



SAN DIEGO
HOUSING
COMMISSION

REPORT

DATE ISSUED: February 8, 2024

REPORT NO: HCAC24-001

ATTENTION: Audit Committee Chair and Members of the Audit Committee
For the Agenda of February 16, 2024

SUBJECT: Award of Contract for Finance Audit Consulting Services

COUNCIL DISTRICT: Citywide

REQUESTED ACTION

Authorize the San Diego Housing Commission to award a contract to CohnReznick, LLP to conduct the financial and single audits, as well as other project audits, for Fiscal Year 2024, with four one-year options to renew.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) Board of Commissioners' Audit Committee (Committee) authorize the Housing Commission's President and Chief Executive Officer, or designee, to execute a contract with CohnReznick, LLP for the performance of the fiscal year financial audit, single audit, tax returns and various other project audits for Fiscal Year 2024, with four one-year options to renew.

BACKGROUND

Financial audits of all Housing Commission funds are performed annually, as required by the Housing Authorities Law (Section 34327.6 of the California Government Code), which states that "all funds of Housing Authorities not subject to audit by a federal agency shall be audited at least once every year at the expense of the Housing Authority by a certified public accountant."

Congress passed the Single Audit Act in October 1984 (the Act), which required local governments receiving federal financial assistance of \$100,000 or greater to provide for a single audit of grant funds for fiscal years beginning after December 31, 1984. The Act was amended by the Single Audit Act Amendments of 1996, which raised the federal financial assistance amount to \$500,000 or greater. The Single Audit is a more comprehensive audit than the financial audit, and it includes internal controls and compliance testing of certain programs as defined by the US Office of Management and Budget (OMB). With the adoption of the OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), the federal financial assistance amount was further raised to \$750,000 or greater.

Certain Housing Commission funds are required to be audited at a more detailed level. Otay Villas Housing Development Project and Adaptable Housing Development Project each require annual financial audits upon entering a permanent loan with the California Department of Housing and Community Development. The three Limited Liability Companies (LLC) with Federal Housing Administration (FHA) insured loans require individual Financial Statement audits. In addition, Hotel

Sandford requires a standalone financial audit upon entering a permanent loan agreement with the Successor Agency to the Redevelopment Agency of the City of San Diego.

The Housing Commission currently has seven blended component units referred to as Limited Liability Companies or LLCs. In addition, one of the discretely presented component units, SDHC Building Opportunities, Inc. is a 501(c)(3) entity. Each of these is subject to annual tax return filing requirements.

SUMMARY

On November 1, 2023, staff requested the Audit Committee to authorize management to conduct a formal Request for Proposal process for auditing services and enter into a contract with the selected firm.

On November 13, 2023, the Housing Commission issued a Request for Proposal (RFP) #FS-24-01 (RFP) for the aforementioned Finance Audit Consulting Services, wherein the independent audits of the Housing Commission will be conducted in accordance with the auditing standards generally accepted in the United States, as set forth by the American Institute of Certified Public Accountants (AICPA). The audits shall also be conducted and the reports rendered in accordance with the standards for financial audits contained in *Government Auditing Standards* (the “Yellow Book”) issued by the Comptroller General of the United States, the requirements of Title 2 U.S. Code of Federal Regulations Part 200, and the Uniform Guidance.

The RFP was published on the Housing Commission’s electronic solicitation site, PlanetBids. The RFP was downloaded by 19 plan holders. Proposals were due to the Housing Commission via the PlanetBids portal on or before December 11, 2023, at 11:59 pm (Pacific Time).

At the RFP closing date, 4 proposals were received. The proposals were submitted by Vasquez & Company LLP , The Pun Group LLP, CliftonLarsonAllen, LLP, and CohnReznick, LLP. An Evaluation Committee subsequently evaluated, scored and ranked the proposal responses based on the following criteria: Qualifications & Experience, Technical Competencies, Cost Proposal and Equity and Inclusion. A copy of the Proposal Evaluation Scoring form used is attached to this report as Attachment 1. Below are the proposal scoring & ranking summaries for each company. The summary represents the average of the combined scores of individual Evaluation Committee member and the final ranking based on the sum total of averaged scores.

<u>Average RFP Scoring</u>	Vasquez & Company LLP	The Pun Group LLP	CliftonLarson Allen, LLP	CohnReznick LLP	Total Possible
Qualifications and Experience	13	20	30	35	40
Technical Competencies	18	23	33	35	40
Cost Proposal (Cost Best Value)	10	18	18	18	20
Equity & Inclusion	3	1	10	10	10
Total Scoring (Averaged)	43	61	90	98	110
Final Ranking	4	3	2	1	

The Evaluation Committee (staff) recommends awarding the Housing Commission’s financial audit consulting services contract to CohnReznick based on their qualifications and experience, technical

competencies, as well as extensive equity and inclusion efforts. Their submission was overall the best value.

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this action were included in the Fiscal Year 2024 Housing Commission Budget, which was approved by the Housing Authority on June 12, 2023. Approving this contract does not constitute approval of future fiscal year budgets. The proposed audit fees for the contract are as follows:

Contract Term	Fiscal Year	Fee
Year 1 (4/1/2024 - 3/31/2025)	2024	214,305
First Option (4/1/2025 - 3/31/2026)	2025	224,669
Second Option (4/1/2026 - 3/31/2027)	2026	235,515
Third Option (4/1/2027 - 3/31/2028)	2027	246,887
Fourth Option (4/1/2028 - 3/31/2029)	2028	258,804

EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE CohnReznick has a proactive, comprehensive Diversity Equity and Inclusion Program that demonstrates ongoing internal and external efforts. It includes a Diversity & Inclusion National Council that creates actionable programs that support their commitment to diversity and inclusion, an Employee Resource Group that meets to help internally promote inclusivity, allyship and community through various activities and an internal education program that provides opportunities for learning and raising diversity, equity and inclusion awareness.

HOUSING COMMISSION STRATEGIC PLAN

This item relates to the Core Value “Believe in transparency and being good financial stewards” in the Housing Commission Strategic Plan for Fiscal Year 2022-2024.

ENVIRONMENTAL REVIEW

This contract is not a project as defined by the California Environmental Quality Act Section 2106 and State CEQA Guidelines Section 15378(b) (5), as it is an administrative activity of government that will not result in direct or indirect physical changes in the environment. The determination that this activity is not subject to CEQA, pursuant to Section 15060(c)(3), is not appealable and a Notice of Right to Appeal the Environmental Determination (NORA) is not required. The provision of any federal funds as the result of this action is conditioned on the City of San Diego’s final NEPA review and approval.

Respectfully submitted,

Suket Dayal

Suket Dayal
Executive Vice President, Business Administration
and Chief Financial Officer
San Diego Housing Commission

Approved by,

Jeff Davis

Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission

February 8, 2024

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Attachments: 1) Proposal Evaluation Scoring Form FS-24-01

Hard copies are available for review during business hours in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials on the San Diego Housing Commission website at www.sdhc.org.



Evaluator Scoring Worksheet

Evaluators will read the Request for Proposals (RFP) requirements and then review the proposal response and assess how well it meets the needs of the Commission as defined by the RFP. Evaluators will record their scores in the shaded boxes on this Evaluator Worksheet. Scores will be based on the number of points for each Evaluation Criterion.

Evaluator Worksheet

Respondent's Name:

Evaluator's Name:

RFP Evaluation Criteria	Points Available	Evaluator Score
A. Qualifications and Experience:	40	
Company qualifications and experience shall be evaluated on the following: <ul style="list-style-type: none"> Company qualifications and experience working with the statutes & regulations which govern the services specified in the RFP; Past company experience with both public housing authorities and private entities (including Governmental Accounting Standards Board (GASB), Financial Accounting Standards Board (FASB), Limited Liability Companies, Move To Work Agencies and Tax Credits partnerships) providing the services specified in the RFP; and Related qualifications and experience of proposed/assigned project staff. 		
B. Technical Competencies:	40	
Company technical competencies shall be evaluated on the following: <ul style="list-style-type: none"> Quality, comprehensiveness and clarity of submitted proposal response; Statement of company's understanding of the work to be performed and the company's ability to carry out the specified Scope of Work; Company's proposed project approach, communication plan, methodology and quality assurance/quality control plans; Submitted innovative recommendations that the Commission may have not specifically specified in the RFP; and Value added services offered by the Proposer in addition to the services specifically specified in the RFP. 		
C. Cost Proposal (Cost Best Value):	20	
Cost proposals will be evaluated and scored based on the following: <ul style="list-style-type: none"> Reasonableness of proposed costs; 		



- Proposed costs in relation to evaluated company experience, qualifications, services offered, and proposed work plan; and
- “Added Value Services” offered

D. Equity & Inclusion	10	
Respondent must demonstrate their experience and commitment to equity & inclusion.		
<i>Total Points</i>	110	

Strengths:

Weaknesses: