Compliance with requirements applicable to each major program & on Internal control in accord with OMB circular A – 133
  - c. Summary schedule of Prior audit findings
  - d. Schedule of findings and questioned costs
5. Other Reports & information responsive to the State Single Audit Act
  - a. Schedule of State Financial Assistance
  - b. Report on internal control over compliance in accordance with the Audited Financial Statements Handbook for Multifamily Rental Housing Financed by the California Department of Housing and Community Development and the California Housing Financing Agency (HCD/CalHFA).
6. Tax Services:
  - a. Prepare and file annual federal and state tax returns for the partnership.
  - b. Advise on tax planning strategies to optimize our tax position.
  - c. Assist with any tax-related inquiries or audits.
7. Reporting Services:
  - a. Prepare and submit all required financial reports to relevant government agencies and regulatory bodies.

The audit report and financial statements as well as working papers will be subject to review and approval by HCD/CalHFA, and audit working papers must be retained by the auditor for a minimum of four years. HCD/CalHFA require s audited financial statements to be submitted within 90 days of the project's fiscal year ending date.

The Financial Statements including the notes and supplementary information are to be audited in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States (Yellow Book) in addition to Generally Accepted Auditing Standards (GAAS) developed by the Auditing Standards Board of the AICPA. The Financial Statement and its accompanying notes are also to be audited and presented in accordance with GAAP as well as with the requirements of the HCD/CalHFA Audit Handbook (i.e. Audited Financial Statements Handbook for Multifamily Rental Housing)

The Financial Statements must include supplementary information and reports which HCD or CalHFA requires for general analysis of operations and for assurance of compliance with the applicable HCD/CalHFA Regulatory Agreement(s), HUD 4350.5, HUD OIG 2000.04, and Office of Management and Budget Uniform Guidance. The audit must include the supplementary information as described in the Notes to the Financial Statements and the Supplementary information in this Audit Handbook.

The auditor must establish an understanding with the client regarding the services to be performed for each engagement, be qualified, and have current knowledge of the applicable auditing standards. The auditor must have an appropriate quality control system in place and undergo an external peer quality review within the last three years.

Upon completion of the audit, the auditor is to:

1. Provide an opinion on whether the basic financial statements including notes and the supplementary information present fairly in all material respects, the financial position of the project.
2. Report on project compliance with laws, regulations and agreements, and internal control over financial reporting. Auditors must be alert to situations or transactions that are non-compliant with the Regulatory Agreement(s), or indications of waste, fraud, abuse, and illegal expenditures and acts.
3. Provide a schedule of audit findings as deemed appropriate (including resolutions of prior period findings) with comments and recommendations for the owner to cure the findings.

### **Submittal Requirements**

Your proposal should include a letter in which you indicate that if selected, you will sign the contract for audit services. The fee for which you are willing to perform the audits should be stated. The fee should include all applicable expenses

Your proposal should include:

(1) Information concerning your firm, the name of the contact partner and staff personnel who will be assigned to perform the audit. You should indicate their prior audit experience.

(2) References should be provided pertaining to audit clients for which your firm has been the auditor of record or who have permitted the listing of their names as a reference. Please indicate the nature of the work performed for these clients.

(3) A time budget for the audit of each of the programs or funds indicated in this request for proposal.

(4) A statement as to the amount of assistance your firm will expect from Housing Authority staff, including the nature of assistance and/or schedules which you will expect them to prepare prior to or during the audit.

(5) Breakdown of time by staff level and computation of the audit fee including expenses, used in your proposal. This computation should show the amount of time required and rate used by each level of staff you expect to use on the audit. This computation should be in the following format:

<b>Level of Service</b>	<b>Rate per Hour</b>	<b>Estimated Hours</b>	<b>Amount</b>
A. Partner	<input type="text"/>	<input type="text"/>	<input type="text"/>
B. Manager	<input type="text"/>	<input type="text"/>	<input type="text"/>
C. Senior Staff	<input type="text"/>	<input type="text"/>	<input type="text"/>
D. Intermediate Staff	<input type="text"/>	<input type="text"/>	<input type="text"/>
E. Staff Assistant	<input type="text"/>	<input type="text"/>	<input type="text"/>
F. Support Staff	<input type="text"/>	<input type="text"/>	<input type="text"/>
G. Expenses	<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>TOTALS</b>	<input type="text"/>	<input type="text"/>	<input type="text"/>

(6) State the total cost of audits for the periods ending December 31<sup>st</sup>, 2024, December 31<sup>st</sup>, 2025, December 31<sup>st</sup>, 2026, and December 31<sup>st</sup>, 2027. You are requested to provide this information in the

event the Imperial Valley Housing Authority should desire to renew the FYE 2023 contract to cover these audits.

(7) State whether the firm has received a positive peer review within the last three years.

(8) State the date work will begin and the completion date.

The audit will be required to be performed during the months of February and March and must be completed by end of March.

You may visit the office of the Imperial Valley Housing Authority and review copies of the December 30, 2022, audit reports and copies of the monthly general ledger and journals. You should make prior arrangements by contacting Norma A. Benito, Director of Finance at (760) 351-7000 ext. 120. Ms. Benito is a member of the selection committee and welcomes the opportunity to discuss the audit with you.

Four copies of your proposal must be received at the office of the Imperial Valley Housing Authority located at 1402 D Street, Brawley, CA on or before November 1st, 2023, and the selection will be made on November 9th, 2023. All firms will be notified as to the selection, by mail on or before the 20th of November 2023.

#### **Timeline**

Deadline for Proposal Submission: November 1<sup>st</sup>, 2023

Proposal Evaluation Period: November 2<sup>nd</sup>-8<sup>th</sup>, 2023.

Notification of Selection: Before November 20<sup>th</sup>, 2023

Commencement of Services: January 16<sup>th</sup>, 2023

#### **CONTACT INFORMATION**

Please direct all inquiries and submissions to:

Norma A. Benito

Director of Finance

Imperial Valley Housing Authority

1402 D Street Brawley, CA 92227

(760) 351-7000 ext. 120

nbenito@ivha.org

Solicitation of the request for proposals does not commit this agency to pay any costs incurred in the preparation or submission of proposals.

The Imperial Valley Housing Authority reserves the right to waive any or all informalities in the proposal or specifications.

The Imperial Valley Housing Authority reserves the right to negotiate with the firm selected.

The Imperial Valley Housing Authority reserves the right to accept or reject any or all proposals and accept the proposal that is in the best interest of the Housing Authority.

The Imperial Valley Housing Authority reserves the right to extend the contract for additional years, up to a maximum of five years, upon satisfactory and timely completion of the audit reports.

### **Evaluation Factors**

Proposals must be kept in effect for minimum of 45 days from the date of the bid deadline.

The selection of the auditor will be based on:

- |   |      |
|---|------|
| <b>(1) Technical experience of the firm. (0-20)</b>   |      |
| a. Auditing of housing authorities with LIHTC   | 0-15 |
| b. Auditing of similar entities   | 0-05 |
| <b>(2) Qualifications of staff. (0-30)</b>  |      |
| a. Qualifications of supervisory personnel, consultants, and of the audit team doing field work.  | 0-15 |
| b. General direction and supervision to be exercised over the audit team by the firm's management personnel.  | 0-10 |
| c. Positive Peer reviews.   | 0-05 |
| <b>(3) Clearly stating an understanding of the work to be performed. (0-20)</b>   |      |
| a. Comprehensiveness of audit work plan   | 0-15 |
| b. Realistic time estimates of each major segment of the work plan and the estimated number of hours for each staff level including consultants assigned. | 0-05 |
| <b>(4) Size and Structure of firm</b>   | 0-05 |
| <b>(5) Local firm - Office located in the Imperial Valley</b>   | 0-05 |
| <b>(6) Cost Criteria (0-25)</b>   |      |
| a. Cost of audit FYE December 31 <sup>st</sup> , 2023,  | 0-15 |
| b. Cost of audit FYE December 31 <sup>st</sup> , 2024, 2025, 2026 & 2027  | 0-10 |
| <b>(7) Minority/Women Business Enterprise</b>   | 0-5  |

Additional information that we believe may assist you in the preparation of the audit proposal is as follows:

The Imperial Valley Housing Authority is an area housing authority created by a Joint Powers Agreement. The housing authority is separate from the cities in which we operate.

The Imperial Valley Housing Authority has approximately 49 employees. The accounting department consists of the Director of Finance who has been at the housing authority for twenty-four years. An Accounting Manager, an Account Analyst III, an Account Analyst II, and an Account Analyst I.

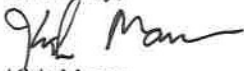
The accounting system is computerized and performs the following functions:

1. Prepares checks to pay 95% of the accounts payable that are accrued during the month.
2. Transfers are entered separately during the month for reimbursement to revolving.
3. Prepares cash receipt journals based on daily input and maintains accounts receivable due from tenants, including security deposits.

4. Journal entries are recorded directly to general ledger accounts.
5. The system provides an agency-wide monthly general ledger and cumulative year-to date ledger. General ledgers by project are available.
6. A trial balance is run for each project.
7. ADP is used for payroll; it generates direct deposit and provides employee records. It also maintains record of vacation time and sick leave balances.
8. Bank reconciliations are computer generated for the Revolving Fund and the Payroll Account.
9. All other bank accounts are reconciled manually each month.
10. Paid invoices are filed in check number order.
11. The revolving fund is used to pay all operational expenses and are charged directly or allocated to the various programs; invoices are not available on a program-by-program basis.
12. The revolving fund is reimbursed, and all inter-fund accounts agree with each other.

We hope the above information will provide you with useful information necessary to the preparation of the audit proposal. If you have any questions, please contact Norma A Benito at (760) 351-7000 ext. 120.

Sincerely,



Kirk Mann  
Executive Director

KM/nab