



Berkeley Housing Authority

1015 University Avenue, Suite 200, Berkeley, CA 94702
Telephone: (415) 862-2200 Fax: (415) 862-2201

Office of the Executive Director

Item 7G
NEW BUSINESS
May 13, 2010

To: Honorable Chairperson and
Members of the Housing Authority Board

From:  M. M. Ingram, Executive Director

Subject: Approve a resolution authorizing the Executive Director to execute a two-year contract with Patel and Associates as the Independent Public Auditor for Single Audit Services for Fiscal Years ending June 30, 2010 and June 30, 2011, with a one-year option to renew.

RECOMMENDATION

Approve a resolution authorizing the Executive Director to execute a two-year contract with Patel and Associates as the Independent Public Auditor for Single Audit Services for Fiscal Years ending June 30, 2010 and June 30, 2011, with a one-year option to renew.

BACKGROUND

The Housing Authority is required to have an independent audit of its financial reports on an annual basis. The audit report for the Federal Programs, Section 8 Housing Choice voucher and Low Income Public Housing, is due to the U.S. Department of Housing and Urban Development (HUD), nine months after the close of the fiscal year. Since BHA is on a July 1 – June 30 fiscal year, the submission is due by March 31st of the subsequent fiscal year. The audit report for the State Housing and Community Development Program (Rental Housing Construction Program) is due by August 31st of each year.

Following a HUD compliant procurement process, in May 2008, Patel & Associates was awarded a one year contract to conduct the audit on the Financial Statements of the Berkeley Housing Authority for Fiscal Year 2007-08, with an option to renew for another year. BHA exercised its option to renew for the FY2008-09 fiscal audit.

In February 2010, BHA initiated a new procurement process. A review team was assembled, that included senior management staff from the City of Berkeley Finance Department.

The Housing Authority received proposals from five CPA firms:

1. Wallace Rowe & Associates
2. Patel & Associates
3. Reznick Group
4. Berman Hopkins
5. AAL

RATIONALE OF RECOMMENDATION

Patel's bid included provision of the Single Audit report for the two Federal programs, and a separate audit report for the State Program. They also proposed a flat fee of \$600 for any Capital Fund grant that is closed out during the term of the contract. It is the unanimous recommendation of the evaluation committee to award the contract to Patel and Associates. See the attached summary of the evaluators' comments.

FINANCIAL IMPACTS OF RECOMMENDATION

Funds are budgeted annually for audit services expenditures in the appropriate audit expense budget.
\$20,575 for FY 2009-10
\$20,575 FY 2010-11

CONTACT PERSON

Jesy Yturalde, Finance Manager, 981-5488
Tia M. Ingram, Executive Director, 981-5471

Attachments:

1. Resolution
2. Audit Firm Proposal Evaluation Sheet

BERKELEY HOUSING AUTHORITY
Resolution 10-

APPROVE A RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A TWO-YEAR CONTRACT WITH PATEL AND ASSOCIATES AS THE INDEPENDENT PUBLIC AUDITOR FOR SINGLE AUDIT FOR FISCAL YEARS ENDING JUNE 30, 2010 AND JUNE 30, 2011, WITH A ONE-YEAR OPTION TO RENEW

WHEREAS, the Berkeley Housing Authority is required by the US Department of Housing and Urban Development (HUD) to have an annual audit of its comprehensive annual financial reports; and

WHEREAS, the Berkeley Housing Authority is further required by the State of California, Department of Housing and Community Development to have an annual audit of its comprehensive annual financial reports; and

WHEREAS, the Berkeley Housing Authority conducted a comprehensive Request for Proposals to solicit an Independent Public Auditor to provide Single Audit Service for the Fiscal Years ending June 30, 2010 and June 30, 2011, with an option to renew for another year; and

WHEREAS, there were five responsive bidders; and

WHEREAS, the Berkeley Housing Authority convened a panel to review and rate the proposals according to defined criteria and assigned weights; and

WHEREAS, Patel and Associates, scored the highest of the responsive bidders.

NOW, THEREFORE BE IT RESOLVED that the Executive Director is authorized to execute a two-year contract with a one-year option with Patel and Associates to provide the Berkeley Housing Authority with Single Audit Services as Independent Public Auditor, with contract authority of \$20,575 for each of the Fiscal Years' 2009-2010 and 2010-2011 single audits (\$41,150 for two years), including audit reports for Grant Close-Out for the Capital Fund Program.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on May 13, 2010 by the following vote:

Ayes:

Noes: .

Absent:

Attest: _____
Tia M. Ingram, Secretary

**BERKELEY HOUSING AUTHORITY
AUDIT FIRM PROPOSAL EVALUATION SHEET**

Summary Rating By Firm By Panel Member
FY 2011-2012

CRITERIA	FIRM 1	PNTS	FIRM 2	PNTS	FIRM 3	PNTS	FIRM 4	PNTS	I
	Wallace Rowe & Assoc	ASGN	Patel & Associates	ASGN	Resnick Group	ASGN	Berman Hopkings	ASGN	
Technical (50%)	Lic# 32035		Firm's Lic. # FNP 816 FID # 94-3275707		Firm's Lic. # 5333		Firm's Lic# 94332		No license# of Account
Staff Qualification Staff & Firm Experience	Firm established 12 yrs ago, but Partner has over 28 years of total audit experience including with CPA Firm (Harm & Rowe). Audited over 27 PHA's	27	Established 20 years ago Partner has over 40 years of total audit experience. 18 PHA's audited; current auditors for 3 HA's; (Alameda Dublin and San Mateo Cities) Audited BHA for 2008 & 2009	28	Established 33 years ago Audited 27 PHA's audited	28	Out of state (FL) 27 staff with HUD experience	25	
Audit Team Supervision	2 staff & partner Mr. Rowe will be managing, Sr. Acct will be supervising	4 4	4 = 3 staff & partner Partner will be principally respon- sible. Manager will supervise.	4 5	4 staff Engagement Team Principal will be have overall super vision and management. Manager will supervise	4 5	4 staff + 1 clerical Partner will be supervising	5 5	
Presentation Written	Not as strong as other bidder. Envelope not labeled as required.	4	Comprehensive, extremely thorough Committed to complete audit report within required time.	5		5		5	
Oral									
Total		39.7		42.7		42.3		39.7	
Cost (30%)		28.3		29.3		23.0	To expensive	6.7	
1st Year	240 hrs (3 staff) \$19,200		200 hrs (4 staff) \$20,800		305 hrs (4 staff) \$22,000				
2nd Year	240 hrs (3 staff) \$19,200		200 hrs (4 staff) \$21,900 \$600 for CFP close-out Negotiable		305 hrs (4 staff) \$22,500 Willing to negotiate				
Management (20%)									
Organization	Local 4 staff No disciplinary actions filed against firm.	7.667	Local 13 staff (1 Principal, 2 Managers, 4 Sr. Accts., 4 Staff Accts & 2 staff) No record of substandard audit work with any Federal, State and Local government agency.	9	Sacramento 36 staff (branch)	9	Out of State 75 staff & professionals	10	
Sec 3 Compliance	Supports compliance with the Act.	10	Supports compliance with the Act.	14	Will not use subcontractors Low minorities in branch	10	Aware of Sec 3 requirements but does not need to hire add'l staff for the engagement	14	
Total		17.7		23.3		18.7		23.7	
Total Score		85.7		95.3		84.0		70.0	
Ranking		2		1		3		4	