



Louisiana Housing Council, Inc. Group Self Insurance Risk Management Agency

REQUEST FOR PROPOSALS

AUDIT SERVICES

RFP Number: 2024-002

RFP Release Date: March 13, 2024

Deadline for Submission of Questions: 5:00 PM CST on April 1, 2024

Answers to RFP Questions Provided to all Proposers: April 5, 2024

Proposal Submission Due: 5:00 PM CST on April 15, 2024

Evaluation of Proposals: April 16-19, 2024

Award of Contract: May 1, 2024

INTRODUCTION

The Louisiana Housing Council, Inc. (“LHC”) is a state association of public housing authorities (“PHAs”) located throughout Louisiana. The U.S. Department of Housing and Urban Development (“HUD”) allows retention plans and pooling arrangements for PHAs. On September 12, 1994, the Louisiana Housing Council, Inc. Group Self-Insurance Risk Management Agency (“LHCIRMA”) was established to jointly provide, amongst other things, interlocal risk management and sharing programs, including the administration of such programs and a trust fund for each risk pooled. In Louisiana, “Interlocal Risk Management Agency” (“IRMA”) is a statutory term for pool. See La R.S. 33:1351 through 1360.

The LHC insurance programs currently offer the following Property and Casualty (“P&C”) coverages: Property, Equipment Breakdown, Terrorism, General Liability, Auto Liability, Workers’ Compensation and Public Official Liability. For now, Workers’ Compensation, Equipment Breakdown, Terrorism and Auto Liability are written as first dollar programs, not part of the IRMA. Property, General Liability and Public Official Liability have a separate operating funds and loss funds and are accounted for separately in the audit. The remaining lines are addressed in operating funds and are accounted for in the audit. The lines of coverage have different levels of participation. The General Liability and Property Funds have the largest memberships with 98 and 94 PHAs respectively. Employee Benefits are written as a stand-alone program and is included in this request for audit work. Approximately 50 agencies participate at this time. The expectation is that the participation will increase over time. The benefits financial statement will be a separate audit document, not combined with the consolidated P&C statement.

The LHCIRMA’s fiscal year-end is March 31. The Auditor must annually file the audited financial report with the Louisiana Legislative Auditor on or before September 30 of each year on behalf of the LHCIRMA

In 2022, the State legislature enacted Chapter 15-B of Title 33 of the Louisiana Revised Statutes of 1950, comprised of La R.S. 33:5081 through 5089, which authorizes for the inception of a Risk Management Organization (RMO). The RMO will allow for the pooling of affordable housing risks of affiliates and subsidiaries of local PHAs. The proposed effective date is May 1, 2024. The new program will be overseen by the same LHCIRMA leadership that oversees the IRMA. Anticipated participation for year one is approximately 36 members. This is expected to grow year over year.

The intent of this RFP is to enter into a two year contract for audit work with a possible one year extension starting with the LHCIRMA’s fiscal year 4/1/23 - 3/31/24 (work would start May 15, 2024). Assuming the RMO goes into effect 5/1/24, a separate stand-alone audit work would also begin May 15, 2025 for the 5/1/24- 4/30/25 fiscal year. The request is for the successful auditor to provide an opinion to the P&C financial statements of the IRMA (and subsequently the RMO) as well as similar services and timeline for the Employee Benefits financial statements. In summary, three audit statements are potentially required:

- 1) IRMA

- 2) RMO
- 3) Employee Benefits

We are asking that each of the three audit statements be priced individually on an annual basis.

SCOPE OF WORK FOR THE THREE AUDIT STATEMENTS:

- The intent is that the financial statement be created and audit be performed in accordance with generally accepted auditing standards and Government Auditing Standards including:
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the finance statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. The procedures shall include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Develop an understanding of internal control relevant to the audit in order to design audit procedures, but not for the purposes of expressing an opinion on internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Determine whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the three programs' ability to continue as a going concern for a reasonable period of time.

The IRMA's financial records, Employee Benefits' financial records – and potentially the RMO's financial records – are maintained in *QuickBooks*. Access to this data will be coordinated for the successful proposer through the IRMA's administrator beginning on or about May 15 of each year.

This RFP contains submission requirements, scope of services, period of services, terms and conditions and other pertinent information for submitting a proper and responsive proposal. All proposals submitted in response to this solicitation must conform to all the requirements and specifications outlined within this document and any designated attachments in its entirety.

TIMELINE SUMMARY

A. RFP Release Date: March 13, 2024

B. Deadline for Submission of Questions: 5:00 PM CST on April 1, 2024

- a. Questions shall be directed to Kia Fuller in email at kowens@hacsla.com
- b. Answers to RFP Questions Provided to all Proposers: April 5, 2024

C. Proposal Submission Due: April 15, 2024 at 5:00 PM CST

- a. All responses to the RFP must be emailed and submitted in PDF format to:
Kia Fuller c/o kowens@hacsla.com

D. Evaluation of Proposals: April 16-19, 2024

E. Award of Contract: May 1, 2024

PROPOSALS REQUESTED FOR THREE OPINIONS:

- I. **The IRMA** services requested will apply to three Property and Casualty Risk Sharing Trusts and four programs in one financial statement.

P&C Risk Sharing Trusts (audit work starts on or about May 15, 2024.)

1. Master Property
2. General Liability
3. Public Official Liability

P&C First Dollar Programs

1. Workers' Compensation
2. Auto Liability
3. Equipment Breakdown (Note – this could be added to the Master property going forward.)
4. Terrorism (Note – this could be added to the Master property and General Liability programs going forward.)

- II. **Employee Benefits** (work starts May, 2024)

A separate audited financial statement is required for Employee Benefits

- III. **The RMO** (The earliest work will start is May 15, 2025) audit services requested will apply to the following Risk Sharing Trusts:

1. Property
2. General Liability, including Excess
3. Directors & Officers Liability (This fund may be added in 2025. TBD.)

The LHC programs wish to enter into a fixed fee contract to assure that commitments will be met in a professional, effective, and cost-efficient manner. The intent is to award the contract pursuant to a "best value" basis, not "lowest bid" basis. The Insurance Committee shall review and rank each of the proposals using the method of evaluation described in this request. The committee shall enter negotiations with the highest ranked proposal first, and if deemed necessary, will look at the second highest ranked proposal and so forth. The LHCIRMA reserves the right to reject any and all proposals and reissue the RFP if desired.

The intent is to award a single contract to the most competent, responsive, and responsible proposer in accordance with the RFP evaluation criteria.

The request is for three separate proposals:

- A. IRMA (3 risk sharing Funds and potentially four first dollar programs).
- B. Employee Benefits
- C. RMO (2 - 3 risk sharing Funds)

RESERVATION OF RIGHTS

The LHCIRMA reserves the following rights in association with this RFP process and upon contract award:

1. **Right to Reject, Waive, or Terminate the RFP.** Reject any or all proposals, or terminate the RFP process at any time, if deemed by the LHCIRMA, to be in its best interests.
2. **Right to Not Award.** Not to award a contract pursuant to this RFP.
3. **Right to Terminate.** Terminate a contract award pursuant to this RFP, at any time for the LHCIRMA's convenience, upon 10 days written notice to the successful proposer(s).
4. **Right to Determine Time and Location.** Determine the days, hours, and locations that the successful proposer(s) shall provide the services called for in the RFP.
5. **Right to Retain Proposals.** Retain all proposals submitted and not permit withdrawal for a period of 90 days subsequent to the deadline for receiving proposals.
6. **Right to Negotiate.** Negotiate the fees and terms proposed by the proposer(s).
7. **Right to Reject Any Proposal.** Reject and not consider any proposal that does not meet the requirements of this RFP, including but not necessarily limited to incomplete proposals and/or proposals offering alternate or non-requested services.
8. **Right to Reject Proposal for Debarment.** In addition, the LHCIRMA reserves the right to reject the proposal of any firm who is debarred by HUD from providing services.
9. **No Obligation to Compensate.** Have no obligation to compensate any proposer for any costs incurred in responding to this RFP.
10. **Unauthorized Sub-Contracting Prohibited.** The successful proposer/contractor shall not assign any right, nor delegate any duty for the work proposed pursuant to this RFP (including, but not limited to, selling, or transferring the contract) without the prior written consent of the LHCIRMA. Any purported assignment of interest or delegation of duty, without the prior written consent of the LHCIRMA shall be void and may result in the cancellation of the contract with the LHCIRMA or may result in the full or partial forfeiture of funds paid on the contract, as determined by the LHCIRMA.
11. **Project Staffing Changes.** Engagement partners, managers, other supervisory staff, and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. These personnel may also be changed for other reasons. However, in either situation, the LHCIRMA retains the right to approve or reject replacements.

GENERAL REQUIREMENTS

The Auditor will adhere to the general requirements provided below.

1. **Audit Standards (Single Audit).** It is expected that the audit services will be performed in accordance with Generally Accepted Auditing Standards (GAAS) as set forth by the American Institute of Certified Public Accountants (AICPA) and Generally Accepted Governmental Auditing Standards (GAGAS) as issued by the US Government Accountability Office (GAO). The audit also must meet all requirements set forth in Title 2 U.S. code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), or any successor issuance, and/or any HUD or other Federal agency requirement, which are in effect as of the date of the audit onsite fieldwork.
2. **State Requirements.** Any state audit requirements and procedures are expected to be properly performed and completed as part of this scope of work.
3. **Audit Report.** The auditor will provide one (1) original unbound, one (1) electronic and 15 bound copies of each of the audited financial statements to LHCIRMA.
4. **Retention of Work Papers.** The auditor shall retain work papers for a minimum of five (5) years after the date of issuance of the auditor's report to the LHCIRMA.
5. **Access to Working Papers.** Audit work papers shall be made available upon request by the LHCIRMA, HUD, Louisiana Department of Insurance or any other governmental agency having jurisdiction to such request (i.e., Office of Inspector General), and are to be made available to the requested party within 10 days of receipt of such request. All reports rendered to the LHCIRMA by the auditor are the exclusive property of the LHCIRMA and is subject to the LHCIRMA's use and control, according to applicable laws and regulations.
6. **Inquiries from Successor Auditors.** The audit firms shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing significance.
7. **Compliance with Laws.** The Auditor agrees to be bound by applicable Federal, State, and Local laws, regulations, and directives as they pertain to the performance of the audit contract.

SPECIFIC SERVICES

The Auditor will provide the following audit services/tasks for the LHCIRMA commencing with the LHCIRMA's fiscal year ending March 31, 2024:

1. For each of the three audits, perform a financial statement and compliance audit of the LHCIRMA in accordance with standards as described under the General Requirements section. The statements to be provided by the LHCIRMA to include the following:
 - a. Statement of Net Position
 - b. Statement of Revenue, Expenses, and Changes in Net Position
 - c. Statement of Cash Flows
 - d. Notes to Financial Statements
 - e. Management Discussion & Analysis
 - f. Schedule of Expenditures of Federal Awards (if any)
2. As part of the engagement, the auditor will provide the following reports.

- a. Independent Auditor's report, including in relation to opinions: (1) Management Discussion and Analysis, (2) Financial Data Schedule, (3) Schedule of Expenditures of Federal Awards
 - b. Independent Auditor's Report on Internal Control over Financial Reporting on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
 - c. Independent Auditor's Report on Compliance for Each Major Program and Internal Control Over Compliance as Required by the Uniform Reporting Guidance
 - d. Schedule of Findings and Questioned Costs
 - e. Any other report as needed to be compliant with current audit standards and HUD, other Federal agency, and state requirements.
3. Provide with the annual audit, written recommendations made to management which address any findings, observations, opinions, or comments relating to internal controls, financial systems, compliance, or other matters that come to the attention of the auditor during the examination. The management letter shall be provided in draft form prior to publication of the annual financial statement and be discussed with the IRMA's Administrator.
 4. An exit conference is required of the auditor upon completion of fieldwork with the Insurance Committee to inform them of pertinent findings.
 - o A formal presentation of the report by the auditor to the Insurance Committee

TIMELINE

December

- The Insurance Committee approves the audit engagement, scope, timing, and fees. An audit planning meeting occurs between the IRMA's Administrator and all Insurance Committee members that wish to participate.

May

- The Administrator closes the fiscal year and prepares audit schedules.
- A list of items needed at the start of the onsite field work is communicated from the auditor to the Administrator.
- Electronic files are provided by the Administrator to the Auditor.

June 1 – September 30

- Year-end financial statement audit field work and review takes place. Onsite fieldwork must be completed no later than September 30, including the Exit conference with the Insurance Committee

September 30

- Auditor to provide completed financial statements to the Louisiana Legislative Auditor no later than September 30. (Administrator will provide the financial statements to the Louisiana Department of Insurance and HUD.)

AUDITOR RESPONSIBILITIES

- The audit senior or manager will provide the Administrator with timely reports during field work should any questions, concerns, potential findings, questioned costs, reportable conditions, weaknesses, or deficiencies be identified by the audit firm staff.
- The auditor will substantially complete the audit work and the engagement manager and engagement partner, to the fullest extent possible, will review the audit work papers prior to the audit team leaving the field.
- The auditor will have an exit conference with the Insurance Committee and Administrator and inform the LHCIRMA about the nature of the proposed management letter comments or single audit exceptions prior to the completion of the audit field work.
- The auditor will keep confidential the LHCIRMA data and information and such information will not be used for any purpose other than to perform the agreed-upon services.

INSTRUCTIONS TO PROPOSERS

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PROPOSAL FORMAT

The LHCIRMA intends to retain the successful proposer pursuant to a "Best Value" basis, not a "Lowest Bid" basis, i.e., the Agency will consider other factors than cost in making the award decision. All proposals submitted in response to this RFP must be formatted in accordance with the sequence and instructions provided below. **Any proposal which fails to include all of these items will be considered a non-responsive proposal and will not be considered for evaluation.**

Title Page. The title page should include the proposal subject, the firm's name, address, phone, and fax numbers, email address and contact person, date of the proposal, Federal ID number of the firm, and firm's license number with the State of Louisiana.

1. Knowledge and Experience (Maximum Page Limit: 5 Pages). This section should provide information on the size of the firm, experience with auditing public entity pools and affordable housing programs. Include information on the firm's client portfolio and the services offered by the firm.

The proposer shall identify whether or not subcontractors will be used for the engagement, if awarded, and/or if the proposal is a joint venture with another firm. All information required from the proposer must also be included for any major subcontractors or from any joint venture.

2. Management and Staffing Plan (Maximum Page Limit: 10 Pages). Provide a management plan that describes the firm's audit approach, including consideration of laws and procedures, the process for review, and quality control of services to be provided. Include in the response, an alternate schedule for completing the services, if different from the schedule outlined in the Scope of Work. In addition, describe any assistance expected of the Agency's staff, if other than outlined in the RFP.

Provide a staffing plan that identifies key personnel and other staff who will be assigned to the project and duties to be performed on the project.

- For the principal supervisory and management staff, including engagement partners, managers, or other supervisors, indicate whether each person is licensed to practice as a certified public accountant in the state of Louisiana.
- For each staff member assigned to LHCIRMA, provide their job title, background, and experience, including information on the government auditing experience of each person, relevant continuing professional education, and membership in organizations relevant to the performance of this audit.

3. References. Provide no more than five (5) references of public entities and pools currently under contract with the firm or clients served within the past three (3) years for whom the proposer has performed similar services to those described in the RFP. The list shall include the: client's name, client's specific contact name, client's telephone number, the date the service(s) was provided, and a brief narrative description and scope of the service(s).

Provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

4. Commitment Letter. The proposal must include a signed letter indicating that if selected, your firm will sign an annual contract for audit services for a period of up to three (3) years.

5. Licensing and Insurance Requirements. Prior to the award, but not as part of the proposal submission, the successful contractor will be required to provide the following documents.

- a. Evidence that the key personnel that will be reviewing all work performed under the engagement is licensed as a certified public accountant.
- b. A certificate of insurance evidencing the following insurance of the types and amounts described below.
 - i. Workers' Compensation and Employer's Liability: Workers' compensation and employer's liability insurance. Workers compensation shall have statutory limits in compliance with the laws of the state of Louisiana. Employer's liability coverage shall have a minimum limit of \$1,000,000 per accident/per disease/per employee.
 - ii. Commercial General Liability (CGL): CGL insurance with a minimum limit of \$1,000,000 per occurrence and \$2,000,000 general aggregate.
 - iii. Professional Liability: Professional Liability and/or "Errors and Omissions" coverage with a minimum limit of not less than \$5,000,000 per claim.
 - iv. Network Security / Privacy Liability: Network Security / Privacy Liability insurance with a minimum of \$1,000,000 limit. The policy must include coverage for computer or network systems attacks, denial or loss of service, introduction, implantation, or spread of malicious software code, unauthorized Access and Use of computer systems, privacy liability and breach response coverage
 - v. LHCIRMA shall be included as additional insured under CGL and Cyber Liability. The additional insured provisions for CGL shall include products and completed operations.
 - vi. Contractor's insurance shall be primary as respects the LHCIRMA's insurance. Any insurance or self-insurance maintained by the LHCIRMA shall be excess of and non-contributory to contractor's insurance.
 - vii. All policies of insurance required herein shall include a waiver of subrogation in favor of the LHCIRMA.
- c. A copy of the contractor's license issued by the State of Louisiana allowing the contractor to provide the services as stated in this RFP.

5. Disadvantaged Businesses. The LHCIRMA encourages its contractors/vendors to understand, endorse and fully implement related policies and programs to expand the business potential for Disadvantaged Businesses i.e., small, and minority-owned businesses, women's business enterprises, veteran owned business, as well as similar activities associated with low and very low-income persons, notably those living in public housing. Each Proposer must provide its policy statement on these matters, as well as its plan for meeting and fostering these objectives in terms of its own team and project expenditures.

6. Price Proposal. Submit a price proposal for a two year term – paid annually, for each of the three audits, with three options for a one year extension, paid annually. Three proposals are required: 1) The P&C IRMA and programs; 2) Employee Benefits ; 3) RMO Preference WILL be given for an annual maximum fee as compared to hourly charges.

NOTE: 100% of contractor expenses including printing, travel, etc. will be considered **part of** the proposed fee and will be borne by the contractor. LHC will not reimburse any expenses. Please confirm your understanding of this statement as part of your response.

EVALUATION CRITERIA

The LHCIRMA intends to award the contract to the successful proposer pursuant to a "Best Value" basis. An evaluation committee will review and rank each proposal using the evaluation factor and point system shown. The award of points for each listed factor will be based upon the documentation that the proposer submits with the proposal.

CRITERIA	MAXIMUM POSSIBLE SCORE
Firm's Knowledge and Expertise with public entities and housing pools The proposal demonstrates the firm's experience with generally accepted accounting principles and audit standards as they apply to public pools.	20
Management and Staffing <ul style="list-style-type: none"> The audit approach adequately describes the work to be performed and provides information on the sampling techniques and analytical procedures that will be used. The proposer's proposed management plan for assigning and overseeing the work and the proposing staffing and proposed hours provides assurance that: The firm has assigned staff to the project with the necessary expertise for performing and reviewing the work. The firm's approach will meet the LHCIRMA's provided timeline. 	20
Quality of Firm's References and Peer Review <ul style="list-style-type: none"> The proposer has provided evidence of the successful performance of similar audits for other public entities and/or pools. The prior audit experience with other clients has been deemed acceptable as evidenced by reference checks. Latest peer review and the results of any federal or state desk reviews (if applicable) has been determined to have been acceptable. The firm has not had any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations that would be deemed concerning. 	20
Disadvantaged Business – LHCIRMA encourages its contractors/vendors to understand, endorse and fully implement policies and programs to expand the business potential for Disadvantaged Businesses i.e., small, and minority-owned	20

businesses, women's business enterprises, veteran owned business, as well as similar activities associated with low and very low-income persons, notably those living in public housing,. <u>Each Proposer must provide its policy statement on these matters, as well as its plan for meeting and fostering these objectives in terms of its own team and project expenditures.</u>	
Price – The proposer's cost seems reasonable based on the services requested and the proposer's management and staffing plan for each of the requested year(s). Preference will be given to an annual fee proposed in lieu of hourly rates.	20
MAXIMUM POSSIBLE SCORE	100

Once each proposer's proposal has been evaluated and ranked, final negotiations will be scheduled for the top ranked proposer. If the final negotiation is successful, the LHCIRMA will award a single contract to that proposer. The Insurance Committee may require additional information or negotiations before the Committee approves an award of the contract.

Should negotiations with the selected proposer become unsuccessful, the LHCIRMA reserves the right to cease negotiations with the proposer. In the event of cessation of negotiations with the first selected proposer, the LHCIRMA reserves the right to either enter into similar interviews and negotiations with the next highest ranked proposer, and so on or take other action as it deems most beneficial.

AS PART OF YOUR PROPOSAL, CONFIRM YOUR UNDERSTANDING OF THE FOLLOWING:

1. All work performed in the field will be during regular business hours (8:30 AM to 5:00 PM Monday through Friday).
2. The Auditor warrants that he/she has not employed any person to solicit or secure the contract upon any agreement for a commission, percentage, brokerage, or contingent fee. Breach of this warranty shall give the LHCIRMA the right to terminate the contract, or in its discretion, to deduct from the Auditor's fee the amount of such commission, percentage, brokerage, or contingent fees.
3. The Auditor shall not assign or transfer any interest in the contract without prior approval of the LHCIRMA.
4. The Auditor certifies that he/she presently has no interest and shall not acquire any interest, direct or indirect, in the projects and/or programs of the LHCIRMA, or any other interest, which would conflict with the performance of his/her audit.
5. The LHCIRMA reserves the right to request changes in the selected firm's representation if at the Agency's discretion, assigned personnel are not satisfying the needs of the LHCIRMA.

The LHCIRMA reserves the right to accept or reject any proposal of its choosing and to discard all proposals and request new proposals as deemed necessary by the Insurance