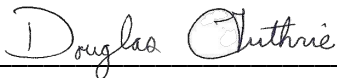


REPORT OF THE PRESIDENT AND CEO

February 25, 2020

PROPOSED RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO EXECUTE A CONTRACT WITH BERMAN HOPKINS WRIGHT & LAHAM, CPAs AND ASSOCIATES, LLP, FOR AN INITIAL ONE-YEAR TERM WITH FOUR (4) ONE-YEAR OPTIONS FOR RENEWAL, FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$1.9 MILLION FOR INDEPENDENT AUDIT AND TAX PREPARATION SERVICES



Douglas Guthrie
President and CEO



Marlene Garza
Chief Administrative Officer

PURPOSE: To comply with federal regulations requiring an annual independent audit of the Housing Authority of the City of Los Angeles' (HACLA) financial statements and expenditure of Federal awards, and provide needed tax preparation services.

ISSUES: As a recipient of Federal awards, HACLA is required to conduct an annual independent audit of its financial statements and expenditure of Federal awards. The audit must be conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). The auditor must determine whether the financial statements are presented fairly in all material respects in accordance with Generally Accepted Accounting Principles. The auditor must also determine whether the schedule of expenditures of Federal awards is stated fairly in all material respects in relation to the financial statements as a whole. In addition to the requirements of GAGAS, the auditor must determine whether HACLA has complied with Federal statutes, regulations, and the terms and conditions of its Federal awards. Additionally, the auditor remains available throughout the term of the contract to provide advice and consultation on matters relating to accounting and financial reporting.

In addition, audited financial statements are required by various lenders pursuant to loan agreements, rating agencies for bond issuances, and grantors for grant applications. Tax preparation services are also required for HACLA's various non-profit instrumentalities.

Best practices for audit services provided by the Government Finance Officers Association (GFOA) recommend that governmental entities enter into multi-year agreements of at least five years in duration, which allows for greater continuity and helps to minimize the potential for disruption in connection with the independent audit.

In procuring independent audit services, HACLA must adhere to the procurement standards prescribed by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Guidance. Per Uniform Guidance, when procuring audit services, the objective is to obtain high-quality audits.

Selection Process

On November 9, 2018, HACLA issued Request for Proposals (RFP) No. HA-2018-112 seeking a qualified Certified Public Accountant (CPA) to provide independent audit and tax preparation services. The RFP was advertised on the City of Los Angeles' Business Assistance Virtual Network (BAVN) website and was reviewed by 49 BAVN users. Additionally, the RFP solicitation was sent to 24 MBE/WBE organizations and other CPA firms from HACLA's vendor list.

The evaluation panel ranked Berman Hopkins Wright & LaHam, LLP ("Berman") as one of the top two responders. At that time, another firm was awarded the contract. However, since then, the key personnel assigned to the contract have left the firm, and HACLA believes greater expertise with public housing agency financials and auditing is needed. As a national leader in public housing accounting, Berman meets this requirement, and continues to be cost competitive.

Auditor rotation has also been a consideration since there has been much discussion over the past several years among accounting and investment professionals on the value of auditor rotation.

Cooperative Purchasing

The U.S. Department of Housing and Urban Development (HUD) permits and encourages housing authorities to purchase common goods and services that are routine in nature under competitively awarded contracts entered into by other public agencies through a procedure called "cooperative purchasing" (aka "piggybacking") to realize greater economy, efficiencies and reduce costs.

On October 28, 2020, the Housing Authority of the City of Tampa ("HACT") issued a Request for Proposals ("RFP") FY20 RFP-09 seeking an Independent Audit CPA Firm for an initial two-year contract term with three (3) one-year options for renewal. The RFP required that the CPA Firm have PHA auditing experience and be familiar with Government Auditing Standards and in accordance with HUD requirements. The solicitation was advertised on HACT's website. Three (3) CPA firms responded to the RFP. Berman Hopkins Wright & LaHam, CPAs and Associates, LLP ("Berman Hopkins") received the highest overall evaluation score with the best price proposal, thereafter having been determined the best value to HACT. HACT intends to secure its Board's approval of the contract award to Berman Hopkins at its March 2021 Board Meeting. HACLA desires to piggyback off the award once approved.

VISION PLAN: This action is administrative in nature; nevertheless, accurate financial reporting and federal program compliance underpin all aspects of the agency's operations and support all of the agency's goals.

FUNDING: *Source of Funds:* Audit services meet the regulatory or borrowing requirements of most HACLA programs and will therefore be funded through operating revenues from various programs.

Budget and Program Impact: Over the five-year term, the total anticipated costs are \$1,900,000. Funds are available and included in the 2021 operating budgets of each program and will be budgeted as needed in subsequent years.

5-Year Contract - \$1.9 Million					
	2021	2022	2023	2024	2025
AUDITED FINANCIALS					
1 HACLA Consolidated	145,000	150,000	155,000	155,000	155,000
2 CalHFA - Reflections Consolidated	26,000	26,500	27,000	27,500	28,000
3 Crescent Court, LP	9,000	9,500	10,000	10,500	11,000
4 New Vision Assets, Inc.	11,000	11,550	12,000	12,000	12,000
5 Chase Portfolio	11,000	11,550	12,000	12,000	12,000
6 Union Bank Portfolio	11,000	11,550	12,000	12,000	12,000
7 La Cienega LOMOD	10,000	10,500	11,000	11,500	12,000
8 LA LOMOD	10,000	10,500	11,000	11,500	12,000
9 Kids Progress, Inc.	10,000	10,500	11,000	11,500	12,000
HACLA SINGLE AUDIT	90,000	94,000	98,000	98,000	98,000
TAX RETURNS					
1 Crescent Court, LP	3,000	3,150	3,300	3,465	3,600
2 La Cienega LOMOD	3,000	3,150	3,300	3,465	3,600
3 LOMOD South	3,000	3,150	3,300	3,465	3,600
4 LA LOMOD	3,000	3,150	3,300	3,465	3,600
5 Kids Progress, Inc.	3,000	3,150	3,300	3,465	3,600
AS NEEDED CONSULTING	12,000	13,100	9,500	11,175	8,000
TOTAL	360,000	375,000	385,000	390,000	390,000

SECTION 3: Berman Hopkins Wright & LaHam, CPAs and Associates, LLP submitted an Economic Opportunity Plan (EOP) in conformity with the requirements of HACLA’s Section 3 Guide and Compliance Plan. Hiring is not feasible due to the nature of the work and firm’s geographic location. However, the firm committed to providing annual contribution to HACLA’s Section 3 Fund to be used for scholarships or other educational purposes.

Attachment: Resolution

RESOLUTION NO. _____

PROPOSED RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO EXECUTE A CONTRACT WITH BERMAN HOPKINS WRIGHT & LAHAM, CPAs AND ASSOCIATES, LLP, FOR AN INITIAL ONE-YEAR TERM WITH FOUR (4) ONE-YEAR OPTIONS FOR RENEWAL, FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$1.9 MILLION FOR INDEPENDENT AUDIT AND TAX PREPARATION SERVICES

WHEREAS, HACLA is required to conduct an annual independent audit of its financial statements and schedule of expenditures of Federal awards. The audit must be conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). HACLA must also prepare annual tax returns for its various non-profit instrumentalities (collectively, the "Services");

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) permits housing authorities to purchase common goods and services that are routine in nature under competitively awarded contracts entered into by other public agencies through a procedure called "cooperative purchasing" to realize greater economy, efficiencies and reduce costs;

WHEREAS, for the reasons set forth in the Report of the President and CEO of the same date herewith, HACLA desires to utilize the Housing Authority of the City of Tampa's ("HACT") Request for Proposals ("RFP") FY20 RFP-09 via a cooperative purchasing method for procurement of the Services with Berman Hopkins Wright & LaHam, CPAs and Associates, LLP ("Berman"); and

WHEREAS, funds have been approved by the Chief Administrative Officer and are included in the Authority's 2021 operating budget and the remaining funds will be included in subsequent years as necessary.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners authorizes the President and CEO, or designee, to execute a contract with Berman for an initial one-year term with four (4) one-year options for renewal, for a total contract amount not-to-exceed \$1,900,000 for the Services, following HACT's award of a contract to Berman pursuant to its RFP.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

Approved as to form:
JAMES JOHNSON

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: _____
General Counsel

By: _____
CHAIRPERSON

DATE ADOPTED: _____

