



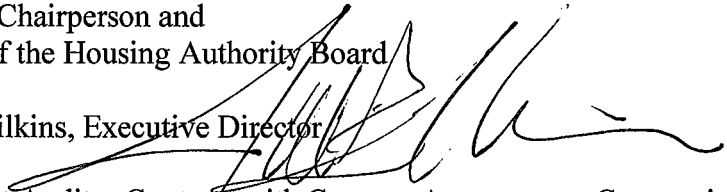
**Berkeley Housing Authority**

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*Office of the Executive Director*

Item 7D  
NEW BUSINESS  
April 13, 2017

To: Honorable Chairperson and  
Members of the Housing Authority Board

From: William Wilkins, Executive Director 

SUBJECT: Independent Auditor Contract with Cropper Accountancy Corporation: Three year term, with two, one-year options; annual expense not to exceed \$19,000 per year.

RECOMMENDATION

Approve a resolution authorizing the Executive Director to execute a three-year contract with Cropper Accountancy Corporation as the Independent Public Auditor for Single Audit Services for Fiscal Years ending June 30, 2017, June 30, 2018 and June 30, 2019, with two one-year options 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 Moderate Rehabilitation Program, 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 a June 30 housing authority, the submission is due by March 31<sup>st</sup> of the subsequent fiscal year.

Our previous auditor, Wallace Rowe and Associates conducted the audit of the Berkeley Housing Authority's financial statements from FY2012 to FY2016. Prior to the start of the final year, we were notified by Mr. Rowe of his intent to cease operating as a single proprietor, and establish a partnership with Cropper Accountancy Corporation. Thus a contract was executed with the new partnership, Cropper Rowe, LLP, for the audit of FY2015-2016. This contract expired upon the completion of the FY2015-2016 audit engagement.

Following a HUD compliant procurement process, in February 2017 BHA initiated a procurement process with the issuance of a Request for Proposals (RFP) for Independent Audit Services covering fiscal years ending June 30, 2017, June 30, 2018 and June 30, 2019, with two additional one-year options. The RFP was published in a local newspaper, posted on our website, and mailed to thirteen audit firms.

BHA received proposals from six Certified Public Accounting (CPA) firms, however one was disqualified because it was received past the due date:

1. Novogradac & Co
2. Patel & Associates
3. JRB Accountancy

4. Cropper Accountancy Corporation
5. Eidebailly

A review team was assembled to evaluate the proposals according to guidelines established in the RFP (Attachment 2), and an interview of the top three firms was conducted on March 29, 2017.

#### RATIONALE OF RECOMMENDATION

John Cropper, Managing Partner of Cropper Accountancy Corporation, has been practicing public accounting since 1990, specializing in audits of governmental entities, including cities, special districts, housing authorities, non-profits, and HUDs. He worked and became partner-in-charge at large accounting firms before forming his own firm, Cropper Accountancy Corporation in 2002. Mr. Cropper committed to a fee of \$19,000 for of the next three years, including the implementation of OPEB (“Other Postemployment Benefits”) anticipated in FY2017 and FY2018.

Wallace Rowe will be available as a consultant for Cropper Accountancy Corporation, however Mr. Cropper will manage the audit for Berkeley Housing Authority’s financial statements. We believe that this material change in the composition of the audit team satisfies the Board’s direction of periodically replacing audit firm for the housing authority.

After a thorough review and deliberation of the proposals, it was the unanimous recommendation of the review team to award the contract to Cropper Accountancy Corporation. Additionally, staff was able to negotiate a cost for the first three years’ of the contract that is below the original quote in the proposal submitted by Cropper Accountancy Corporation.

#### FINANCIAL IMPACTS OF RECOMMENDATION

Funds are budgeted annually for audit services expenditures in the appropriate audit expense line, \$19,000 for FY 2016-17, 2017-2018 and 2018-2019.

#### CONTACT PERSON

Jesy Yturalde, Finance Manager, 981-5488  
William Wilkins, Executive Director, 981-5471

#### Attachments:

1. Resolution
2. RFP “Selection Criteria”

BERKELEY HOUSING AUTHORITY  
Resolution 17-

AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A THREE-YEAR CONTRACT WITH CROPPER ACCOUNTANCY CORPORATION AS THE INDEPENDENT PUBLIC AUDITOR FOR SINGLE AUDIT FOR FISCAL YEARS ENDING JUNE 30, 2017, JUNE 30, 2018 AND JUNE 30, 2019, WITH TWO ONE-YEAR OPTIONS 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, in February 2017 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, 2017, June 30, 2018 and June 30, 2019, with an option for two-one year renewals; and

WHEREAS, there were six responsive bidders, however one was disqualified because it was received after due date; and

WHEREAS, the Berkeley Housing Authority convened a panel to review and rate the proposals according to defined criteria and conduct an interview of the key staff of the top three accounting firms; and

WHEREAS, Cropper Accountancy Corporation, scored the highest of the responsive bidders; and

WHEREAS, staff was able to negotiate a cost that is lower than the proposed cost in the proposal submitted by Cropper Accountancy Corporation;

NOW, THEREFORE BE IT RESOLVED that the Executive Director is authorized to execute a three year contract with two one-year options with Cropper Accountancy Corporation to provide the Berkeley Housing Authority with Single Audit Services as Independent Public Auditor, with contract authority of \$19,000 for each of the Fiscal Years' 2016-2017, 2017-2018 and 2018-2019 single audits (\$57,000 for three years).

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on April 13, 2017 by the following vote:

Ayes:

Noes:

Absent:

Attest: \_\_\_\_\_  
William Wilkins, Secretary

**X. SELECTION CRITERIA**

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|---|------|
| 1. Experience of the firm and assigned staff who will perform the audit   | 20%  |
| 2. Past performance of the firm for services of the same or similar nature  | 20%  |
| 3. Project team approach that demonstrates realistic time estimates to plan, perform and conclude the audit in a timely manner. | 20%  |
| 4. Financial and technical resources to support the firm's approach to the audit, Planning, performance and conclusion          | 7.5% |
| 5. Other information included in the proposal response such as consideration of laws and regulations, HUD rules, etc.           | 7.5% |
| 6. Cost of services to be provided  | 25%  |