

Addendum 2. JHC 2020-01

Independent Audit & Tax Services

Q1. Can we provide a license to practice in the state of Michigan after we are selected?

A1. Yes a firm can provide their license to practice in the State of Michigan after they are selected. The license needs to be applicable to the firm/CPA that will be signing on the Single Audit and any other possible audit reports.

Q2. What was the prior year's audit fee?

A2. The prior year audit fee for the Single Audit was between \$10-\$11K.

Q3. What were the audit firm's costs billed to the Commission for travel, meals, lodging, and other costs?

A3. The audit fee was an all-inclusive fee.

Q4. Why is the Commission changing audit firms?

A4. JHC (Jackson Housing Commission) requests proposals from CPA firms regularly every few years. The prior year auditor has been the auditor for a number of years. Although the prior year auditor is allowed to propose under this RFP, the services under this RFP have been expanded as JHC contemplates moving forward with RAD. As a result, JHC believes there is opportunity for all interested parties to this RFP.

Q5. What are the Commission's plans to handle the negative financial impact from COVAD-19?

A5. At this time there are no known negative financial impacts resulting from COVAD-19. At this time JHC believes they have adequate financial resources.

Q6. What kind of assistance the Commission requires from the audit firm in providing financial data required for the State of Michigan CFO Annual Agency Report?

A6. The auditors for JHC have historically submitted all information as required for the State of Michigan CFO Annual Agency Report.

Q7. Where is the Commission on RAD conversions?

A7. JHC is at the beginning stages for RAD conversions doing the pre-planning and assessments.

Q8. Has the commission formed separate legal entities to transfer projects for RAD?

A8. No. JHC is at the beginning stages for RAD conversions doing the pre-planning and assessments.

Q9. Have AHAPs been submitted?

A9. No. JHC is at the beginning stages for RAD conversions doing the pre-planning and assessments.

Q10. In RAD LIHTC projects, before we get to the tax returns, 50%, 10% tests, 8609 forms, cost certifications, etc.; there is a lot of work involved like LIHTC applications, AHAP, after the allocation of

LIHTC finding a syndicator, negotiate with the syndicators for the best possible price, various funding sources, etc. Does the Commission have a team in place for these?

A10. JHC is building that team. This RFP is to secure an audit firm to be a member of the team.

Q11. What role do the Commission expect the audit firm to play?

A11. There are typical types of tasks that audit firms perform in RAD deals – the RFP requests that the proposer outline the types of tasks they can perform. JHC desires to identify the skills available to them. JHC will determine which member(s) of the RAD team perform which tasks.

Q12. Has the Commission considered to invest in NMTC?

A12. JHC is at the beginning stages for RAD conversions doing the pre-planning and assessments. No assessment or decisions have been made about (NMTC) New Market Tax Credits.

Q13. Are any of the Commission's project eligible for Historic Tax Credits?

A13. JHC is at the beginning stages for RAD conversions doing the pre-planning and assessments. No assessments or decisions have been made about Historic Tax Credits.

Q14. In the cost proposal section of the RFP the Commission is asking for staffing level and cost of providing services to RAD projects – For this we need to know the number of RAD/LIHTC Projects and what stage(s) they are at so we can determine what services are needed.

A14. JHC is at the beginning stages for RAD conversions doing the pre-planning and assessments.

Q15. On page #11 of the RFP it mentions other activities, assistance and advisory services – is the Commission expecting the respondents to submit a price for these of the price will be determined when these services are required.

A15. JHC is at the beginning stages for RAD conversions doing the pre-planning and assessments. There are typical types of tasks that audit firms perform in RAD deals – the RFP requests that the proposer outline the types of tasks they can perform. JHC desires to identify the skills available to them. JHC will determine which member(s) of the RAD team perform which tasks. Price for a service will be determined when services are required.

Q16. We are interested in responding to your RFP for audit services. Upon review of the March 31, 2019 audited statements I noticed that the opinion was qualified for GASB 68. In December 2019, the Housing Commission drafted a letter that indicated the Housing Commission disagreed with the qualification. Have you made any further progress on resolution of this issue?

A16. The issue of complying with GASB 68 has not been resolved yet. JHC is part of the City Retirement Plan and believes the information regarding JHC staff pensions is available from the City. JHC expects to resolve the issue for the March 31, 2020 audit.

Q17. Why is the Authority soliciting audit requests for proposals?

A17. JHC (Jackson Housing Commission) requests proposals from CPA firms regularly every few years. The prior year auditor has been the auditor for a number of years. Although the prior year auditor is allowed to propose under this RFP, the services under this RFP have been expanded as JHC

contemplates moving forward with RAD. As a result, JHC believes there is opportunity for all interested parties to this RFP.

Q18. Can the audit be performed remotely?

A18. Yes, the audit can be performed remotely as long as the audit firm has appropriate measures to safeguard any JHC records, in particular resident files need to be safeguarded for privacy.

Q19. How many years has the current audit firm performed the audit?

A19. Over 15 years.

Q20. When is preliminary work and final fieldwork performed?

A20. Typically, the prelim work is completed in early summer, and the fieldwork in late summer. Given the current COVID-19 conditions, that timeline is expected to be different this year.

Q21. Did the auditor propose any adjusting entries in the prior year? If so, how many?

A21. There were no adjusting entries in the prior year audit.

Q22. Have there been any disagreements with the current auditor regarding accounting treatment, journal entries, findings or other matters?

A22. The issue of complying with GASB 68 has not been resolved yet. JHC is part of the City Retirement Plan and believes the information regarding JHC staff pensions is available from the City. JHC expects to resolve the issue for the March 31, 2020 audit.

Q23. How many auditors were on site for the 2019 audit and how much time did they spend on site?

A23. One auditor for 3 days.

Q24. What were the fees for the 2019 Authority audit?

A24. The prior year audit fee for the Single Audit was between \$10-\$11K.

Q25. Has the current auditor ever billed over their fixed fee and if so what was the reason?

A25. No.

Q26. Has the current auditor provided any additional services outside the original audit contract?

A26. No the auditor did not provide any additional services outside the original audit contract.

Q27. What are the normal work hours and can the auditor stay later than the normal work hours?

A.27. The office is open from 7:30-5, but the auditor is welcome to stay as needed.

Q28. How many employees are in the accounting/finance departments for the Authority? How many are CPAs?

A28. AP Clerk, AR Clerk, Fee accountant

Q29. Has there been any turnover in key management positions during the year?

A29. No there has not been any turnover in key management positions.

Q30. Are you aware of any fraud or suspicious of any fraud during the fiscal year end?

A30. At this time, we are not aware of any fraud nor or we suspicious of any fraud.

Q31. Does the Authority use any outside service organization for processing transactions? If so what is the name of the service organization and what transactions do they process?

A31. Yardi processes tenant payments, payroll through Paychex, and Huntington bank

Q32. How many exit conferences are required?

A32. One.

Q33. Do you expect any significant changes to the number of federal programs administered in 2019 and going forward?

A33. JHC does not expect any significant changes to the number of federal programs. . JHC is at the beginning stages for RAD conversions doing the pre-planning and assessments.

Q34. On page 12 of the RFP it says at a minimum the respondents should answer B through L below, but only have b-j listed?

A34. At a minimum the respondents should answer b-j.

Q35. The Addenda certification page was in the original package, and the only addendum listed is the one offered today- saying the Addenda work sheet must be included? Are there other Addenda items that were not included on the original bid package? The only Addendum I have seen was issued today, and it did not include additional information?

A35. The Acknowledgement of Addenda Form is pg 21 of the RFP. This form must be completed by noting which Addendums your company has received.

- At the time this question was written, there was only Addendum #1 – extension of date to ask questions to May 5, 2020 @ 12pm and extension of due date of the RFP to May 25, 2020 @ 4pm. These times are Eastern Standard Time.
- Addendum #2 is expected to be the answers to the questions.
- At this time it is unknown if there will be additional Addendums issued.