



Audit Review Committee

Meeting Agenda

9:30 A.M. – October 12, 2018

PBC Airport Center – 1st Floor Human Resources Training Room 1-470

Housing Finance Authority of Palm Beach County

100 Australian Avenue, Suite 410
West Palm Beach, FL 33406
(561) 233-3656
FAX: (561) 233-3657
www.pbchfa.org



Chairperson

Patrick J. Franklin

Vice Chair

Gary P. Eliopoulos

Secretary

James H. Harper, Sr.

Clark D. Bennett

Robin B. Henderson

Charles V. St. Lawrence

Bobby "Tony" Smith

Executive Director

David M. Brandt

dbrandt@pbcgov.org

(561) 233-3652

Administrative Assistant

Jennifer M. Hamilton

jhamilto@pbcgov.org

(561) 233-3656

I. Call to Order

- a. Roll call and establishment of quorum

II. Public comment on Agenda Items

III. Agenda Approval

- a. Additions, deletions, substitutions
- b. Adoption

IV. New Business

- a. Evaluation of and recommendation on Proposals

VII. Other matters

- a. Matters of Authority members
- b. Matters of the Executive Director and Professionals
- c. Matters of the Public
- d. Next Audit Review Committee meeting date: to be determined as needed

VIII. Adjournment

*"An Equal Opportunity
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Official Electronic Letterhead

To: Housing Finance Authority

From: Executive Director

RE: October 12, 2018 Audit Committee meeting

Dated: October 5, 2018

The audit committee (full Authority board) held it's first of two publically noticed meetings on September 14 at which time the form of the Request for Proposals for external audit services was approved for immediate release.

The proposed timetable of the auditor Request for Proposal ("RFP") and selection process, contract approval by the Authority, and subsequent approval of the contract by the BCC by calendar year end is anticipated as follows:

7/22/18	Publish notice of Audit Committee Meetings in PB Post
8/15/18	Publish notice of Audit Committee Meetings in PB Post
9/3/18	Publish revised notice of Audit Committee Meetings in PB Post
9/04/18	Publish notice of RFP issuance in PB Post
9/14/18	Audit committee meeting to approve form of the RFP
9/14/18	RFP availability posted to website and emailed to PBC Office of Small Business Assistance
9/14/18	PBC Office of Small Business Assistance email notice of RFP sent to their vendors list
9/21/18	Due date for questions from proposers – posted to Authority website along with staff responses
10/1/18	Proposals due
10/12/18	Audit committee meeting to review and rank proposals
10/12/18	Authority board selection of firm to negotiate a contract
10/31/18	Final draft of audit engagement letter for Authority meeting
11/6/18	Due date for engagement letter submission to HES for 12/18/18 BCC agenda item
11/9/18	Authority regular meeting approval of audit engagement letter
12/4 or 12/18	BCC regular meeting for approval of auditor engagement letter

Items included in agenda materials:

1. Final auditor RFP
2. Section 218.391, F.S. – auditor selection procedure
3. Copies of emailed questions on RFP from prospective proposers and staff replies
4. Proposal from Clifton Larson Allen
5. Proposal from Caler, Donten, Levine, Cohen, Porter & Veil
6. 2018 Auditor RFP Proposal Reference Sheet
7. Form of member scoring sheet and combined ranking tally sheet

The RFP

“PART II” of the RFP lists the minimum professional qualifications. Since the audit will no longer include outstanding bonds staff excluded housing finance authority or special district audit experience as a minimum requirement. The “2018 Auditor RFP Proposal Reference Sheet” lists these ten (10) requirements, indicates if the proposal was deemed responsive (either yes/no), and references the page number of the proposal where this responsiveness has been evidenced.

I have concluded from review of the proposals that both firms meet the minimum qualification requirements set forth in this section of the RFP.

“PART III” sets forth the performance, auditing standards, scope of work and reports to be provided by the auditor.

I have concluded from review of the proposals that both firms are fully capable of and are more than qualified to meet the audit performance requirements set forth in this section of the RFP.

“PART IV” are the instructions for preparing and the specific information or items to be included in a proposal. The “2018 Auditor RFP Proposal Reference Sheet” sets forth staff’s review of these and provides a side-by-side comparison indicating whether responsive (yes/no), a figure/number, or a statement/comment was provided, as applicable. A reference to the page number of the proposal for the specific item is provided here as well.

The only “no” responsiveness Part IV item was that I could not find in the Clifton Larson Allen proposal the non-collusion declaration required in Section 4.1 of the RFP.

“PART V” lists the evaluation methodology and criteria for selection of the auditor. General counsel previously advised the Authority that the use bonus points for Small Business Enterprise and Local Preference per current PBC ordinances is permissible and were included, but not Minority/Women Business Enterprise (“M/WBE”) as a PBC ordinance/policy had yet to be established.

Neither proposer is a PBC SBE or M/WBE; Caler Donten Levine is a West Palm Beach based firm and therefore qualifies for “Local Preference” points.

The evaluation process

You will recall that at the September 14 audit committee and Authority board meeting I said that rather than posting the actual RFP on our website that I had wanted prospective proposers to request a copy so that 1) I knew who was interested and 2) that I would be able if necessary to contact them in the event of an addendum or change to the RFP or RFP process. After receiving only three requests for a copy of the RFP, I decided to go ahead and post it to the Authority’s website. I had previously notified the PBC Office of Small Business Administration of its availability but subsequently provided them with a copy of the RFP as well. They in turn notified their vendors via email (see attached). As of their last reply to my correspondence, they had not received any questions or requests regarding the RFP from their vendors.

As set forth in **“Part V”** of the RFP the Authority (as the audit committee) will evaluate proposals and rank in order of preference no fewer than three (3) firms deemed to be the most highly qualified to perform the required services and which meet the best interests of the Authority; provided, however, that if fewer than three (3) firms respond to this RFP, the Authority (as the audit committee) shall rank all proposals. If it deems necessary, the Authority may ask for oral presentations by the three highest ranked or, in the event that less than 3 proposals are received, all, proposers. [Note – the two proposers have not been notified of any presentation but obviously can attend the audit committee meeting] Upon completion of the oral presentations, if required, the Authority may determine to re-rank the proposers who provided such oral presentations.

Thereafter, the Authority (as the board) will enter into contract negotiations with the highest ranked proposer; if it chooses a firm other than the highest ranked proposer, Florida Statutes require that it must document in its public records the reason for not selecting the highest-ranked qualified firm. In the event that the Authority and the highest ranked proposer are unable to come to an agreement as a result of such contract negotiations, the Authority will then enter into contract negotiations with the next

highest ranked proposer, and will continue on until a contract is successfully entered into or the Authority determines to reject all proposals and commence a new RFP. The Authority shall be the sole judge of its own best interests, the proposals, and the resulting negotiated agreement. The Authority's decisions will be final.

The Proposals and evaluation criteria

There were, quite surprisingly to me, only three firms that requested a copy of the RFP, and only two proposals submitted in response to the RFP. The previous RFP process resulted in six proposals, three of which were firms based in PBC. I was able to get a reason from the one firm that did not submit, and that was that they are relatively new to governmental audit arena in this area and possibly lacked the level of experience that the Authority expected from a prospective auditor.

As described in the RFP the Authority's evaluation criteria may include, but shall not be limited to, consideration of the following:

QUALIFICATIONS

- Demonstrated experience performing governmental audits in general, and specifically to special district or county housing finance authorities

The Authority's current auditor, **Caler Donten Levine** ("Caler"), is a West Palm Beach based firm of just under 100 employees and has been in business for about 30 years. Their governmental practice is primarily PBC clients some of which they have served continuously for 20+ years. In addition to the Authority they serve several downtown development authorities and redevelopment agencies.

Clifton Larson Allen ("Clifton") is a large national firm of over 5,400 employees of which 295 are located in seven offices in central and southwest Florida. Nationally the firm has over 2,100 clients, and the Florida offices serve 78 cities, counties, and various districts and authorities. The team to be assigned to the Authority are located in Lakeland and serve 10 public housing authorities ("PHA") in Florida. Those include the Palm Beach County, West Palm Beach, and Delray Beach PHA's. The firm also has PHA clients in other states as well as 7 state housing finance agencies.

While both firms have adequately demonstrated their experience, in my opinion based upon the number, variety, and in particular the housing finance related clients (state HFA's more so than PHA's) of Clifton would give them an advantage here.

- Staffing to perform the engagement

Caler has suggested to the Authority that the engagement partner could be changed from Jim Hutchison to Mark Veil, while the audit manager and senior staff remain the same team of 4 persons as in the past.

Clifton proposes to use their Lakeland office PHA audit staff led by Lance Schmidt and 5 other staff members.

Appears comparable.

- Evidence of a capable and well-organized engagement team and management plan

The Authority has had years of experience with Caler and I've been more than satisfied with their performance on the general purpose financial audit.

The Clifton team has provided Florida PHA client audits dating back to 1998 which should speak for their capability.

Clifton does have specific team for their PHA work although I don't believe this to be of a significant advantage for the Authority's audit. While references were provided by both firms I did not contact any prior to the date hereof.

- Procedures to ensure quality control, compliance and confidentiality of information obtained

Caler reports that they have **never** been subject to a federal or state desk review, disciplinary action or litigation. Clifton, as very much larger firm, states their desk reviews have been resolved, there is no disciplinary action outside the normal course of practice, and they have been a defendant from time to time in lawsuits alleging professional malpractice.

- Education and experience in public and private accounting

Appears comparable for purposes of the Authority's audit needs.

- Evidence of improved efficiency/effectiveness resulting from audits performed

The RFP didn't have this as a specific response item for Part IV and I did not find anything that I felt addressed this specific area in either proposal.

PROJECT UNDERSTANDING

- Understanding scope of services
- Quality of overall proposal/plan of action

Appears comparable

PRICE PROPOSAL

- Reasonableness of proposed price

Caler fee for 3-year initial term is \$89,327.

Clifton fee for 3-year initial term is \$93,255. They have listed a number of reasonable "fee considerations" which could impact actual billing.

While Caler is the lower fee the difference is roughly 4%. That percentage equates to 2 points on the 40 points available under the fee proposal weight and would be a suggested minimum.

SMALL BUSINESS ENTERPRISE

- Proposer or subcontractor is a County certified SBE

Neither firm is a SBE so no points can be given.

LOCAL PREFERENCE

- Permanent place of business in the County

Clifton does not have a County office.

Review committee scoring and ranking process

Included with this memorandum is the form of the individual board member scoring sheet as well as a tally sheet showing all scores and ranking of the firms by each member. The scoring weights/points as provided in the RFP are as follows:

CRITERIA	WEIGHT
Qualifications	40% (40 points)
Project understanding	10% (10 points)
Price proposal	40% (40 points)
Small Business Enterprise	5% (5 points)
Local Preference	5% (5 points)

Once the audit review committee has discussed the two proposals the members can complete and sign their respective scoring sheet. It is recommended that the firm with the most number one rankings be ranked as highest. If there is a tie score then the audit committee will need to determine a tie-breaker.

218.391 Auditor selection procedures.—

(1) Each local governmental entity, district school board, charter school, or charter technical career center, prior to entering into a written contract pursuant to subsection (7), except as provided in subsection (8), shall use auditor selection procedures when selecting an auditor to conduct the annual financial audit required in s. 218.39.

(2) The governing body of a charter county, municipality, special district, district school board, charter school, or charter technical career center shall establish an audit committee. Each noncharter county shall establish an audit committee that, at a minimum, shall consist of each of the county officers elected pursuant to s. 1(d), Art. VIII of the State Constitution, or a designee, and one member of the board of county commissioners or its designee. The primary purpose of the audit committee is to assist the governing body in selecting an auditor to conduct the annual financial audit required in s. 218.39; however, the audit committee may serve other audit oversight purposes as determined by the entity's governing body. The public shall not be excluded from the proceedings under this section.

(3) The audit committee shall:

(a) Establish factors to use for the evaluation of audit services to be provided by a certified public accounting firm duly licensed under chapter 473 and qualified to conduct audits in accordance with government auditing standards as adopted by the Florida Board of Accountancy. Such factors shall include, but are not limited to, ability of personnel, experience, ability to furnish the required services, and such other factors as may be determined by the committee to be applicable to its particular requirements.

(b) Publicly announce requests for proposals. Public announcements must include, at a minimum, a brief description of the audit and indicate how interested firms can apply for consideration.

(c) Provide interested firms with a request for proposal. The request for proposal shall include information on how proposals are to be evaluated and such other information the committee determines is necessary for the firm to prepare a proposal.

(d) Evaluate proposals provided by qualified firms. If compensation is one of the factors established pursuant to paragraph (a), it shall not be the sole or predominant factor used to evaluate proposals.

(e) Rank and recommend in order of preference no fewer than three firms deemed to be the most highly qualified to perform the required services after considering the factors established pursuant to paragraph (a). If fewer than three firms respond to the request for proposal, the committee shall recommend such firms as it deems to be the most highly qualified.

(4) The governing body shall inquire of qualified firms as to the basis of compensation, select one of the firms recommended by the audit committee, and negotiate a contract, using one of the following methods:

(a) If compensation is not one of the factors established pursuant to paragraph (3)(a) and not used to evaluate firms pursuant to paragraph (3)(e), the governing body shall negotiate a contract with the firm ranked first. If the governing body is unable to negotiate a satisfactory contract with that firm, negotiations with that firm shall be formally terminated, and the governing body shall then undertake negotiations with the second-ranked firm. Failing accord with the second-ranked firm, negotiations shall then be terminated with that firm and undertaken with the third-ranked firm. Negotiations with the other ranked firms shall be undertaken in the same manner. The governing body, in negotiating with firms, may reopen formal negotiations with any one of the three top-ranked firms, but it may not negotiate with more than one firm at a time.

(b) If compensation is one of the factors established pursuant to paragraph (3)(a) and used in the evaluation of proposals pursuant to paragraph (3)(d), the governing body shall select the highest-ranked qualified firm or must document in its public records the reason for not selecting the highest-ranked qualified firm.

- (c) The governing body may select a firm recommended by the audit committee and negotiate a contract with one of the recommended firms using an appropriate alternative negotiation method for which compensation is not the sole or predominant factor used to select the firm.
 - (d) In negotiations with firms under this section, the governing body may allow a designee to conduct negotiations on its behalf.
 - (5) The method used by the governing body to select a firm recommended by the audit committee and negotiate a contract with such firm must ensure that the agreed-upon compensation is reasonable to satisfy the requirements of s. 218.39 and the needs of the governing body.
 - (6) If the governing body is unable to negotiate a satisfactory contract with any of the recommended firms, the committee shall recommend additional firms, and negotiations shall continue in accordance with this section until an agreement is reached.
 - (7) Every procurement of audit services shall be evidenced by a written contract embodying all provisions and conditions of the procurement of such services. For purposes of this section, an engagement letter signed and executed by both parties shall constitute a written contract. The written contract shall, at a minimum, include the following:
 - (a) A provision specifying the services to be provided and fees or other compensation for such services.
 - (b) A provision requiring that invoices for fees or other compensation be submitted in sufficient detail to demonstrate compliance with the terms of the contract.
 - (c) A provision specifying the contract period, including renewals, and conditions under which the contract may be terminated or renewed.
 - (8) Written contracts entered into pursuant to subsection (7) may be renewed. Such renewals may be done without the use of the auditor selection procedures provided in this section. Renewal of a contract shall be in writing.
- History.—s. 65, ch. 2001-266; s. 1, ch. 2005-32.

CRITERIA	WEIGHT	Caler Donten Levine	Clifton Larson Allen
Qualifications	40% (40 points)		
Project understanding	10% (10 points)		
Price proposal	40% (40 points)		
Small Business Enterprise	5% (5 points)	0	0
Local Preference	5% (5 points)	5	0
Totals:	100% (100 points max)		
Ranking	#1 or #2		

Audit committee member: _____

Dated October 12, 2018

Proposer:

	Franklin	Eliopoulos	Harper	Bennett	Henderson	St. Lawrence	Smith	Ranking
Caler Donten Levine								
Scores								
Ranking								
Clifton Larson Allen								
Scores								
Ranking								

Highest ranked firm

By: Secretary/Assistant Secretary

By: Executive Director



October 1, 2018

**Proposal to Provide External Auditing
Services to:**

Housing Finance Authority of Palm Beach County, FL

ORIGINAL

Prepared by:

Lance E.H. Schmidt, CPA, CFE, Principal

Lance.schmidt@CLAconnect.com

direct 863-680-5634 | mobile 863-409-9730



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



CliftonLarsonAllen LLP
402 South Kentucky Avenue
Suite 600
Lakeland, FL 33801
863-680-5600 | fax 863-680-5650
CLAconnect.com

October 1, 2018

Mr. David Brandt, Executive Director
Housing Finance Authority of Palm Beach County, FL
100 Australian Avenue
Suite 410
West Palm Beach, FL 33406

RE: Request for Proposals (RFP) for External Auditing Services

Dear Mr. Brandt:

Thank you for inviting us to propose our services to you. CliftonLarsonAllen LLP (CLA) gladly welcomes the opportunity to share our approach to helping Housing Finance Authority of Palm Beach County, Florida (the Authority) meet its need for professional services. The enclosed proposal responds to your request for external auditing services for three fiscal years ending September 30, 2018, 2019, and 2020, with two options to renew the term of the engagement for up two additional years each, beginning October 1, 2018.

We are confident that our extensive experience serving housing finance authorities, bolstered by our client-oriented philosophy and depth of resources, will make CLA a top qualified candidate to fulfill the scope of your engagement. The following differentiators are offered for the Authority's consideration:

- ✓ **Our Promise.** Our CLA promise is **"to know you and help you."** We are committed to our clients, working with them every step of the way. We do this by delivering our work in an exceptional manner, caring enough to engage in a personal conversation and really listen to what our clients say, and responding with the full breadth of our firm's capabilities in the services we provide in every industry we serve. Our focus is always to create a lasting relationship with our clients and be there to aid them in their success.
- ✓ **Experience Serving Palm Beach County and other Florida entities.** CLA is currently providing services to Palm Beach County Housing Authority, Delray Beach Housing Authority and West Palm Beach Housing Authority and several other affordable housing properties and nonprofits. As one of the nation's leading professional services firms, and one of the largest firms that specialize in the public sector, we understand how crucial it is to leverage our resources so that our clients get the personal, local touch they need. Along with the experience and resources of more than 5,400 employees in over 110 locations, **we have 7 offices that serve the state of Florida**. We are committed to bringing the Authority the most qualified professionals, utilizing industry leaders from across the firm to provide on-site, hands-on knowledge and strategies.
- ✓ **Extensive Experience Serving Housing Finance Authorities.** We have an unparalleled depth of experience serving housing authorities similar to the Authority. We have served **more than 50 housing authorities and housing finance agencies** for over 30 years. Housing authorities are continually facing rapid and complex changes including decreased federal funding, regulatory requirements, ever-changing accounting pronouncements, and a fickle bond market. Our in-depth experience will result in more efficient, effective services, which saves you time and money.
- ✓ **Communication and Proactive Leadership.** The Authority will benefit from a high level of hands-on service from our team's senior professionals. We can provide this level of service because, unlike other national firms, our principal-to-staff ratio is similar to smaller firms - allowing our senior level professionals to be involved and immediately available throughout the entire engagement process. Our approach helps

members of the engagement team will stay abreast of key issues at the Authority, and take an active role in addressing them.

- ✓ **Ability to Meet Deadlines.** We are well-balanced when it comes to workload issues, and have never had a problem meeting client deadlines. We focus on well-established project management techniques to ensure all parties stay on track and accountable to each other. We understand the sense of urgency required in meeting regulatory deadlines and assist clients in making the audit process more efficient to ensure a smooth, timely process. CLA does not provide financial auditing services to public companies, so 100% of our focus is on meeting your deadlines. Our staff and management are committed to your job until it is done. We do not redeploy resources to “more important” clients in different industries to make our business model to work.
- ✓ **No Disruptions to the Authority.** We recognize changing accounting firms presents an opportunity as well as a challenge. Our approach deliberately and effectively minimizes the impact of transition and disruptions. Our professionals are well - versed in working with housing authorities with tight deadlines and limited time. We are able to work effectively and efficiently to limit disruptions to the Authority while still meeting crucial deadlines.
- ✓ **Fresh Perspective.** By engaging CLA, the Authority will benefit from a “fresh look” at its business operations, information systems, and financial and risk management policies and procedures. You will be served by an engagement team with enthusiasm and a desire to meet and exceed expectations. We are confident that our industry experience will bring to the Authority new ideas, creative approaches, and fresh opportunities to meet the financial management and accountability challenges before the Authority.

Verification Statements

I, Lance Schmidt, your engagement principal-in-charge, will serve as the Authority’s primary contact person for this engagement. Furthermore, as a principal of CLA, I am authorized to sign, bind, and commit the firm to the obligations contained in this proposal and the Authority’s RFP. My contact information is as follows:

Lance Schmidt, CPA, CFE, Principal
Office: 863-680-5634 / Mobile: 863-409-9730/ Fax: 863-680-5650
Email: lance.schmidt@CLAconnect.com

CLA acknowledges that the requirements and conditions of the RFP, along with any addendums, have been received, read, and accepted.

We are confident that our technical approach, insight, and resources will result in unparalleled client service for the Authority. For ease of evaluation, the structure of our proposal follows your RFP section titled, *Part IV Instruction for Preparing Proposals, Section 4.3 Proposal Requirements*.

We are eager to work with you and welcome the chance to present our proposal to Board of County Commissioners of the County or entire management team. If you have any questions about our offerings, please do not hesitate to contact me via phone 863-680-5634 or email lance.schmidt@CLAconnect.com.

Sincerely,

CliftonLarsonAllen LLP



Lance Schmidt, CPA, CFE
Principal

A. TABLE OF CONTENTS

1. General	1
B. Firm Overview	1
C. Relevant Government Auditing Experience	1
D. References	9
E. Total Staff Available for Audit	10
F. Engagement Team Members	10
G. CLA's Understanding of the Work	11
H. Affirmative Statement	12
2. Audit Approach	13
A. Segmentation of the Engagement	13
B. Level of Staff and Number of Hours	21
C. Sample Size and Statistical Sampling	21
D. Use of EDP Software	21
E. Type and Extent of Analytical Procedures	22
F. Approach to Gain an Understanding of the Authority's Internal Control Structure	23
G. Approach to Determining Laws and Regulations that will be Tested for Compliance	24
H. Method of Drawing Samples for Tests of Compliance	24
3. Schedule For Performing Key Aspects	25
Engagement Timetable	25
4. Fee Schedule	26
Fee Considerations	29
Ongoing Consultation	30
5. Promotional Material	31
Thought Leadership and Industry Information	31
Additional Services	32
6. CPA Licenses	33
CPA License for All Assigned CPAs	33
State of Florida License	36
7. Certificate of Good Standing	37
8. Continuing Education Requirements	38
9. Location of the Office	40
Office Location and Number of Personnel Assigned	40
10. Quality Control Review	42
11. Federal or State Desk Review	44
12. Status of Disciplinary Action	45
13. Litigation Statement	46
14. Certificate of Insurance	47
15. Preparing Governmental Financial Statements	48
16. Federal Employer ID Number	51
17. Evidence of Certification for Small Business Assistance	52
18. Additional Data	53
Additional Requirements/Statements	53
Why Should Housing Finance Authority of Palm Beach County Choose CLA?	53
Understanding Your Needs	53
Our Competitive Edge	53
Innovation	54
First Year Transition	54





1. GENERAL

B. Firm Overview

History of Firm

CLA continues the legacy of quality, service, and experience that Clifton Gunderson and LarsonAllen built for more than 60 years. CliftonLarsonAllen (CLA) – the result of a union between Clifton Gunderson and LarsonAllen – is unique in the industry due to its primary focus on privately held businesses and their owners, as well as public sector organizations. We continue to hold true to the values and culture that have made individual practices successful in the past. Structured to provide clients with highly specialized industry insight, the firm delivers its audit, accounting, tax, consulting, and advisory capabilities from industry-specific perspectives.

Composition of the Firm

CLA delivers integrated wealth advisory, outsourcing, audit, tax, and consulting services to help clients succeed professionally and personally. Our broad professional services allow us to serve clients more completely — from startup to succession and beyond.

Our mission:
Impactful
interactions
for success

Our professionals are immersed in the industries they serve and have specialized knowledge of their operating and regulatory environments. With more than 5,400 people, more than 110 U.S. locations, and a global affiliation, we

bring a wide array of approaches to help clients in all markets, foreign and domestic.

C. Relevant Government Auditing Experience

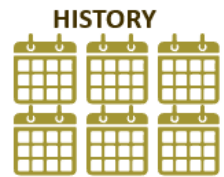
Please see section **15. Preparing Governmental Financial Statements** of the proposal for information regarding our state and local government experience.

Housing Finance Authority Experience

We have made it our mission to stay in close proximity to valued clients by having numerous offices across the nation in an effort to better serve client needs that may arise throughout any engagement. As we have grown, our offices have become organized into industry teams, affording our clients with industry-specific expertise supplemented by valuable local service and insight.

Having served housing finance agencies since 1980, we are an industry leader in providing auditing, accounting, consulting and fraud investigation services to entities requiring services similar to the Authority. We thoroughly understand housing finance agencies and their involvement with significant mortgage receivables and large bond transactions. We also maintain current knowledge of changes HUD implements and are fully aware of Generally Accepted

60+
years
in business



FISCALLY STRONG



\$850

million in revenue



LOCATION

More than **110**
locations
nationwide

NATIONAL



Among the nations'
leading professional
services firm

5,400+
employees



RESOURCES

Including: **600+** state
and local government
professionals

INDUSTRY DRIVEN



We serve

2,100+

Governmental entities



Accounting Principles (GAAP) financial statement issues, Governmental Accounting Standards Board (GASB) requirements and HUD reporting standards.

Clearly, the challenges remain daunting. CLA explores the many issues facing the market and helps our clients develop actionable solutions. Substantially all of our housing finance agencies deal in insured mortgages. By far the most critical issues facing these entities are the condition of the housing market overall and its impact on the ability to cover claims and the ability to fund such losses. The allowance for loan loss is the most significant estimate on many financial statements. During the current economic conditions, this estimate has never been under such scrutiny by auditors and examiners. This allowance is used to determine the reasonableness of this estimate against industry-wide rising loan delinquencies and charge-offs. This issue has become critical for some agencies as they are looking at the ability of these entities to continue as a going concern. The need to assess the covered loan portfolio, the status of secondary insurers, and the ability of management to keep up with a fast changing environment has put additional stress on these agencies. With our direct experience, we can bring insight to a complex issue by sharing what we have seen elsewhere, offering potential alternative solutions, and working with management creatively to find solutions.

The members of CLA's engagement team provide audit, single audit, tax, and consulting services to more than 50 housing authorities and housing finance agencies, including some of the largest authorities in the country.

The below table represents a sampling of similar clients served within the past five years:

Name of Client	Services Performed	Length of Service
Housing Finance Agencies and Authorities Experience		
California Housing Finance Agency	The Agency was created in 1975 and is a public instrumentality and political subdivision of the State of California with \$10 billion in assets. They are authorized to administer the activities of the California Housing Finance Fund, California Housing Loan Insurance Fund, and two state general obligation bond funds. We have performed the audit of financial statements in accordance with <i>Government Auditing Standards</i> and A-133 (now OMB UG) since 2012.	2011 - present
Colorado Housing and Finance Authority	This Authority was created for the purposes of making funds available to assist private enterprise and governmental entities in providing facilities for lower and moderate income families. The Authority is also authorized to finance project and working capital loans to industrial and commercial enterprises (both for-profit and not-for-profit) of small and moderate size. The Authority has over \$2 billion in assets. We performed the financial statement audit in accordance with <i>Government Auditing Standards</i> .	2004 - 2009
Maryland Department of Housing and Community Development, MD	Since 2007, we have functioned as the desk reviewer for audit reports submitted to DHCD for federal and state funded housing projects that are required to meet compliance with standards and report to the state. In 2016, we began performing audits over 9 indentures and over the Maryland Housing Fund. The combined assets of these 9 entities is \$2.8 billion.	2007 - present
Massachusetts Housing Finance Agency	The Agency's statutory mission is to finance affordable home mortgage loans for low- and moderate- income homebuyers and to finance the construction and preservation of affordable rental housing in the Commonwealth. The Agency has over \$5 billion in assets. We	2007 – present (ERS) 2011 – present (OPEB)



Name of Client	Services Performed	Length of Service
	performed the financial statement audit in accordance with <i>Government Auditing Standards</i> .	
Minnesota Housing Finance Authority	The Agency was created in 1971 and was established to facilitate the construction and rehabilitation of housing in Minnesota for families of low-and moderate-income by providing mortgage loan, development loans, and technical assistance to qualified housing sponsors. The Agency has over \$3.5 billion assets. We performed the financial statement audit in accordance with <i>Government Auditing Standards</i> .	2005 - 2013
New Jersey Housing and Mortgage Finance Agency	The Agency was created for the purposes of making funds available to assist private enterprise and governmental entities in providing facilities for lower and moderate income families. This Agency provides mortgage lending and administration of various housing programs including Section 8, Section 236, and multiple loan programs. As of fiscal year 2015, the Agency had a portfolio of mortgage loans of approximately \$3 billion. We have performed the audit of financial statements in accordance with <i>Government Auditing Standards</i> and A-133 (now OMB UG) since 2010.	2010 - present
Wisconsin Housing and Economic Development Authority	The Authority was created in 1972 to facilitate the purchase, construction, and rehabilitation of housing for families of low and moderate-income by providing or participating in the provision of construction and mortgage loans. The Authority is authorized to issue bonds secured by a capital reserve fund up to an aggregate amount of \$600 million. The Authority administers a portfolio of mortgage loans of approximately \$2.8 billion. They have financed more than 68,000 affordable rental units and helped more than 110,000 families purchase a home. We have performed the audit of financial statements in accordance with <i>Government Auditing Standards</i> since 2008, including four separate housing projects.	2008 - present
Local Housing Authorities		
West Palm Beach Housing Authority, FL	The Authority has 592 public housing units and 3,202 Section 8 Vouchers. Total assets are approximately \$67 million with an operating budget of approximately \$43 million. We have performed audits of financial statements in accordance with <i>Government Auditing Standards</i> and A-133/UG since 2012.	2012 - present
Delray Beach Housing Authority, FL	The Authority has 1,111 Section 8 Vouchers and also operates several mixed financed properties. Total assets are approximately \$6 million with an operating budget of approximately \$12 million. We have performed audits of financial statements in accordance with <i>Government Auditing Standards</i> and A-133/UG.	2004 – present
Palm Beach County Housing Authority, FL	The Authority has 592 public housing units and 3,202 Section 8 Vouchers. We have performed audits of financial statements in accordance with <i>Government Auditing Standards</i> and UG since 2017.	2017 - present
Gainesville Housing Authority, FL	The Authority has 631 public housing units and 1,235 Housing Choice Vouchers. Total assets are approximately \$70 million with an operating budget of approximately \$15 million. We have performed audits of financial statements in accordance with <i>Government Auditing Standards</i> and A-133/UG.	2015 – present



Name of Client	Services Performed	Length of Service
Hernando County Housing Authority, FL	The Authority has 296 Section 8 Vouchers and administers over 150 portable vouchers. Total assets are approximately \$1 million with an operating budget of approximately \$3 million. We have performed audits of financial statements in accordance with <i>Government Auditing Standards</i> and A-133/UG since 2004.	2004 –present
Housing Authority of the City of Miami Beach, FL	The Authority has 200 public housing units and 3,100 Housing Choice Vouchers. We have performed audits of financial statements in accordance with <i>Government Auditing Standards</i> and A-133/UG since 2010.	2010 – 2012, 2015 – present
Key West Housing Authority, FL	The Authority has 590 public housing units and 254 Housing Choice Vouchers. Total assets are approximately \$69 million with an operating budget of approximately \$12 million. We have performed audits of financial statements in accordance with <i>Government Auditing Standards</i> and A-133/UG. We also perform a separate audit of the Retirement Plan of the Key West Housing Authority.	2003 – present
Lake Wales Housing Authority, FL	The Authority has 72 public housing units and 172 Section 8 Vouchers. Total assets are approximately \$7 million with an operating budget of approximately \$3 million. We have performed audits of financial statements in accordance with <i>Government Auditing Standards</i> and A-133/UG.	2000 – Present
Lakeland Housing Authority, FL	We have performed contracts for consulting services for accounting, financial, and technical support. We prepare Voucher Management System (VMS) reconciliations each month for the Authority. Prior to 2010 we performed audits of financial statements in accordance with <i>Government Auditing Standards</i> and A-133/UG.	1998 – present
Hernando County Housing Authority, FL	The Authority has 296 Section 8 Vouchers and administers over 150 portable vouchers. Total assets are approximately \$1 million with an operating budget of approximately \$3 million. We have performed audits of financial statements in accordance with <i>Government Auditing Standards</i> and A-133/UG since 2004.	2004 –present
Other Housing Authorities		
Huntsville Housing Authority, AL	This Authority manages and/or administers fifteen individual Asset Management Projects (AMPs), comprised of 1,773 public housing units. In addition, the PHA administers 1,469 Section 8/Housing Choice Vouchers, 42 Shelter Plus Care (SPC) sponsor-based vouchers, and approximately 8 tenant-based SPC vouchers. We have performed audits of financial statements in accordance with <i>Government Auditing Standards</i> and A-133/UG since 2009.	2009 – present
Housing Authority of Fulton County, GA	The Authority has 677 public housing units and 847 Section 8 Vouchers and administers over 1,300 portable vouchers. Total assets are approximately \$20 million with an operating budget of approximately \$22 million. We have performed audits of financial statements in accordance with <i>Government Auditing Standards</i> and A-133/UG since 2011.	2011 – present
Macon Housing Authority, GA	The Authority has 1,200 public housing units and 3,500 Section 8 Vouchers. Total assets are approximately \$100 million with an	2016 – present



Name of Client	Services Performed	Length of Service
	operating budget of approximately \$43 million. We have performed audits of financial statements in accordance with <i>Government Auditing Standards</i> and <i>UG</i> since 2016.	
Allentown Housing Authority, PA	The Authority has 1,200 public housing units and 1,400 Section 8 Vouchers. We currently perform audits of financial statements in accordance with <i>Government Auditing Standards</i> and <i>A-133/UG</i> since 2010.	2010 - present
Buffalo Municipal Housing Authority, NY	The Authority has 4,246 public housing units and administers 400 Section 8 Vouchers. We have performed audits of the financial statements in accordance with <i>Government Auditing Standards</i> and <i>A-133/UG</i> since 2013.	2013 – 2016
Cambridge Housing Authority, MA	We currently provide annual auditing services, tax services, and cost certifications for the 8609 submittals to the State, Debt Coverage Service Analysis, and Calculation of 1 st year LIHTC.	2015 – present
Cuyahoga Metropolitan Housing Authority, OH	The Authority has over 9,400 public housing units and 15,000 Housing Choice Vouchers. We currently perform audits of financial statements in accordance with <i>Government Auditing Standards</i> and <i>OMB Uniform Guidance</i> .	2017 – present
District of Columbia Housing Authority, DC	This Authority is a “Move to Work Agency.” We have performed the audit and single audit, provided assistance in the preparation of the audited financial statements, reviewed HOPE VI projects, and reviewed Financial Data Schedule submission to Real Estate Assessment Center (REAC) from 2004 to 2006, and again from 2012 to present.	2004 – 2006 & 2012 – present
DuPage Housing Authority, IL	This Authority has over 3,500 Housing Choice Vouchers. This was a troubled Authority which now has new management. We have performed consulting services and audits of the financial statements in accordance with <i>Government Auditing Standards</i> and <i>A-133/UG</i> since 2011.	2011 – present
Durham Housing Authority, NC	This Authority currently operates 1,946 units. We have performed financial and compliance audits of the Authority in accordance with <i>Government Auditing Standards</i> and <i>A-133/UG</i> standards.	2011 – 2016
East St. Louis Housing Authority, MO	The Authority has 2,000 public housing units and 680 Section 8 Vouchers. We have performed audits of financial statements in accordance with <i>Government Auditing Standards</i> and <i>A-133/UG</i> since 2010.	2010 – present
Fort Worth Housing Authority, TX	Established in 1938, this Authority currently operates 2,747 units. We have performed the financial and compliance audits of the Authority in accordance with <i>Government Auditing Standards</i> and <i>A-133/UG</i> standards.	2011 – present



Name of Client	Services Performed	Length of Service
Housing Authority of the City of Erie	The Authority operates 1,857 LRPH units and administers 1,044 HCV vouchers. We have performed the financial and compliance audit of the Authority in accordance with Government Auditing Standards and UG.	2017-present
Housing Authority of Prince George's County, MD	The Authority has 376 public housing units and 5,988 Section 8 Vouchers. We have performed audits of financial statements in accordance with Government Auditing Standards and A-133/UG since 2013.	2013 – present
Housing Commission of Talbot County, MD	The Commission has 66 public housing units and 139 Housing Choice Vouchers. We have performed audits of financial statements in accordance with Government Auditing Standards and A-133/UG. In 2015, we began providing outsourcing services and year end close out.	1985 – present
Housing Opportunities Commission of Montgomery County, MD	The Commission operates 1,500 units and administers 6,100 Housing Choice vouchers, with an operating budget of \$213M and total assets of \$1.2B with \$98M in Federal Awards. The Commission has multiple mixed financing properties and tax credit properties, and extensively utilizes bonds to finance more complex ownership transactions. We have performed audits of financial statements in accordance with Government Auditing Standards and A-133/UG since 2004.	2004 – present
Howard County Department of Housing and Community Development, MD	The Commission has 50 public housing units and 900 Housing Choice Vouchers. We have performed audits of financial statements in accordance with Government Auditing Standards and A-133/UG since 2007. This engagement includes 6 additional project audits.	2007 – present
Kansas City Housing Authority, MO	The Authority has over 1,900 public housing units throughout the Kansas City area. The Authority operates two basic programs, Public Housing and the Housing Choice Voucher program. We have performed audits of the financial statements and A-133/UG s.	2013 – 2016
Lancaster City Housing Authority, PA	LCHA administers 1,003 Vouchers of which 75 are Project-based units. They also administer 22 units of Shelter Plus Care rental assistance. We have performed audits of financial statements in accordance with Government Auditing Standards and A-133/UG since 2013.	2013 – present
Maryland Department of Housing and Community Development, MD	Since 2007, we have functioned as the desk reviewer for audit reports submitted to DHCD for federal and state funded housing projects that are required to meet compliance with standards and report to the state. In addition we perform the audit of the financial statements for 9 bond resolutions and the Maryland Housing Fund.	2007 – present
Peoria Housing Authority, IL	The Authority has 954 public housing units and 1,967 Housing Choice Vouchers. We have performed audits of financial statements in accordance with Government Auditing Standards and A-133/UG since 2013.	2013 – present
Portland Housing Authority, ME	The Authority provides affordable housing and a multitude of Section 8 programs including HCV, VASH, Mod Rehab, and PBV projects. We have performed audits of financial statements in accordance with Government Auditing Standards and A-133/UG.	2013 – present



Name of Client	Services Performed	Length of Service
Richmond Redevelopment and Housing Authority, VA	This Authority currently operates 4,000 units, with an operating budget of \$68 million. As of FY 2011, the Authority had roughly \$48 million in individual and commercial mortgage loans. We currently perform audits of financial statements in accordance with Government Auditing Standards and A-133/UG since 2007.	2007 - present
Tulsa Housing Authority, OK	The Authority has 2,600 public housing units and administers 4,900 Housing Choice Vouchers. We have performed audits of financial statements in accordance with Government Auditing Standards and A-133/UG since 2015.	2015 - present

Housing Authority Experience

"CLA, Auditors working to simplify the auditing process for clients while still providing quality and reliable audits to stakeholders."

KaTreena Washington
Director of Finance
The Housing Authority of the City of
Miami Beach



The Authority will be served by some of the industry's most knowledgeable housing professionals. We have served housing authorities and housing related entities for over 30 years. We understand housing authorities are completely unique and as a result we have developed an internal team of members that spend nearly **100% of their time** serving organizations just like yours. The members of CLA's engagement team provide audit, single audit, tax, and consulting services to more than 50 housing entities, including some of the largest authorities in the country. Our engagements include detailed examinations of each authority's grant programs and yield valuable reports designed to improve the compliance, internal controls, and administration of those programs.

The affordable housing industry requires adherence to strict demands and regulations in addition to the challenges of managing multiple developments and programs. HUD continues to modify and update their compliance requirements and our Affordable Housing and Government Services Team make it a priority to stay current in all housing authority developments.

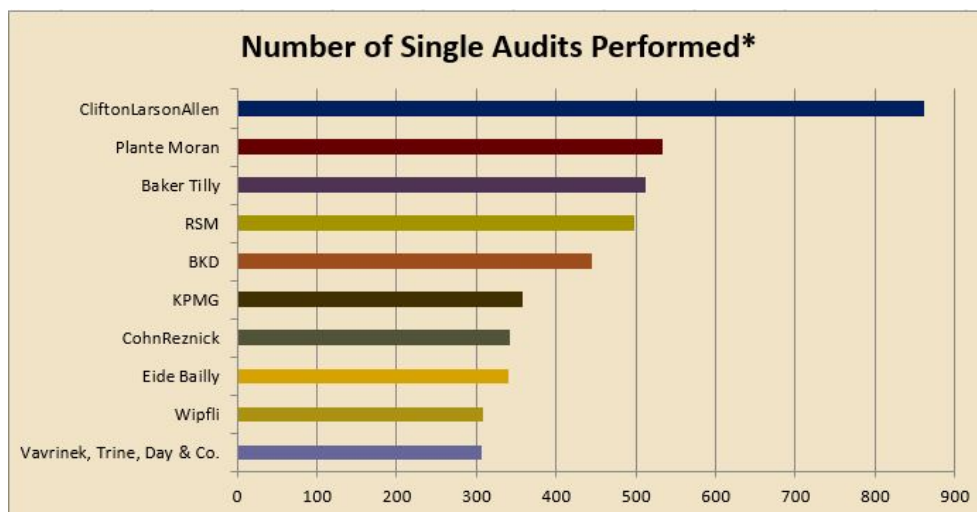
Low Principal-to-Staff Ratio

The Authority will benefit from a high level of hands-on service from our team's senior professionals. We can provide this level of service because, unlike other national firms, our principal-to-staff ratio is similar to smaller firms – allowing our senior level professionals to be involved and immediately available throughout the entire audit process. Our approach maintains that all members of the engagement team will stay abreast of key issues at the Authority, and take an active role in addressing them.



Single Audit Experience

CLA has become the national leader in providing audit, tax and many other financial services to government entities similar to the Authority. Our client portfolio of government and nonprofit organizations represents nearly half of the firm's total revenues. You will benefit from CLA's experience in this area. As outlined in the following table, **CLA performs more single audits annually than any other firm in the nation.** We audited more than **\$28.8 billion dollars in federal funds.** The table below illustrates CLA's experience in serving organizations that receive federal funds and demonstrates our firm's dedication to serving nonprofits and governmental organizations:



*The information for the firms above was pulled from the Federal Audit Clearinghouse for audits with fiscal year ends between January 1, 2016 – December 31, 2016.

In the current environment of increased oversight, it is more important than ever to find qualified auditors who have significant experience with federal grants specific to the Authority and can enhance the quality of the Authority's single audit. Therefore, the single audit will be performed by a team of individuals who are managed by personnel who specialize in single audits in accordance with OMB's *UG* and who will offer both knowledge and quality for the Authority. As part of our quality control process, the single audit will be reviewed by a firm Designated Single Audit Reviewer.

The AICPA clarified auditing standard, AU-C 801 "Compliance Audits" requires risk-based concepts to be used in all compliance audits including those performed in accordance with OMB *UG*. Our risk-based approach incorporates this guidance.

Single Audit Resource Center (SARC) Award

CLA received the [Single Audit Resource Center \(SARC\) Award](#) for Excellence in Knowledge, Value, and Overall Client Satisfaction. SARC's award recognizes audit firms that provide an outstanding service to their clients based on feedback received from an independent survey in June 2018.



The survey queried 10,762 nonprofit and government entities about the knowledge of their auditors, the value of their service, and overall satisfaction with their 2017 fiscal year-end audit. The SARC award demonstrates CLA's dedication to serving the government and nonprofit industry and maintaining the most stringent regulatory requirements in those sectors.

The Authority needs an audit firm experienced in performing single audits and a familiarity with the specific programs in which you are involved. You will benefit from CLA's experience in this area!



D. References

We recognize that quality of service, relevant experience, and depth of resources will be key factors as you prepare to select a firm to serve your audit needs. We encourage you to contact our references for a first-hand account of our ability to meet contract objectives, adhere to deliverable schedules, and provide added value. We are confident that our references will attest to the competence, professionalism, and client service provided by CLA. We are pleased to provide you with the following references, who can describe their experience in greater detail:

West Palm Beach Housing Authority, FL	
Client Contact	Laurel Robinson, Executive Director
Phone Number Email Address	561-655-8530 lrobinson@wpbha.org
Address	1715 Division Avenue, West Palm Beach, FL 33407
Services Provided	Audit (4 entities) and Tax Services (15 returns)

Delray Beach Housing Authority, FL	
Client Contact	Dorothy Ellington, Executive Director
Phone Number Email Address	561-272-6766 dellington@dbha.org
Address	701 SE 6 th Avenue, Delray Beach, FL 33483
Services Provided	Audit (2 entities) and Tax Services (1 returns)

Palm Beach County Housing Authority, FL	
Client Contact	Tad Fuller, Finance Director
Phone Number Email Address	561-684-2160 ext. 151 tfuller@pbchaf1.org
Address	3432 West 45 th Street, West Palm Beach, FL 33407
Services Provided	Audit (3 entities) and Tax Services (2 returns)



E. Total Staff Available for Audit

The Authority will be served by our housing finance agency professionals that have significant experience performing audit services for similar size and scope to the Authority.

The table below provides the total staff available to perform the audit from our Lakeland office, and the anticipated percentage of audit work to be performed by the various levels of staff assigned.

Engagement Staff	Percentage of Audit Performed
Principal	25%
Director	25%
Senior Associate	50%

F. Engagement Team Members

An experienced engagement team has been aligned to provide you with the most value for your organization. The team members have performed numerous engagements of this nature and will commit the resources necessary to provide top quality service throughout the engagement. Following are our proposed management team members:

Engagement Team Member	License to Practice in Florida	Role
Lance E.H. Schmidt, CPA, CFE	✓	Engagement Principal
Mandy Merchant, CPA	✓	Resource Principal
Sean Walker, CPA, CFE, CGFM, CGMS	✓	Technical Resource Principal
Blaine Butcher, CPA	✓	Engagement Director
Andrew (Andy) Osborn, CPA	✓	Data Analytics Senior Associate
Chelsea Mills	Currently pursuing CPA license	Senior Associate

Additional Staff - We will assign additional staff to your engagement based on your needs and their experience providing services to state and local governments. Ideally, the staff assigned to your team will be from our Florida offices with state and local government as their industry focus at CLA.

Detailed biographies are available in Appendix A-Engagement Team Resumes of this proposal.

Roles and Responsibilities

Engagement Principal – Lance Schmidt will have overall engagement responsibility including planning the engagement, developing the audit approach, supervising staff, and maintaining client contact throughout the engagement and throughout the year. Lance is responsible for total client satisfaction through the deployment of all required resources and continuous communication with management and the engagement team.

HUD Resource Principal – Mandy Merchant will serve as the Resource Principal. Mandy serves as CLA's national practice leader for housing authorities. Mandy acts a resource to HUD teams. She has experience working with housing finance authorities in the capacity of auditor, consultant and fee accountant.



Technical Resource Principal – Sean Walker will be the technical resource for the audit team as well as the Authority personnel. Sean’s many years of serving governmental entities will be an invaluable resource.

Engagement Director – Blaine Butcher will act as the engagement director on the engagement. In this role, Blaine will assist the engagement principal with planning the engagement and performing complex audit areas. He will perform a technical review of all work performed and is responsible for the review of comprehensive annual financial report and all related reports.

Data Analytics Senior Associate – Andrew Osborn will be responsible for the day to day data analytics for this engagement. Andrew will obtain your data, import it for completeness, analyze the data and be resource to the team for any other data analysis needs. Everyone on our team is skilled in analyzing data through, Excel, IDEA and TeamMate analytics. Depending on the analysis, we will use one of these 3 through tools.

Senior Associate – Chelsea Mills will be responsible for the day to day activities for this engagement, including the supervision of all staff assigned.

G. CLA’s Understanding of the Work

CLA understands the work to be done and makes a positive commitment to meet or exceed specifications stated in *Sections 3.4 and 3.5* in the RFP. Additionally, CLA makes a positive commitment to perform the work within the time period specified.

3.4 Scope of Services

CLA will perform the following tasks required by the Authority:

1. We will prepare and complete all required basic financial statements and notes thereto based on financial statement compilations as prepared by the Authority’s outside accounting firm. The statements will be in compliance with GAAP and the requirements.
2. CLA will perform the required annual examination of the basic financial statements of the Authority to express opinions on the fairness with which the statements present the financial positions, results of operations, and changes in financial position in conformity with generally accepted accounting principles.
3. We will perform the required examination to determine whether operations are properly conducted in accordance with legal and regulatory requirements.
4. CLA will evaluate the system of internal controls, including the control environment, accounting systems and specific control procedures, to assess the extent to which the controls can be relied upon to ensure accurate information, to ensure compliance with laws and regulations, and to provide for efficient and effective operations. In order to assess the control risk, CLA is able to perform tests of controls and properly document its assessment. Significant deficiencies and material weakness will be communicated in writing in accordance with generally accepted auditing standards.
5. We will perform the required examination of any additional financial information necessary to comply with generally accepted auditing standards.
6. CLA understands the scope of the audit requires to include any additional activities necessary to establish compliance with the term “financial audit” as defined and used in *Government Auditing Standards*.
7. CLA understands the scope of the audit will encompass the additional activities necessary to establish compliance with United States Office of Management and Budget (OMB) *Uniform Guidance* (formerly known as Circular A-133) and other applicable Federal and State laws.

3.5 Reports Issued

CLA will provide the following completion of the audit of the fiscal year financial statements, CLA will issue its reports with regard to the basic financial statements of the Authority in accordance with Chapter 10.550 of the



Rules and Guidelines of the Florida Auditor General (“Rule 10.550”), which will include (if required), but not limited to the following:

1. A report on the basic financial statements. The report must include at a minimum:
 - a. A statement as to whether the financial statements are presented in accordance with generally accepted accounting principles;
 - b. An expression of opinion regarding the financial statements taken as a whole, or an assertion to the effect that an opinion cannot be expressed including the reasons therefore; and
 - c. A statement that the audit was conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States.
2. A report on compliance and internal control over financial reporting.
3. A management letter as required by Section 218.39 and 215.97, Florida Statutes and Rule 10.550 which will identify any management weaknesses observed, assess their effect on financial management and proposer steps to correct or eliminate those weaknesses.
4. Irregularities and Illegal Acts-CLA will require to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of with they become aware to following parties: AUTHORITY Board, Executive Director, and General Counsel.

H. Affirmative Statement

CLA is independent of the Authority as required by auditing standards generally accepted in the United States and the U.S. Government Accountability Office’s *Government Auditing Standards*. Our firm-wide quality control policies and procedures foster strict compliance with these professional standards. In addition, the individuals assigned to your audit are independent of the Authority.



2. AUDIT APPROACH

A. Segmentation of the Engagement

Work Plan-Financial Statement Audit Approach

CLA is one of a few firms that have developed its own proprietary audit program. Many firms use canned, off-the-shelf audit programs, which limits their flexibility in determining what procedures they can and cannot perform because they must follow the audit methodology they have purchased. Our audit teams are able to customize our audit programs to address the specific risks and unique characteristics of your operation. We do not perform the exact same procedures for every client. In addition, our audit programs are interactive, providing guidance to the staff while they are performing the audit procedures.

Our audit approach for year one and subsequent years will have certain consistent elements. However, we expect that the subsequent years will result in fewer audit hours based on the efficiencies gained as we become more familiar with your operations. Our audit objective extends beyond the issuing of an opinion on financial statements. We believe that a good audit yields substantial information for management, and is a valuable tool in recognizing opportunities and identifying areas that can be strengthened. An effective audit performed by our team will also provide:

- An objective look at your policies and procedures
- Valuable suggestions for improvements in your financial operations and other areas
- An analysis of trends and unusual variations from year-to-year
- Protection for current and future resources through improved internal controls
- A deterrent to embezzlement and other fraudulent activities

Benefits of CLA's Risk-Based Approach

Our audit services are designed to protect the interests of the members, governance, and management by concentrating on high-risk areas. Risk identification is the first step of the audit process, providing the basis upon which the overall plan is developed. Our risk assessment process involves consideration of the following types of risk:

- Inherent risk - that an error in the accounting and reporting process may occur
- Control risk - that internal control systems designed to prevent/detect errors may fail
- Audit detection risk - the risk that audit procedures may fail to detect errors

Through careful consideration of the above risks and their interrelationships, we will develop an audit plan and related procedures that concentrate our efforts on those elements of your financial statements that involve the greatest risk. At the same time, we will avoid the unnecessary application of commonplace and traditional procedures to low-risk areas. Throughout the engagement we will communicate our observations to the Authority. The information we provide is intended to help you better manage your organization, and not just reside in a written report that is filed among your organization's records.

Our teams are very deadline driven and have experience meeting and exceeding deadlines from working with numerous similar clients throughout the years. Through upfront planning and coordination with our clients we are able to establish timelines that meet their needs and enable us to perform our work efficiently and effectively, thus minimizing the disruption to their business.

Commitment to Communication with Management

As you will see, we are committed to ongoing communication throughout the engagement. Continual communication starts when an engagement letter is issued, continues until the completion or closeout of an



engagement and throughout the remainder of the year. We believe effective communication is critical to a successful engagement. This communication includes the exchange of ideas and advice as changes are considered or implemented by the entity or the accounting profession.

During the engagement we will hold regular status meetings with the Authority to enhance day-to-day operations, results, and any issues are commonly understood and addressed. The objectives of tracking and formally reporting the engagement status are to:

- Provide a consistent technique for monitoring progress against plan
- Identify any issues quickly to allow for timely corrective action
- Provide an objective rather than subjective evaluation of status
- Provide timely information on a regular basis
- Assist with obtaining buy-in of any audit recommendations on a timely basis

Our proactive measures foster communications, both written and oral, which are ongoing, relevant and routine to our engagements. Our commitment to this practice encourages open lines of communication and often prevents and/or mitigates service delivery issues. Our professionals are trained in documenting observations, recommendations, business issues, and new developments as part of their daily routine.

We will conduct our financial statement audit in four primary phases, as shown in *Figure 1*, below:

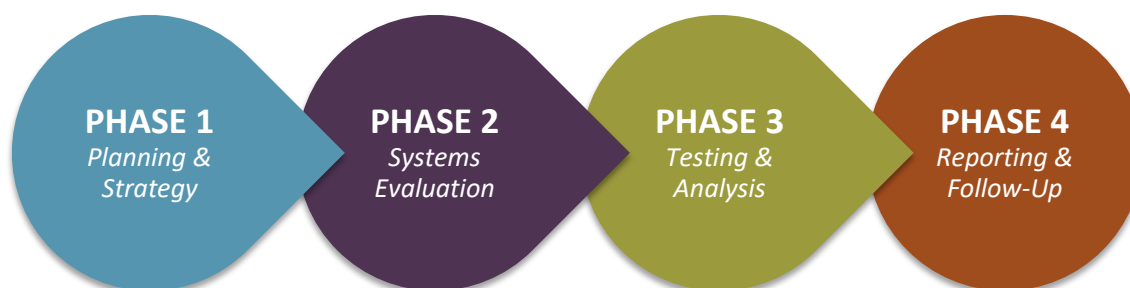


Figure 1. Established Methodology. *Our audit is performed based on a risk-based approach. We conduct our audits under the concept of “understanding the entity.” This concept is based fundamentally on the fact that the Authority is unique. By understanding the Authority, we gain the necessary perspective for performing an effective audit. Our audit approach places particular emphasis on the planning phase to determine maximum efficiency and effectiveness.*

PHASE 1: PLANNING & STRATEGY

The main objective of the planning phase is to identify significant areas and design efficient audit procedures. We will accomplish our planning by following the methodology below:

- Conduct an entrance meeting with the Authority – Lance Schmidt and staff will meet with the Authority personnel to mutually agree on an outline of responsibilities and timeframes.

The agenda will include but not be limited to the following:

- Establish audit approach and timing schedule
- Assistance to be provided by the Authority personnel
- Application of generally accepted accounting principles
- Initial audit concerns
- Concerns of the Authority’s management

- Establishment of report parameters and timetables
- Progress reporting process
- Establish principal contacts
- Gain an understanding of the operations of the Authority, including any changes in its organization, management style, and internal and external factors influencing the operating environment. We will utilize reference materials such as the budget and related materials, organizational charts, manuals and programs, financial, and other management information systems
- Identify significant accounts and accounting applications, critical audit areas, significant provisions of laws and regulations, and relevant controls over operations
- Determine the likelihood of effective Information Systems (IS) - related controls
- Perform a preliminary overall risk assessment
- Confirm protocol for meeting with and requesting information from relevant staff
- Establish a timetable for the fieldwork phase of the audit
- Determine a protocol for using Interactive Data Extraction and Analysis (IDEA), our data extraction and analysis software, to facilitate timely receipt and analysis of reports from management
- Compile an initial comprehensive list of items to be prepared by the Authority, and establish mutually agreed upon deadlines

We will document our planning through preparation of the following:

- ✓ **Entity Profile.** This profile will help us gain an understanding of the Authority activities, organizational structure, services, management, key employees and regulatory requirements.
- ✓ **Preliminary Analytical Procedures.** These procedures will assist in planning the nature, timing and extent of auditing procedures that will be used to obtain evidential matter. They will focus on enhancing our understanding of the financial results, and will be used to identify any significant transactions and events that have occurred since the last audit date, as well as to identify any areas that may represent specific risks relevant to the audit.
- ✓ **General Risk Analysis.** This will contain our overall audit plan, including materiality calculations, fraud risk assessments, overall audit risk assessments, effects of our IS assessment, timing, staffing, client assistance, a listing of significant provisions of laws and regulations and other key planning considerations.
- ✓ **Account Risk Analysis.** This document will contain the audit plan for the financial statements, including risk assessment and the extent and nature of testing by assertion.
- ✓ **Prepared by Client Listing.** This document will contain a listing of schedules and reports to be prepared by the Authority personnel with due dates for each item.
- ✓ **Assurance Information Exchange.** CLA utilizes a secure web-based application to request and obtain documents necessary to complete client engagements. This application allows clients to view detailed information, including due dates for all of the items CLA is requesting. Additionally, clients have the ability to attach electronic files and add commentary related to the document requests directly on the application. The following is a link to our brief tutorial on Assurance Information Exchange.

<https://www.youtube.com/watch?v=obcoLovjHaw>

One of the key elements in the planning of this audit engagement will be the heavy involvement of principals and managers. We will clearly communicate any issues in a timely manner, and will be in constant contact with the Authority as to what we are finding and where we expect it will lead.

We will develop our audit programs during this phase. Utilizing the information we have gathered and the risks identified we will produce an audit program specifically tailored to the Authority. This program will detail by major



section the nature and types of tests to be performed. We view our programs as living documents, subject to change as conditions warrant.

PHASE 2: SYSTEMS EVALUATION

During the systems evaluation phase, we will gain an understanding of the internal control structure of the Authority for financial accounting and relevant operations. Next, we will identify control objectives for each type of control that is material to the

financial statements, and then identify and gain an understanding of the relevant control policies and procedures that effectively achieve the control objectives. Finally, we will determine the nature, timing, and extent of our control testing and perform tests of controls. This phase of the audit will include testing of certain key internal controls:

- Electronic data, including general and application controls reviews and various user controls
- Financial reporting and compliance with laws and regulations

We will test controls over certain key cycles. One audit efficiency initiative is to rely heavily on internal controls when appropriate, and to creatively look at internal control testing to make it as efficient as possible. This means not routinely performing detailed tests of transactions using large samples. We first seek to identify key controls, and then identify possible testing through alternative methods, such as observation, interviews, and re-performance. These tests serve not only to gather evidence about the existence and effectiveness of internal control for purposes of assessing control risk, but also to gather evidence about the reasonableness of an account balance.

We will also develop our internal control tests to assess the compliance with certain provisions of laws, regulations, contracts, and grants for which noncompliance could have a direct and material effect on the determination of financial statement amounts. Our use of multi-purpose tests allows us to provide a more efficient audit without sacrificing quality.

Our assessment of internal controls will determine whether the Authority has established and maintained internal controls to provide reasonable assurance that the following objectives are met:

- Transactions are properly recorded, processed, and summarized to permit the preparation of reliable financial statements and to maintain accountability over assets
- Assets are safeguarded against loss from unauthorized acquisition, use, or disposition
- Transactions are executed in accordance with laws and regulations that could have a direct and material effect on the financial statements

We will finalize our audit programs during this phase. We will also provide an updated Prepared by Client Listing based on our test results and our anticipated substantive testing.

During the internal control phase, we will also perform a review of general and application Information Systems (IS) controls for the applications that are significant to financial statements to conclude whether IS general controls are properly designed and operating effectively, and consider application controls as part of the internal control assessment in the financial statement audit. Our strategy for the IS review of the applications will involve reviewing all of the general control activities, including the computerized and manual processes. We will determine the scope of work by applying the concepts of materiality and risk assessment to effectively reduce examination inefficiencies. When planning this examination, we will gain an understanding of the Authority's operations by reviewing its current controls and control objectives as documented, and will also review prior years' audit work and the status of corrective actions.



Based on our preliminary review, we will perform an initial risk assessment of each critical element in each general control category, as well as an overall assessment of each control category. We will then proceed to assess the significant computer-related controls.

For IS-related controls that we deem to be ineffectively designed or not operating as intended, we will gather sufficient evidence to support appropriate findings and will provide recommendations to improve internal controls. For those IS controls that we deem to be effectively designed, we will perform testing to determine if they are operating as intended through a combination of procedures, including observation, inquiry, inspection, and re-performance.

PHASE 3: TESTING & ANALYSIS

The extent of our substantive testing will be based on results of our internal control tests. It has been our experience that governmental entities, like the Authority, often have a system of internal controls that, with appropriately designed tests and correlation to account balances, can be used to limit the extent of account balance substantiation testing.

Audit sampling will be used only in those situations where it is the most effective method of testing. Before deciding to sample, we will consider all possible approaches and audit techniques. Items where, in our judgment, acceptance of some sampling risk is not justified will be examined 100 percent. These may include unusual items or items for which potential misstatements could individually equal or exceed tolerable error.

After identifying individually significant or unusual items, we will decide on the audit approach for the remaining balance of items by considering tolerable error and audit risk. This may include (1) testing a sample of the remaining balance; (2) lowering the previously determined threshold for individually significant items to increase the percent of coverage of the account balance; or (3) applying analytical procedures to the remaining balance. When we elect to sample balances, we will use IDEA to efficiently control and select our samples.

Our workpapers during this phase will clearly document our work as outlined in our audit programs. We will also provide the Authority with status reports during the course of the audit fieldwork. As in all phases of the audit, we will be in communication with the Authority to determine that all identified issues are resolved in a timely manner. We will also hold a final exit conference with the Authority to summarize the results of our fieldwork and review significant findings.

PHASE 4: REPORTING & FOLLOW-UP

Reports to management will include oral and/or written reports regarding:

- Independent Auditors' Report
- Independent Auditors' Report on Internal Control over financial reporting and on compliance and other matters based on an audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Management Letter
- Written Communication to Those Charged with Governance, which includes the following areas:
 - Our responsibility under auditing standards generally accepted in the United States of America
 - Changes in significant accounting policies or their application
 - Unusual transactions
 - Management judgments and accounting estimates
 - Significant audit adjustments
 - Other information in documents containing the audited financial statements
 - Disagreements with the Authority



- The Authority’s consultations with other accountants
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit
- Fraud or illegal acts

Once the final reviews of working papers and financial statements are completed, which is a process that actually starts while the fieldwork is in process, our opinion, the financial statements and management letter will be issued.

The Authority will be provided a draft of any comments that we propose to include in the management letter, enabling you to review the comments for accuracy prior to final release. Any items that come to our attention that are not what we consider major items may be discussed verbally with management and not included in the management letter. Our management letter will include items noted during our analysis of your operations.

We will also make a formal presentation of the results of the audit to those charged with governance of the Authority, if requested.

Data Analytics

In addition to standard auditing methodology, a distinguishing aspect of CLA’s audit services incorporates the power of data analytics to multiply the value of the analyses and the results we produce for clients. CLA’s data methodology is a six-phase, systematic approach to examining an organization’s known risks and identifying unknown risks. Successful data analysis is a dynamic process that continuously evolves throughout the duration of an engagement and requires collaboration of the engagement team.

Data analytics are utilized throughout our audit process, our *Risk Assessment, Data Analytics and Review* (“RADAR”) is a specific application of general ledger data analytics that has been implemented on all audit engagements. RADAR is an innovative approach created and used only by CLA that aims to improve and replace traditional preliminary analytics that were being performed.

The phases in our data analytics process are as follows:

1. Planning

In the planning stage of the engagement, the use of data analysis is considered and discussed to determine that analytics are directed and focused on accomplishing objectives within the risk assessment. Areas of focus, such as journal entries, cash disbursements, inventory, and accounts receivable are common.

2. Expectations

We consider the risks facing our client and design analytics to address these risks. Through preliminary discussions with management and governance, we develop and document expectations of financial transactions and results for the year. These expectations will assist in identifying anomalies and significant audit areas in order to appropriately assess risk.



3. Data Acquisition

Sufficient planning, a strong initial risk assessment, and an adequate understanding of your systems will serve as the foundation necessary to prepare our draft data request list. We will initially request information in written format and conduct follow-up conversations helping CLA practitioners our staff share a mutual understanding of the type of data requested and the format required. If there are going to be any challenges/obstacles related to obtaining data, or obtaining data in the preferred format, they will generally be discovered at this point.

4. Technical Data Analysis

Technical analysis of the data *requires* the skillful blend of knowledge and technical capability. Meaningful technical analysis provides the engagement team with a better understanding of the organization. The additional clarity assists the engagement team to better assess what is “normal” and, in turn, be better suited to spot anomalies, red-flags and other indications of risk. Analytics generally fall into five categories, each looking into the data set in a different way and deployed with a different purpose.



5. Interpret Results and Subsequent Risk Assessment

Trends and anomalies will be identified through the performance of the above referenced analytics. Comments regarding the interpretation of those trends and anomalies will be captured. When trends are identified they are reconciled against expectations. For anomalies identified, the approach to further audit procedures will be considered.

6. Response and Document

The last process is to capture responses and determine that our procedures are properly documented. Abstracts, charts or summaries of both trends and anomalies are retained in the audit documentation to support our identification of risks .Our analysis can be tailored and customized to help analyze an array of information, including client specific and proprietary data. Key benefits of data analytics include:

- Built-in audit functionality including powerful, audit specific commands and a self-documenting audit trail
- 100 percent data coverage, which means that certain audit procedures can be performed on entire populations, and not just samples
- Unparalleled data access allows us to access and analyze data from virtually any computing environment
- Eliminates the need to extrapolate information from errors (a common effort when manually auditing data) and allows for more precise conclusions



Figure 4 illustrates typical data analytics scenarios.

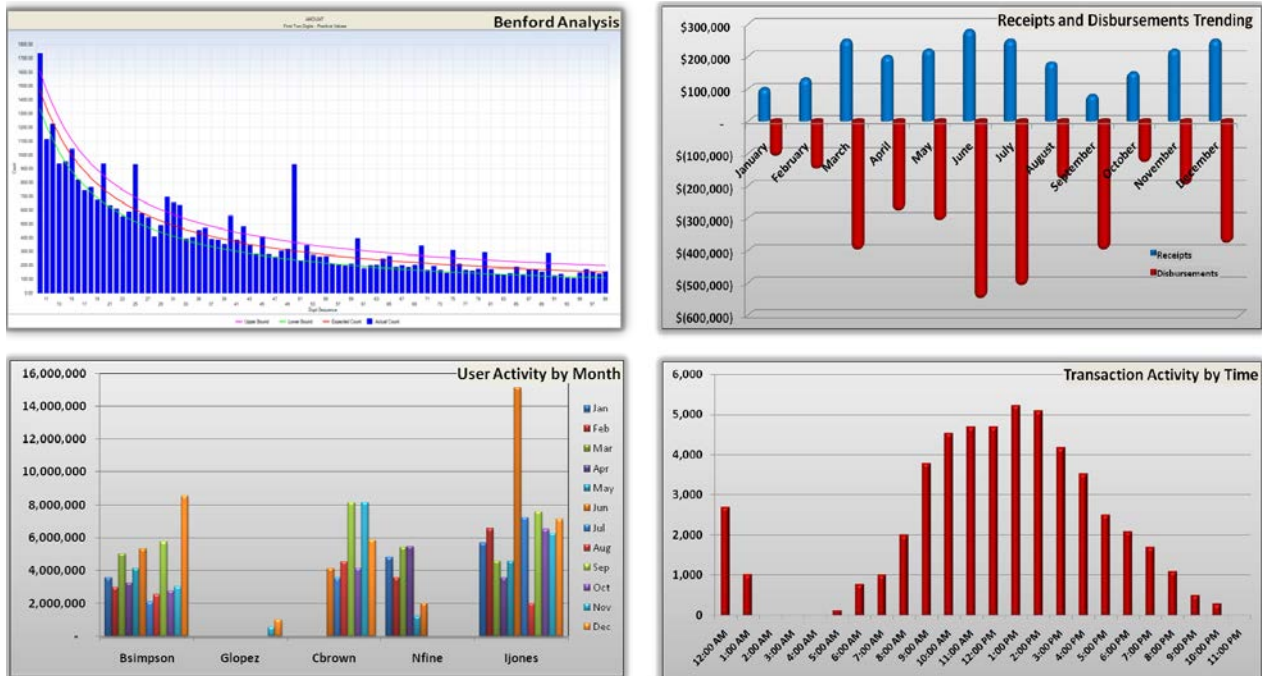


Figure 4. Data Analytics. At the end of a series of pre-determined analytics (often retrieved from multiple proprietary accounting systems) that are customized to the project at hand, we identify anomalies and potential errors in transactions. In every case, we review what appears to be inappropriate activity, including supporting documentation evidencing the transactions.



B. Level of Staff and Number of Hours

We based the proposed hours on our vast knowledge and experience of auditing government entities with similar size and complexity in order to perform a thorough and complete audit.

Financial Statement Audit					
Engagement Segment	Principal	Director	Senior Associate	Associate	Total Hours
Planning	10	15	5	0	30
Internal Control and Documentation	5	9	20	0	34
Testing and Review	5	5	80	0	90
Reporting and Meetings	12	12	15	0	39
Total	32	41	120	0	193

C. Sample Size and Statistical Sampling

We follow the guidance of AU-C Section 350, Audit Sampling, in using statistical and nonstatistical approach. We use quality control material in all our audit engagements. These AU-C Section 530 – “Audit Sampling” forms guide our staff through a logical process of assessing inherent risk, control risk, and combined audit risk, followed by an assessment of appropriate sample size for testing.

Sample sizes will vary depending on the nature of the testing (compliance versus substantive) and the size of the population being sampled. Sampling techniques are utilized in compliance and internal control testing, as well as substantive testing of certain asset and liability account balances. Sample sizes used for internal control testing depend on a number of factors, namely the number of expected or actual control deviations, size of population, and level of control assurance anticipated. Sample sizes can range from 20 to 90 possible selections.

To illustrate, if no internal control deviations are anticipated and the frequency of the population (i.e., the number of times the control is performed in a given year) is less than 100, then we will test 20 transactions in order to obtain moderate control assurance. If 2 internal control deviations are anticipated, and the frequency of the population is greater than 200, then we will test 90 transactions in order to obtain low control assurance. We are usually able to cover a substantial portion of the compliance and controls testing with one sample, resulting in a very efficient approach.

D. Use of EDP Software

One of CLA’s advantages is access to advanced audit tools and technology. Throughout the audit we may employ the use of Computer Assisted Audit Techniques (CAATs) to increase efficiency and effectiveness. The key CAATs that we will use include:

- **Interactive Data Extraction and Analysis (IDEA)** – IDEA is a statistical data analysis tool that has the ability to import data from virtually any data source or file type, with no limitations on the size of the data files that can be examined. IDEA utilizes powerful, built-in tools designed for the performance of audits and fraud investigations, providing the ability to:



- Statistically sample, summarize, stratify and/or perform an aging of large data sets
 - Compare, join, append or otherwise manipulate multiple, related populations of data
 - Identify gaps or duplicates in record sequences
 - Extract subsets of data using a variety of criteria or filters
 - Build reports and graphs to summarize testing results
- **FX Engagement** – FX Engagement is our “paperless” audit product. This product allows us to file and save all of our audit workpapers in an electronic storage capacity; allowing our firm to save time and resources associated with maintaining and storing paper files. FX Engagement also boasts a trial balance software program, which is utilized to produce financial statements, lead schedules, and allows us to perform trend analysis utilizing our clients’ trial balances.



In an audit engagement, the primary use of APG is to take a standard audit program and modify, add, and delete procedures to create a program that has been specifically tailored to meet the needs of your engagement. Once tailored, the document can be completed electronically. Specific reports in addition to the basic program are generated to accommodate planning and review of your engagement. APG is an example of a technology tool that is designed to promote audit efficiencies. This software produces an industry-specific base program that is intended to encourage more thoughtful and specific tailoring. For an engagement to be effective in dealing with the risk of errors and efficient in avoiding riskless work, the engagement team will create a plan – the program – that contains the steps necessary to accomplish the goals of your engagement. Using APG is viewed as a thinking process, not just a documentation process.

- **Client Portal** – In addition to secure file transfer, clients can take advantage of a secure document portal to easily share documents and store files. This tool provides anytime, anywhere access to uploaded tax returns, financial statements and more from anywhere you have an Internet connection. Clients and CLA professionals can share and store confidential files in a secure environment. The portal has capacity for both long-term and transient file storage and provides access to all your documents in one place.
- **LeapFILE and Secure File Transfer Protocol** – CLA is committed to keeping client and member data secure. We utilize LeapFILE, a secure file transfer protocol (SFTP) software program, to receive and send encrypted files. LeapFILE allows us to transfer files to and receive files from our clients in a secure manner and keeps files with sensitive data out of our email boxes and hard drives.

E. Type and Extent of Analytical Procedures

Preliminary analytical procedures will assist in planning the nature, timing and extent of auditing procedures that will be used to obtain evidential matter. These procedures will focus on enhancing our understanding of the financial results. These procedures are also used to identify any significant transactions and events that have occurred since the last audit date, as well as to identify any areas that may represent specific risks relevant to the audit.

In performing our substantive testing, our audit efficiency initiative provides that we first think analytically. By doing this, we can better understand the specific account balance being tested and determine if the current balance or relationship with other account balances appears reasonable. We will also employ analytical testing on smaller and/or lower risk accounts and cycles to maintain efficiency and to meet milestones.



F. Approach to Gain an Understanding of the Authority's Internal Control Structure

We understand changing audit firms would require a new set of auditors to develop an understanding of the Authority and its internal control and operating structure. We also strive to develop our understanding in the least intrusive manner possible, while still maintaining our professional responsibilities. We would utilize a combination of internal control forms and interviews with key accounting personnel to gain and document our understanding of the Authority. We will also use as a baseline any existing internal control processes, policies, organizational charts, etc. the Authority may have already documented. Tests of design and operating effectiveness would then be performed to confirm our understanding.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) has established a framework for internal control systems. Under the COSO framework, internal control is a process to provide reasonable assurance that those internal objectives, including effectiveness and efficiency of business operations, reliability of financial reporting, and compliance with applicable laws and regulations, will be met.

Our audit approach is designed to evaluate and test the departmental internal controls in accordance with COSO concepts. Our procedures include a review of the overall control environment, determination of the internal controls which are determined to be direct and material to the federal program under review, determination of the adequacy of those procedures, and testing of the procedures to determine if they are functioning as designed.



**Figure 3: COSO Internal Control:
Integrated Framework**

During the planning and internal control phases of our audit, we will develop our understanding of the Authority business operations and internal control structure for financial accounting and relevant operations through observation, discussion, and inquiries with management and appropriate personnel. During this phase of the audit, we will review budgets and related materials, organization charts, accounting and purchase manuals, and other systems documentation that may be available.

Once we understand your operations, we will then identify control objectives for each type of control that is material to the financial statements. The next step will be to identify and gain an understanding of the relevant control policies and procedures that effectively achieve the control objectives. We will then determine the nature, timing and extent of our control testing, and perform tests of controls.

This phase of the audit will include extensive testing of controls over transactions, financial reporting, and compliance with laws and regulations. Whenever possible, we will use dual-purpose tests to reduce the need to select multiple samples for internal control and compliance testing. We will be as efficient as possible, thereby reducing the disruption to your operations while achieving our audit objectives.

Our assessment of internal controls will determine whether the Authority has established and maintained internal controls to provide reasonable assurance that the following objectives are met:

- Transactions are properly recorded, processed, and summarized to permit the preparation of reliable financial statements and to maintain accountability over assets
- Assets are safeguarded against loss from unauthorized acquisition, use, or disposition
- Transactions are executed in accordance with laws and regulations that could have a direct and material effect on the financial statements



Our workpapers during this phase will clearly document our work through the preparation of the following for each significant transaction cycle or accounting application:

- Audit program
- Cycle memo and supporting documentation
- Account risk analysis (ARA)
- Specific control evaluation (SCE)

G. Approach to Determining Laws and Regulations that will be Tested for Compliance

Our determination of the laws and regulations that will be subject to audit test will be based on the following:

- Our extensive knowledge of State and Federal laws and regulations gained during previous audits of similar organizations
- Review of applicable sections of the Housing Authority
- Inquiries of management, legal counsel and appropriate personnel
- Review of applicable state laws and regulations

H. Method of Drawing Samples for Tests of Compliance

We follow the guidance of AU-C Section 530, Audit Sampling, in using statistical and nonstatistical approach. We use quality control material in all our audit engagements. These forms guide our staff through a logical process of assessing inherent risk, control risk, and combined audit risk, followed by an assessment of appropriate sample size for testing.

Because our sample sizes are affected by many variables, a statement about sample sizes cannot be made in absolute terms. However, with regard to sample selection, we will generally utilize representative sampling for internal control and compliance tests, including those related to single audit compliance. Samples will also be used in conjunction with other tests of compliance (e.g. Florida Statutes, Ordinances, etc.).

In general terms, sample sizes for compliance and controls testing obtained via our guidance usually fall into categories of 25, 40, or 60 depending on circumstances. Where the population being tested is less than 100 items, we will use the 20%, 30%, or 40% of the population depending on our control risk assessment.

We are usually able to cover a substantial portion of the compliance and controls testing with one sample, resulting in a very efficient approach.



3. SCHEDULE FOR PERFORMING KEY ASPECTS

Engagement Timetable

Our project management methodology results in a client service plan that provides for regular, formal communication with the entire management team and allows us to be responsive to your needs. The schedule allows for input from your personnel to make certain that the services are completed based on your requirements. The plan may also be amended during the year based on input from year to year based on your needs.

Please see the below chart for the estimated time frame for the September 30 audit relating to each segment of this engagement:

Annual Audit Task	Upon Award	Jul	Oct	Nov
Entrance Conference				
Interim Audit Work				
Audit Fieldwork Begins				
Draft Reports				
Presentation to finance/audit committee				
Presentation to board/management				



4. FEE SCHEDULE

Please find below and on the following pages Proposed Fee Schedule outlining our fees of services for the three contract years.

PROPOSED FEE SCHEDULE

The Authority anticipates awarding a contract with a fee for services for the initial three (3) year term of the engagement.

The fee include all expenses, including but not limited to, travel related expenses, meal allowances, hotel rooms, and any other relevant out of pocket expenses, as well as vehicles, electronics, communications equipment and any other equipment, facilities, or infrastructure necessary to carry out the task.

Fees for Year 1

POSITION	EST. TOTAL HOURS	PROPOSED HOURLY RATE	EXTENDED COST
Business Principal	32	\$ 225	\$ 7,200
Manager Director	41	\$ 160	\$ 6,560
Supervisory Staff	120	\$ 135	\$ 16,200
Staff		\$	\$
PROPOSED TOTAL FIXED FEE:			\$ 29,960

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36253300v1



PROPOSED FEE SCHEDULE

The Authority anticipates awarding a contract with a fee for services for the initial three (3) year term of the engagement.

The fee include all expenses, including but not limited to, travel related expenses, meal allowances, hotel rooms, and any other relevant out of pocket expenses, as well as vehicles, electronics, communications equipment and any other equipment, facilities, or infrastructure necessary to carry out the task.

Fees for Year 2

POSITION	EST. TOTAL HOURS	PROPOSED HOURLY RATE	EXTENDED COST
Partners Principal	32	\$ 235	\$ 7,520
Managers Director	41	\$ 165	\$ 6,765
Supervisory Staff	120	\$ 140	\$ 16,800
Staff		\$	\$
PROPOSED TOTAL FIXED FEE:			\$ 31,085

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36253300v1

PROPOSED FEE SCHEDULE

The Authority anticipates awarding a contract with a fee for services for the initial three (3) year term of the engagement.

The fee include all expenses, including but not limited to, travel related expenses, meal allowances, hotel rooms, and any other relevant out of pocket expenses, as well as vehicles, electronics, communications equipment and any other equipment, facilities, or infrastructure necessary to carry out the task.

Fees for Year 3

POSITION	EST. TOTAL HOURS	PROPOSED HOURLY RATE	EXTENDED COST
Director	32	\$ 245	\$ 7,840
Managers	41	\$ 170	\$ 6,970
Supervisory Staff	120	\$ 145	\$ 17,400
Staff		\$	\$
PROPOSED TOTAL FIXED FEE:			\$ 32,210

[Remainder of page intentionally left blank]

Our fees are based on the timely delivery of services provided, the experience of personnel assigned to the engagement, and our commitment to meeting your deadlines.

CLA understands the importance of providing our clients with value-added approaches. We propose to provide routine, proactive quarterly meetings — as part of our fee — that will allow us to review and discuss with you the impact of new accounting issues, as well as any other business issues you are facing and how they should be handled. This level and frequency of interaction will no doubt enable CLA to help you tackle challenges as they come up, and take full advantage of every opportunity that presents itself.

We have found over the years that our clients don't like fee surprises. Neither do we. We commit to you, as we do all of our clients, that:

- We will be available for brief routine questions at no additional charge, a welcome investment in an on-going relationship.
- Any additional charges not discussed in this proposal will be mutually agreed upon up front.
- We will always be candid and fair in our fee discussions, and we will avoid surprises.

For any additional work, it is our practice to bill for actual hours incurred at an hourly rate applicable to the professional completing the project at hand. If additional work is requested by the Authority outside of the scope of the audit, we will discuss with you our proposed fee for additional services before we begin the project. Any such additional work agreed to between the Authority and CLA shall be performed at the below rates:

Fee Considerations

The fee proposal is based on the following:

- The Authority personnel will provide assistance periodically throughout the year and during the assurance fieldwork with regard to account analysis and provision of year-end account reconciliation workpapers and schedules.
- The Authority personnel will prepare the year-end tax workpapers and schedules to the extent performed in prior years, which we will complete, review, and examine.
- The assurance reports will be delivered in accordance with the Authority's deadlines. The tax returns will be completed by a mutually agreed upon date sufficient to allow timely filings.
- Satisfactory completion of our firm's normal client acceptance procedures.
- Professional standards and regulations currently in effect. We reserve the right to modify your proposed fee if professional standards or regulations change for any engagement period.
- No significant changes in the operations of the Authority subsequent to the date of this proposal.



Ongoing Consultation

We do not anticipate the Authority will receive additional billings related to the annual audit procedures, as we anticipate cooperation from staff and receipt of information for timely completion of your audit. It is also our policy not to bill you for routine telephone calls. Our quoted fee includes routine general consultation throughout the year, however, if you seek a written opinion, or if the issue requires us to perform research, we will bill you at our standard rates for these services. We will discuss these fees with you before we conduct our work.

We have a 24-48 hour response policy to return calls/emails from your supervisory committee, board, or management to provide effective and timely communication. CLA's personnel are always available to provide assistance by telephone without additional cost to you. If the person you need to talk to is not available at the time you call, we will contact him/her and have him/her get back to you. We have a number of qualified principals on our staff that can provide you with timely and competent assistance.

For your convenience, we have a toll-free number for this purpose: (enter toll-free number). Additionally, in order to provide the most direct access to your team, we will provide the cell phone numbers of your engagement principal and audit manager upon acceptance of our proposal.

Our last word on fees — we are committed to serving you. Therefore, if fees are a deciding factor in your selection of an accounting firm, we would appreciate the opportunity to discuss with you the scope of our services.

At CLA, it's more than just getting the job done.



5. PROMOTIONAL MATERIAL

Thought Leadership and Industry Information

CLA goes beyond the numbers and offers value-added strategies. You will hear from us throughout the year. We send periodic email publications and host webcasts to keep clients and friends of the firm informed of relevant industry updates. Below are just a few of the resources we offer:

- ✓ ***State and Local Government Perspectives*** — A periodic e-newsletter providing news, tips, strategies, insights, and updates on regulatory and industry issues as well as subjects relevant to government entities.
- ✓ ***National industry webcasts*** — Web-based seminars designed to provide information on upcoming industry trends, accounting, tax, risk, and other issues in either the accounting or public sector industry. Many of webcasts are complimentary and some provide attendees with an opportunity to obtain CPE credit.
- ✓ ***Speaking engagements and workshops*** — We share our industry knowledge and experience by presenting at national, regional, and local events, as well as hosting our own industry events in various markets. We provide quality insight and education in the areas of improving profitability, reducing risk, building business value, and planning for succession.
- ✓ ***Recent industry articles*** — In addition to our direct participation with national organizations, CLA has had numerous articles published by our public sector industry professionals.
- ✓ ***In-person events*** — Annual economic, capital markets, and tax outlook seminars are presented by local professionals and CliftonLarsonAllen Wealth Advisors, LLC investment committee members.

You can register for our webcasts and find our extensive resource library on our website, [CLAconnect.com](https://claconnect.com).



Additional Services

In addition to the services outlined in the Scope of Work for this proposal, CLA collectively offers a wide breadth of highly-customized services and capabilities to meet our clients' wants and needs, including a sampling of the following:

- ❖ Financial statement and forensic audits
- ❖ Internal audit, risk assessments, and evaluations
- ❖ Implementation assistance for complex accounting standards
- ❖ ACA Reporting
- ❖ Operational and financial systems consulting
- ❖ Operations and performance improvement
- ❖ Self-insured medical and PBM claim audits
- ❖ IT security and network vulnerability assessments
- ❖ Fraud risk assessment and investigations
- ❖ Strategic, financial, and operational consulting
- ❖ Outsourced accounting and public administration
- ❖ Strategic, business, and capital planning
- ❖ Organizational and financial health assessment
- ❖ Training and educational seminars
- ❖ Telecom cost savings assessments

We pride ourselves on taking the initiative to meet each and every need of our clients, and therefore are always prepared to take on additional projects. However, independence is our first concern when providing additional services. Independence can easily become impaired when providing consulting services; therefore, we do not provide any services to our audit clients beyond those allowed.

If additional work is requested by the Authority outside of the scope of the audit, we will discuss with you our proposed fee for additional services prior to beginning the new services.



6. CPA LICENSES

CPA License for All Assigned CPAs

The CPA licenses for all individual CPAs assigned to this engagement are located on the following pages.

Lance Schmidt, CPA



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Licensee Details

Licensee Information	
Name:	SCHMIDT, LANCE ELLIOTT HULETT (Primary Name)
Main Address:	6911 ASHBURY DRIVE LAKELAND Florida 33809
County:	POLK
License Mailing:	6911 ASHBURY DRIVE LAKELAND FL 33809
County:	POLK
LicenseLocation:	

License Information	
License Type:	Certified Public Accountant
Rank:	CPA
License Number:	AC40232
Status:	Current,Active
Licensure Date:	03/10/2008
Expires:	12/31/2018

Mandy Merchant, CPA



LICENSE * REGISTRATION * CERTIFICATION * PERMIT

STATE OF MARYLAND

DEPARTMENT OF LABOR, LICENSING AND REGULATION

MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY

CERTIFIES THAT:

MANDY LYNN MERCHANT

IS AN AUTHORIZED: 01 - ACTIVE C.P.A.

LIC/REG/CERT	EXPIRATION	EFFECTIVE	CONTROL NO
37944	02-09-2020	N/A	5137634

Signature of Bearer


Secretary DLLR

WHERE REQUIRED BY LAW THIS MUST BE CONSPICUOUSLY DISPLAYED IN OFFICE TO WHICH IT APPLIES







Sean Walker, CPA



Results for Active Licensed Certified Public Accountants: 2

The following results do not include current licensees who are on inactive status.

Name	City	State	Zip	Expiration	Category	Reg. #
SEAN MICHAEL WALKER	FREDERICK	MD	21701	2020-08-04	ACTIVE C.P.A.	40785

Blaine Butcher, CPA



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Licensee Details

Licensee Information

Name:	BUTCHER, BLAINE GORDON (Primary Name)
Main Address:	4949 HICKORY TREE LANE, APT. 304 LAKELAND Florida 33805
County:	POLK
License Mailing:	
LicenseLocation:	

License Information

License Type:	Certified Public Accountant
Rank:	CPA
License Number:	AC51969
Status:	Current,Active
Licensure Date:	10/30/2017
Expires:	12/31/2018

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Licensee Details

Licensee Information	
Name:	OSBORN, ANDREW WILLIAM (Primary Name)
Main Address:	325 W. PALM DRIVE LAKELAND Florida 33803
County:	POLK
License Mailing:	
LicenseLocation:	

License Information	
License Type:	Certified Public Accountant
Rank:	CPA
License Number:	AC52557
Status:	Current,Active
Licensure Date:	03/07/2018
Expires:	12/31/2018

State of Florida License

CLA is a properly licensed certified public accounting firm, able to practice in Florida. In addition, all key professional staff assigned to this engagement are properly licensed to practice as certified public accountants in Florida. Per the May 2009 CPA Mobility Legislative Law passed in the State of Florida, our engagement team has practice privileges outside of their home jurisdiction without obtaining an additional license in another state. A majority of states, including Florida have adopted mobility legislation – which is a practice privilege that generally permits a licensed CPA in good standing from a substantially equivalent state to practice outside of his or her principal place of business without obtaining another license.



The screenshot displays the Florida DBPR Online Services portal. The header includes the Florida DBPR logo, a navigation bar with 'Log On' and 'Home' links, and a timestamp of 11:15:17 PM 12/20/2017. A left sidebar lists various services such as 'Search for a Licensee', 'Apply for a License', and 'View Application Status'. The main content area is titled 'Licensee Details' and contains two sections: 'Licensee Information' and 'License Information'. The 'Licensee Information' section lists the firm's name, main address, county, and license mailing location. The 'License Information' section provides details on the license type, rank, number, status, licensure date, and expiration date. A 'Special Qualifications' section is also present, showing a 'Partnership' qualification effective from 01/03/2012.

Licensee Information	
Name:	CLIFTONLARSONALLEN LLP (Primary Name)
Main Address:	220 S 6TH STREET, SUITE 300 ATTN: BETH SPENCER MINNEAPOLIS Minnesota 55402-1436
County:	OUT OF STATE
License Mailing:	
LicenseLocation:	

License Information	
License Type:	FIRM
Rank:	CPA Firms
License Number:	AD0005891
Status:	Current
Licensure Date:	02/01/1991
Expires:	12/31/2019


Special Qualifications	
Partnership	Qualification Effective 01/03/2012



7. CERTIFICATE OF GOOD STANDING

CLA and the supervising certified public accountants are in good standing and our firm does not have a record of substandard audit work. We will follow up with the actual certificate once we have it.

DIVISION OF CORPORATIONS



DIVISION of
CORPORATIONS
an official State of Florida website

[Previous on List](#) . [Next on List](#) . [Return to List](#) .
[Filing History](#) . [No Authority Info](#) . [No Partner Info](#) . [Name History](#)

Partnership Name Search

Partnership Detail

Limited Liability Partnership Name
CLIFTONLARSONALLEN LLP

Principal Address
220 SOUTH 6TH STREET #300
MINNNEAPOLIS, MN 55402
Change Date: NONE

Filing Information

Document Number	LLP050003934
FEI/EIN Number	410746749
File Date	08/30/2005
State	MN
Total Pages	19
Pages in Original Filing	2
Florida Partners	1
Total Partners	1
Status	ACTIVE
Effective Date	NONE
Expiration Date	NONE
Name History	0002

Registered Agent
CT CORPORATION SYSTEM
1200 SOUTH PINE ISLAND RD.
PLANTATION, FL 33324



8. CONTINUING EDUCATION REQUIREMENTS

In order to maintain and expand our assurance knowledge, we consistently provide continuing education for our professionals. Each member of our professional team, including principals, attends at least 40 hours of technical training annually.

Updated information on recent changes in technical standards and regulations, as well as the firm's professional policies and procedures, is distributed to our team members on a regular basis. Individuals are required to familiarize themselves with all current changes in standards and procedures.

CLA invests in our government practice by hiring high caliber professionals and providing additional training to develop and enhance our knowledge. With seasoned professionals, we provide valuable insight into your day-to-day operations and your accounting systems and controls.

As described in *Figure 5* below, CLA professionals are specifically trained in the industry at a level beyond our competitors.



Figure 5. Effective Continuing Professional Education. Our greatest strength is the talent of our staff. Our professionals provide more efficient and effective services due to the new ideas they implement from our in-depth training and continuing professional education.

CLA's firm-wide training programs, include:

- ✓ **Learn.** Designed for new CLA associates, this five-day conference is typically attended in the first year of employment. This internally developed and presented training focuses on preparing new hires and interns to understand and perform their role in the audit process. Providing a combination of an introduction to CLA Strategy, business risk and independence with audit theory. Using hands on exercises and simulations to introduce our audit methodology, tools and software. Specific audit areas covered include audit planning, cash, fixed assets, accounts payable and financial statement preparation.
- ✓ **Experience.** Designed for the CLA associate with about one year of experience. This four-day conference is typically attended in the second year of employment. This training is similar to the "Learn" training outlined above, but at a deeper level.
- ✓ **Achieve.** Designed for the CLA associate with about two years of experience. This four-day conference is typically attended in the third year of employment. This internally developed and presented training focuses on leadership and performance management of audit engagements utilizing CLA audit



methodology from the perspective of the experienced in-charge. This is a highly interactive session covering the experienced in-charge's role and challenges in the audit process, and prepares participants to manage and perform efficient and effective audits.

- ✓ **Propel.** Designed for the CLA associate with about three years of experience. This four-day conference is typically attended in the fourth year of employment. This training focuses on project management of audit engagements from start to finish and includes exercises and case studies on improving the audit, supervision, analytical procedures and tests of controls and identifying and responding to fraud risks. This session is taught by an external instructor from 20/20 Services.



9. LOCATION OF THE OFFICE

Office Location and Number of Personnel Assigned

Office Location

The majority of our team will come from our housing finance agency groups located in our Lakeland, Florida office. Should we need any additional support, our other Florida offices are nearby and ready to step in when necessary.

Lakeland, FL Office	
402 South Kentucky Avenue Suite 600 Lakeland, FL 33801	
Other FL Offices	
141 Avenue C SW Suite 160 Winter Haven, FL 33880	2523 US Highway 27 S Sebring, FL 33870
12800 University Drive Suite 210 Fort Myers, FL 33907	4501 Tamiami Trail North Suite 200 Naples, FL 34103
CNL Center II 420 South Orange Avenue Suite 500 Orlando, FL 32801	201 North Franklin Street Suite 200 Tampa, FL 33602

The following chart provides the number of personnel in the Lakeland office who will be working on the audit for the Authority.

Level	Lakeland Office
Principal	1
Director	1
Senior Associate	3
Associate	0
Total	5



Additionally, please find below a breakdown of additional staff who are available to assist the engagement team should we require:

Staff Levels	Lakeland	Winter Haven	Sebring	Ft. Myers	Naples	Orlando	Tampa
Principal	6	1	0	2	6	19	14
Manager	3	1	1	2	3	10	8
Director	8	2	3	4	5	15	16
Senior Associate	9	0	1	5	6	15	14
Associate	7	1	2	6	7	25	13
Intern	0	0	0	0	3	3	4
Administrative Support	3	4	1	5	4	8	4
<i>Totals</i>	36	9	9	23	40	104	74



10. QUALITY CONTROL REVIEW

The most recent peer review report we received a rating of pass, which is the most positive report a firm can receive. We are proud of this accomplishment and its strong evidence of our commitment to technical excellence and quality service. The full report is provided on the following page.

In addition to an external peer review, we have implemented an intensive internal quality control system to provide reasonable assurance that the firm and our personnel comply with professional standards and applicable legal and regulatory requirements. Our quality control system includes the following:

- A quality control document that dictates the quality control policies of our firm. In many cases, these policies exceed the requirements of standard setters and regulatory bodies. Firm leadership promotes and demonstrates a culture of quality that is pervasive throughout the firm's operations. To monitor our adherence to our policies and procedures, and to foster quality and accuracy in our services, internal inspections are performed annually.
- Quality control standards as prescribed by the AICPA. The engagement principal is involved in the planning, fieldwork, and post-fieldwork review. In addition, an appropriately experienced professional performs a risk-based second review of the engagement prior to issuance of the reports.
- Hiring decisions and professional development programs designed so personnel possess the competence, capabilities, and commitment to ethical principles, including independence, integrity, and objectivity, to perform our services with due professional care.
- An annual internal inspection program to monitor compliance with CLA's quality control policies. Workpapers from a representative sample of engagements are reviewed and improvements to our practices and processes are made, if necessary, based on the results of the internal inspection.
- Strict adherence to the AICPA's rules of professional conduct, which specifically require maintaining the confidentiality of client records and information. Privacy and trust are implicit in the accounting profession, and CLA strives to act in a way that will honor the public trust.
- A requirement that all single audit engagements be reviewed by a designated single audit reviewer, thereby confirming we are in compliance with the standards set forth in OMB *Uniform Guidance*.



System Review Report

To the Principals of CliftonLarsonAllen LLP
and the AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP (the "firm") applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and SOC 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. CliftonLarsonAllen LLP has received a peer review rating of pass.



Cherry Bekaert LLP
November 21, 2016

11. FEDERAL OR STATE DESK REVIEW

CLA has been subject to several federal and state desk reviews by state oversight agencies during the past three years, and we have resolved all findings. In addition, our government audits are subject to review by each agency's Office of Inspector General, as well as the U.S. Government Accountability Office, and we have also resolved all findings identified in those reviews.



12. STATUS OF DISCIPLINARY ACTION

From time to time, individuals in the firm are parties to an inquiry from a regulatory or ethics body. In all cases the individual, with the firm's backing, shall cooperate in providing the information required to respond appropriately to the inquiry.

The firm and professionals within the firm presently do not have any regulatory or ethics inquiries outside the normal course of our practice.



13. LITIGATION STATEMENT

From time to time, the firm is a defendant in lawsuits involving alleged professional malpractice. In all cases, the firm believes that it has a strong position and intends to defend itself vigorously. Should the ultimate outcome be unfavorable, however, net of the deductible provisions of the firm's malpractice insurance, all cases are expected to be fully covered by insurance and will not have a material impact on the firm or its ability to perform these services.

Moreover, in those cases where claims have been resolved by settlement (the vast majority of our cases), the firm is typically subject to confidentiality agreements that prohibit the disclosure of information regarding those matters. Disclosure by the firm of any details about those matters could invalidate the settlement agreements.



14. CERTIFICATE OF INSURANCE

CLA carries commercially reasonable amounts of malpractice insurance. If awarded the contract, the firm will provide a certificate of coverage for an amount specified by the Authority upon being engaged.



15. PREPARING GOVERNMENTAL FINANCIAL STATEMENTS

Governmental Experience

CLA offers the credibility, reputation, and resources of a leading professional services firm — without sacrificing the small-firm touch. We bring unsurpassed levels of technical excellence, commitment, and dedication to our clients, which have made us one of the most successful CPA firms serving governmental entities. Our strong reputation for serving state and local government units provides the Authority the confidence in their decision to select CLA as their professional service provider.

CLA has one of the largest governmental audit and consulting practices in the country, serving more than 2,100 governmental clients nationwide. Public sector clients represent approximately one-quarter of all firm-wide revenue, and each of the government services team members are thoroughly versed in the issues critical to complex governmental entities.

Our professionals have deep, technical experience in serving governmental entities. As a CPA firm experienced in serving state and local units of government, we are very aware of the financial and legal compliance requirements that government officials are faced with daily. This creates complexities and service issues within a unique operational and regulatory environment. Because of our experience, we have become adept at providing our clients with insights in this environment not typical of other CPA firms.



Our continuous growth in working with the housing authority sector has come about because we continually provide assistance to our clients in meeting their objectives.

We have been constructive and supportive with as little interruption to their activities as is possible. We have pointed out inefficiencies, poor accounting practices, and in some instances, suspected fraud.



Please see the following list of our Florida governmental clients as an indicator of our experience in preparing governmental financial statements.

Florida Municipalities	
City of Arcadia	City of New Port Richey
City of Avon Park	Town of Redington Beach
City of Brooksville	City of Sanibel
City of Cape Coral	City of Safety Harbor
City of Clearwater	City of Tarpon Springs
City of Dunedin	City of Largo
City of Fort Myers	City of Temple Terrace
City of Moore Haven	City of Madeira Beach
City of St. Petersburg	City of Tampa
Town of Fort Myers Beach	City of Winter Haven
City of Arcadia	City of New Port Richey
City of Avon Park	Town of Redington Beach
City of Brooksville	City of Sanibel
City of Cape Coral	City of Safety Harbor
City of Clearwater	City of Tarpon Springs
Florida Counties	
Charlotte County	Highlands County
Citrus County	Lee County
Collier County	Manatee County
Desoto County	Okeechobee County
Glades County	Pasco County
Hardee County	Pinellas County
Hernando County	Polk County
Sarasota County	
Other Florida Government Entities	
Avon Park Housing Authority	Hillsborough Area Regional Transit Authority
Bartow Housing Authority	Hillsborough County Aviation Authority
Captiva Island Fire Control	Key West Housing Authority
Central Florida Regional Planning Council	Lake Wales Housing Authority
Collier Mosquito Control	Matlacha and Pine Island Fire Control



Clearwater Downtown Development Board	Moore Haven Mosquito Control District
Delray Beach Housing Authority	Naples Airport Authority
Englewood Water	Pasco County Housing Authority
Estero Fire District	Pinellas Construction Licensing Board
Hardee County Industrial Development Auth.	Pinellas County Planning Council
Hardee County School Board Internal Funds	Pinellas County Metropolitan Planning Organization
Hardee Soil and Water District	Pinellas Suncoast Transit Authority
Heartland Library Cooperative	Polk Regional Water Cooperative
Hendry County School District Internal Funds	Sanibel Public Library
Hernando County Housing Authority	Sebring Airport Authority
Highlands County Health Facility Authority	South Fork Community Development District
Highlands County Hospital District	Tampa Bay Area Regional Transportation Authority



16. FEDERAL EMPLOYER ID NUMBER

CliftonLarsonAllen's firm-wide federal employer identification number is 41-0746749.



17. EVIDENCE OF CERTIFICATION FOR SMALL BUSINESS ASSISTANCE

Not applicable as CLA is not a small business enterprise.



18. ADDITIONAL DATA

Additional Requirements/Statements

CLA is aware of all requirements and conditions set forth in this RFP which will be incorporated into the contract to be entered into by and between the Authority and CLA, unless otherwise specified in the contract.

Why Should Housing Finance Authority of Palm Beach County Choose CLA?

At CLA, we develop sincere relationships with our clients; expressing our genuine interest in their respective industries; investing heavily in our personnel resources. Through this approach, we have grown to become one of the leading professional services firms in the nation. We have strong leadership and talent, commitment, and enthusiasm to provide our governmental clients excellent service in a cost-effective manner. We commit to providing you a high level of personalized, responsive service. Communication is as important to us as it is to you.

Any CPA firm can provide audit and accounting services, but few specialize in the area of accounting and auditing for local government entities like we do.

Understanding Your Needs

We respond to your stated needs in a thorough and easy-to-follow manner. We understand your most important and relevant needs are:

- **A carefully-selected team** — Your service team understands the strategic, operational, and regulatory issues impacting local governments. These professionals dedicate a substantial percentage of their time assisting public sector entities with financial, regulatory, and information security matters.
- **Efficiency** — Our goal is to provide exceptional client service at the lowest possible cost. A well-planned and well-executed engagement by an experienced service team will minimize disruption to your staff and enable timely completion of all deliverables.
- **Industry experience** — By engaging CLA, you will be served by an engagement team with enthusiasm and desire to meet and exceed expectations. We are confident that our industry experience will reveal new ideas, new approaches, and new opportunities for the Authority.

Our Competitive Edge

- **A high principal/staff ratio** — One of the indicators of audit quality is principal/staff ratio. The Authority can count on one point of contact, Lance Schmidt, and greater principal attention than many other firms provide. Our principal/staff ratio of 1-to-6 allows CLA to provide a high level of executive attention with national reach and resources.
- **A national firm with areas of specialization** — We have the internal resources to help you with complex issues.
- **Competitive professional fees** — CLA's professional fees are comparable to other national firms, and we have national resources available to assist with local engagements.
- **Attention to your needs** — The Authority will be an important client of CLA. There will be a significant amount of principal and manager involvement in your engagement.

CLA exists for one reason: to create opportunities – for our clients, our people, and our communities.



Innovation

Our clients are hungry for more than routine solutions and standard services; they are seeking out businesses who know them and can help them with a wide variety of business issues.

To meet the changing needs of our clients, CLA continues to innovate and reinvent ourselves with a mindset toward innovation. Innovation is being advanced in all practice areas whether it be through automating tasks previously performed manually, emphasizing data analytics, or implementing new technologies. This ongoing focus challenges us to execute first-class compliance work, leverage all the technology available to us, and better demonstrate the strategic advantage of deep industry specialization.



Transforming our processes is ambitious. However, these efforts improve the quality and impact of our practice, greatly enhance our efficiency, create more rewarding work experiences for our staff, and ultimately provide a better experience for our clients.

In short, CLA commits to each of our clients and to each other to:

- Bring forth the full breadth of our resources and capabilities to our clients
- Do it right the first time – on time and on budget
- Deliver with a can-do attitude and spirit of innovation

First Year Transition

An area of concern that is commonly encountered during transition to new engagements is the start-up time required to familiarize ourselves with your operations. As shown below, we mitigate transition issues.



Upon appointment as auditors, we will initiate a planning meeting with the appropriate management of the housing authority. This meeting will take place shortly after we are notified about your selection. The purpose of the meeting will be to:

- Review our approach and roles, and solicit comments and concerns;
- Schedule work;



- Establish key meeting and reporting dates; and
- Review the audit requirements.

A simple transition — We recognize changing accounting firms presents an opportunity as well as a challenge. Our approach deliberately and effectively minimizes the impact of transition.

Our approach to transition includes:

- A well-structured, experienced engagement team
- More intensive involvement by principals and managers in the transition
- Careful and complete communications at all levels of the team to resolve issues and concerns
- User-friendly audit tools
- Use of review of prior auditor's workpapers as a way to gather pertinent historical accounting information and documents to limit your team's time in producing them for us

All transition activities will involve the on-site participation of the audit service team in order to:

- Focus our efforts only upon relevant matters
- Avoid unnecessary efforts by your personnel
- Make the audit process more responsive



APPENDIX

A. Engagement Team Resumes



Lance E.H. Schmidt, CPA, CFE

CliftonLarsonAllen LLP

Engagement Principal



Profile

Lance is a principal in CLA's state and local government group. He has approximately 13 years of accounting and auditing experience. Lance's experience is very heavily concentrated on providing service to governmental entities—specifically housing authorities. Lance has provided consulting to housing authorities on technology issues, software conversions, and compliance matters.



Technical Experience

- Manages, plans, and performs audits and accounting services for housing authority and low-income housing income tax credit audit engagements typically requiring single audits to be performed
- Provides consulting services to state and local governments with regards to the implementation of accounting pronouncements and internal controls
- Government audit and accounting with an emphasis on Public Housing Authorities and other housing-related entities
- OMB UG compliance auditing

Thought Leadership and Recent Speaking Engagements

- *Top 10 Governance Risks for 2018* – FAHRO Commissioner Track – August 2018
- *How to Beat the Auditors* – FAHRO ED Track – August 2018
- *Everything you want to know about RAD* – Linsey Software User Conference – March 2018
- *Innovative Audit Data Analysis Techniques* – Nexia International – October 2017
- *Finance for Commissioners 101: What You Need to Know* – FAHRO, August 2017
- *RADAR Risk Assessment Data Analysis and Review: Part 2* – CLA Webinar, August 2017
- *Data Analytics for Identifying Risk* – CLA SLG Day, July 2017
- *Department of Housing and Urban Development: Trump's Budget Impact*, CLA Webinar, July 2017
- *Excel Tips and Tricks Every Accountant Should Know* – FICPA, June 2017
- *Data Analytics for Informed Decisions* – Association of Governmental Accountants, February 2017
- *Auditing For Procurement Fraud*, Florida Audit Forum – February 2017
- *The Do's and Don'ts of Resident Councils* – Gainesville Housing Authority, January 2017
- *Making "Cents" of PHA Financials for Commissioners* – NAHRO, October 2016
- *Audit & Accounting Quarterly Update* – CLA Webinar, August 2016
- *Efficient and Effective Year End Close: A New Perspective on Data Management* – FGFOA, June 2016
- *RADAR Risk Assessment Data Analysis and Review: Part 1* – CLA Webinar, May 2016
- *Accounting for Commissioners 101: What you need to know* – PHADA, May 2016
- *10 Ways To Efficiently Analyze Your Accounting Data in Excel* – CLA A&A Local Government Day, April 2016
- *Understanding Your Data and Best Practices in Data Analytics* – Florida Clerk's Conference, February 2016
- *Understanding Governmental Financial Statements for Non-CPA's* – FICPA, February 2016
- *Practical Data Analysis and other Tips and Tricks* – CLA Webinar, October 2015
- *The Power of Data Analytics* – CLA Own the Impact Conference, July 2015



Education/Professional Involvement

- Bachelor of Science in Accounting, Southeastern University, Lakeland, Florida
- Bachelor of Science in Finance, Southeastern University in Lakeland, Florida
- Certified Public Accountant
- Certified Fraud Examiner American Institute of Certified Public Accountants (AICPA), Member
- Florida Institute of Certified Public Accountants (FICPA), Member
- National Association for Housing Related Officials (NAHRO), Member
- Florida Association for Housing Related Officials (FAHRO), Member
- Affordable Housing Association for Certified Public Accountants (AHACPA), Member
- Association of Certified Fraud Examiners (ACFE), Member

Individual License to practice in the state of Florida can be found in Section 6. CPA Licenses



Mandy L. Merchant, CPA

CliftonLarsonAllen LLP

HUD Resource Principal



Profile

Mandy has more than 17 years of experience and is our firm's leader on providing auditing and consulting services to housing agencies. She also assists public housing authority and housing finance authority clients with submissions to REAC, compliance issues, LIHTC issues and HUD related issues. Mandy attends extensive HUD training across the country on an annual basis and speaks at conferences on housing authority and housing finance authority topics.



Technical Experience

- Manages, plans, and performs audits and accounting services for various state and local government audit engagements typically requiring single audits to be performed
- Provides consulting services to state and local governments with regards to the implementation of accounting pronouncements and internal controls
- Government audit and accounting with an emphasis on Public Housing Authorities and other housing-related entities
- OMB UG compliance auditing

Education/Professional Involvement

- Bachelor of Science in Accounting from Salisbury University, Salisbury, Maryland
- Certified Public Accountant
- American Institute of Certified Public Accountants
- Maryland Association of Housing and Redevelopment Agencies
- National Association of Housing and Redevelopment Officials
- Maryland Association of Certified Public Accountants
- Inwood House Development Corporation, Treasurer

Recent Presentations

- *Accounting for Commissioners 101 – What you need to know – 06/2016.* Presented at the Public Housing Authorities Directors Associations 2016 Annual Convention & Exhibition
- *Making “Cents” of PHA Financial for Commissioners – 10/2016.* Presented at the National Association of Housing and Redevelopment Officials' 2016 National Conference & Exhibition
- *Back to Basics – Financial Bootcamp – 10/2017.* Presented at the National Association of Housing and Redevelopment Officials' 2017 National Conference & Exhibition

Individual License to practice in the state of Florida can be found in Section 6. CPA Licenses



Sean M. Walker, CPA, CFE, CGFM, CGMS

CliftonLarsonAllen LLP

Technical Resource Principal



Profile

Sean is the Eastern Region State and Local Government leader and has been serving public sector clients since 1999. Sean specializes in providing accounting, financial auditing, and consulting to large and complex governmental audit engagements. Sean is involved in the government industry on a national basis. He is a frequent speaker on government accounting, auditing, and single audits for professional associations around the country. He also serves as a consulting technical partner on CLA's clients on government accounting and auditing, including OMB *Uniform Guidance*.



Technical Experience

- Leads financial and single audits of state and local clients
- Consulting technical principal on CliftonLarsonAllen's clients on government accounting and auditing including OMB *Uniform Guidance*
- Designated the firm's audit quality partner for the AICPA's Government Audit Quality Center's membership

Education/Professional Involvement

- Bachelor's of business administration in accounting from University of Wisconsin – Milwaukee
- Master's of business administration from Concordia University, Wisconsin
- Certified Public Accountant
- Certified Fraud Examiner
- Certified Government Financial Manager
- Certified Grants Management Specialist
- American Institute of Certified Public Accountants
- Maryland Association of Certified Public Accountants
- National Grant Management Association
- Association of Government Accountants
- Maryland Government Finance Officers Association
- Association of Local Governmental Auditors
- Institute of Internal Auditors
- GFOA Special Review Committee for the Certificate of Achievement for Excellence in Finance Reporting Program – Past Member
- AICPA State and Local Government Expert Panel – Past Member
- AICPA Government Audit Quality Center Executive Committee – Past Member
- AICPA National Governmental Accounting and Auditing Conference Planning Committee – Past Member



Blaine Butcher, MBA, CPA

CliftonLarsonAllen LLP

Engagement Director



Profile

Blaine is an audit senior in CLA's state and local government group and has approximately five years of accounting and auditing experience. Blaine regularly attends training related to governmental and housing authority topics to keep his knowledge current on regulatory updates and changes. During Blaine's time at CLA he has also served in the role of outsourced controller for a housing authority with 5 LIHTC properties, Public Housing, Housing Choice Voucher program and several other grants. During his time, he also assisted with software conversions for Lindsey, Yardi and Emphasys.



Technical Experience

Blaine's experience is mostly concentrated on providing service to governmental entities— specifically housing authorities.

Education/Professional Involvement

- Bachelor of Science Degree in Accounting in 2011 from Florida Southern College
- Master of Business Administration in 2013 from Florida Southern College.
- Certified Public Accountant

Individual License to practice in the state of Florida can be found in Section 6. CPA Licenses.



Andrew (Andy) Osborn, CPA, MBA

CliftonLarsonAllen LLP

Data Analytics Senior Associate



Profile

Andy is a senior audit associate in CLA's State and Local Government Group. Andy has approximately four years of accounting and auditing experience. Andy attends training related to governmental topics to stay current on regulatory updates and changes. Andy is in full compliance with continuing education requirements.

Technical Experience

Andy's experience is mostly concentrated on providing service to governmental entities—specifically housing authorities and Florida Constitutional Officers and Board of County Commissioners.



Education/Professional Involvement

- Bachelor of Science Degree in Accounting in 2012 from Southeastern University
- Master of Business Administration in 2014 from Southeastern University in Lakeland, Florida.
- Certified Public Accountant
- American Institute of Certified Public Accountants
- Florida Institute of Public Accountants
- Adjunct Professor at Southeastern University

Individual License to practice in the state of Florida can be found in Section 6. CPA Licenses



Chelsea Mills
CliftonLarsonAllen LLP
Senior Associate



Profile

Chelsea is an audit associate in CLA's State and Local Government Group. Chelsea has approximately three years of accounting and auditing experience. She attends training related to governmental topics to stay current on regulatory updates and changes. Chelsea is in full compliance with continuing education requirements.



Technical Experience

Chelsea's experience is mostly concentrated on providing service to governmental entities—specifically housing authorities.

Education/Professional Involvement

Chelsea earned a Bachelor of Science Degree in Accounting in 2016 from Southeastern University in Lakeland, Florida.





Proposal to Provide External Audit Services



Housing Finance Authority of Palm Beach County, Florida

October 1, 2018



**CALER, DONTEN, LEVINE,
COHEN, PORTER & VEIL, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

**505 South Flagler Drive, Suite 900
West Palm Beach, Florida 33401
(561) 832-9292**

Proposal to Provide External Audit Services

October 1, 2018

**Housing Finance Authority
of Palm Beach County, Florida**



***Contact Persons:
Mark D. Veil, CPA, Partner
Scott L. Porter, CPA, Partner***

Table of Contents

	<u>RFP</u> <u>Reference</u>	<u>Page</u>
Letter of Transmittal		1
Proposal		
1. The Question of Mandatory Auditor Rotation		3
2. Firm Profile		
a. Firm Background and History	IV-1b	5
b. Office Location	II-10, IV-9	8
c. License to Practice in Florida	II-1, II-2, IV-6, IV-7	8
d. Our Professional Staff and Professional Job Descriptions..	IV-1e	10
e. Professional Associations	II-4	11
f. Results of Federal and State Desk Reviews.....	IV-11	12
g. Independence	II-6, IV-1h	12
h. No Disciplinary Actions or Litigation	IV-12, IV-13	12
i. Quality Control and Peer Review	II-7, IV-10, IV-12	13
3. Government Auditing Experience		
a. Current Government Audit Clients	IV-1c	15
b. Experience.....	IV-1c	16
c. Experience Preparing Governmental Financial Statements	IV-1c, IV-15	17
d. Client References	IV-1d	19
4. Partner, Supervisory and Staff Qualifications and Experience		
a. Engagement Team Experience	II-3, II-8, II-9	20
b. Governmental CPE Requirements	II-5, IV-8	21
c. Resumes for Our Engagement Team	IV-6, IV-1f	21
5. Audit Approach		
a. Scope of Work	IV-1g	30
b. Segmentation of Audit Procedures	IV-2a	30
c. Staff Assigned to Audit Segments and Work Plan	IV-1e, IV-2b, IV-3	31
d. Sample Sizes and Statistical Sampling	IV-2c, IV-2h	32
e. Technology and Automation of the Audit	IV-2d	32
f. Analytical Procedures	IV-2e	34
g. Documentation of Internal Control	IV-2f	34
h. Legal Compliance Audit Approach	IV-2g	35

Table of Contents

(Continued)

	<u>RFP Reference</u>	<u>Page</u>
Proposal (Continued)		
6. Insurance	IV-14	36
7. Price Proposal		
a. Federal Employer Identification Number	IV-16	37
b. Proposed Fee Schedule	IV-4	37
Additional Information		
Part II Minimum Requirements Index		38
Part IV Proposal Requirements Index.....		39



CALER, DONTEN, LEVINE,
COHEN, PORTER & VEIL, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM K. CALER, JR., CPA
LAURA E. CLARK, CPA
LOUIS M. COHEN, CPA
JOHN C. COURTNEY, CPA, JD
DAVID S. DONTEN, CPA
JAMES B. HUTCHISON, CPA
JOEL H. LEVINE, CPA
JAMES F. MULLEN, IV, CPA
MICHAEL J. NALEZYTY, CPA
THOMAS A. PENCE, JR., CPA
SCOTT L. PORTER, CPA
MARK D. VEIL, CPA

505 SOUTH FLAGLER DRIVE, SUITE 900
WEST PALM BEACH, FL 33401-5948
TELEPHONE: (561) 832-9292

850 NW FEDERAL HIGHWAY, SUITE 121
STUART, FL 34994-1019
TELEPHONE: (772) 872-2123

info@cdlcpa.com

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

October 1, 2018

Audit Selection Committee
Housing Finance Authority of Palm Beach County
100 Australian Avenue, Suite 410
West Palm Beach, Florida 33406

We are pleased to present our proposal to continue as the independent auditors for the Housing Finance Authority of Palm Beach County (the "Authority"). We are very proud of our record of quality service to the Authority and we trust that our proposal will clearly demonstrate that continuing with Caler, Donten, Levine, Cohen, Porter & Veil, P.A. is the best choice for the Authority.

Having worked with the Authority for several years, we understand the Authority's history, the Authority's programs and the Authority's unique blend of governmental, developmental lending and housing needs. Equally as important, we have a clear understanding of your needs and the qualities the Authority is seeking in their auditors. Caler, Donten & Levine is the right firm to meet your expectations by continuing to perform a thorough, quality audit in the timely and efficient manner that you expect. We remain committed to being a local, professional resource for the Authority and are available throughout the year to attend meetings, answer questions and advise the Board, the Audit Committee, and Staff as requested on matters that will ensure the financial stability and thorough, transparent financial reporting of the Authority to the public.

Based on your Request for Proposal, we understand our engagement will be a financial and compliance audit of the Housing Finance Authority of Palm Beach County in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) (formerly known as OMB Circular A-133) for federal, state, or local governments; not-for-profit organizations; and certain for-profit organizations that receive federal or state financial assistance; Chapter 10.550, Rules of the Auditor General, State of Florida; and Section 218.39, Florida Statutes. As demonstrated by our prior engagements, we have the team to complete all work and issue the final reports within the time schedules outlined by the Authority in the Request for Proposal.

Why Continue with Caler, Donten, Levine, Cohen, Porter & Veil, P.A.?

As you consider whether the Authority should continue its professional relationship with Caler, Donten & Levine, we suggest that you ask the following questions:

- *Is the Authority getting a thorough, quality audit?*
- *Are our auditors knowledgeable about the Authority's operations and history?*
- *Are our auditors professional, technically proficient, and interested in you?*
- *Does the Authority have an open line of communication for technical questions and advice from the engagement partner and manager?*
- *Are our auditors always available and responsive to the needs of the Authority?*
- *Do our auditors meet the timing demands of the County for inclusion in their CAFR?*
- *Are our auditors flexible in adjusting to the work schedule of the Authority and unexpected circumstances?*
- *Are our auditors involved in and knowledgeable of events in Palm Beach County that affect the Authority?*
- *Is the Authority getting the quality service and value it deserves?*

If you believe, as we do, that the answer to all of these questions is an unequivocal **YES**, then what benefits can the Authority expect from its substantial investment in new auditors? Is it simply good practice to change auditors for a “fresh look” under a “mandatory rotation” policy? Our proposal offers the opportunity for the Authority to benefit from a “fresh look” as suggested by a couple of audit committee members, while also retaining the accumulation of knowledge about the Authority developed by Caler, Donten & Levine.

As the leading local CPA firm in Palm Beach County, we value our relationship with the Authority and we continue to be the most qualified firm to serve as your independent auditors. We look forward to continuing to prove our abilities to you every day. If you have questions on any matters in our proposal, please call Mark Veil or Scott Porter at (561) 832-9292. This proposal is made without collusion with any other person or entity and shall remain in effect for 90 days.

On behalf of Caler, Donten, Levine, Cohen, Porter & Veil, P.A.



Mark D. Veil, CPA
Partner

PROPOSAL

1. The Question of Mandatory Auditor Rotation

Some people advocate the periodic rotation of auditors to maintain auditor independence and often mention the benefit of a “fresh look” at an organization. While many organizations have opined on this issue since passage of the *Sarbanes-Oxley Act of 2002*, the most widely recognized and objective study was performed by the U.S. General Accounting Office (GAO), which issued an independent report on auditor rotation to the U.S. Congress in November 2003. That report by the GAO, titled *Public Accounting Firms - Required Study on the Potential Effect of Mandatory Audit Firm Rotation*, concluded the following:

“We believe that mandatory audit firm rotation may not be the most efficient way to enhance auditor independence and audit quality, **considering the costs of changing the auditor of record and the loss of auditor knowledge** that is not carried forward to the new auditor.”

The GAO research identified several concerns with changing auditors, but the major concern identified in the report was:

“...that changing public accounting firms *increases the risk of an audit failure* in the initial years of the audit as the new auditor acquires the knowledge of an organization’s operations, systems, and financial reporting practices.”

Following the GAO report, the Securities and Exchange Commission and federal regulators determined that **the best approach to ensuring the audit quality of public companies was rotation of the engagement partner, and not the audit firm**. Today, the auditors for public companies rotate the engagement partner after seven years, however, even after Sarbanes-Oxley and major changes in the public accounting profession, the average audit firm tenure among the Fortune 1000 companies still averages well over 20 years, with some exceeding 50 years. These large public companies, the U.S. government, the American Institute of Certified Public Accountants and other professionals have all concluded that changing audit firms for the sake of change is not recommended and may even have adverse effects on audit quality.

The Palm Beach County Example

In March 2013 Palm Beach County completed its RFP process for audit services by continuing with the same auditors that the County used for the prior seven year contract period. This marked a reversal of the County’s long stated policy to rotate audit firms every seven years. The County’s new policy requires rotation of only the engagement partner, rather than the audit firm, in clear recognition of the value and benefits of retaining their current auditors. For Palm Beach County’s 2013 audit, the independent review partner for the prior County engagements moved up to replace the engagement partner.

Should the Authority desire to follow the lead of Palm Beach County and the audit model for U.S. public companies by changing the engagement partner for the Authority’s audit, we would be pleased to have Mark Veil, CPA, assume the engagement partner role for the Authority. The audit manager and senior for the Authority’s audit would remain the same, thereby providing the continuity and knowledge of the Authority’s operations, systems and practices, that were key in the decision of the County and which the GAO considered essential for reducing the audit risk.

We have provided excellent service to the Authority and developed a tremendous institutional knowledge of the Authority's history, operations, programs and practices. We hope you will consider the value of this continuity and experience to a quality audit for the Authority, the recommendations of the GAO and Palm Beach County's example in making your decision.

2. Firm Profile

a. Firm Background and History

Caler, Donten, Levine, Cohen, Porter & Veil, P.A. was formed in 1987 with five partners and one secretary; today it is the leading full service, local CPA firm in Palm Beach County with almost 100 employees. Why has our growth been so dramatic? Very simply, we provide ***outstanding client service at a fair and reasonable price.***

Our firm was created by partners with a vision. Each of our partners was associated with one of the “Big Four” international accounting firms, but recognized that there was an opportunity to fulfill a need in our community with a new type of firm. Our philosophy was to combine the knowledge and experience of seasoned professionals from an international firm background with the responsiveness and flexibility possible with a local CPA firm. We eliminated the typical staff pyramid in favor of a new structure where much of the work is performed by our partners and managers, not by trainees. As a client of our firm, you will deal directly with the partners that have the knowledge, experience and authority to answer your questions and make critical decisions.

As the leading local firm in our area, our goal is to provide you with the very best quality service and personal attention to your specific needs. Our audit partners combine the professionalism and experience gained through over twenty years of supervising government audits in the West Palm Beach offices of Ernst & Young and Arthur Andersen with the pride, commitment, and responsiveness to your needs that you would expect from local business owners.

The Firm’s professional staff are certified public accountants with expertise in a variety of specialized areas and industries. Our clients include individuals, small to medium sized businesses, local governments, not-for-profit organizations, professional service firms and foreign businesses and investors. Our clients’ businesses encompass a wide variety of industries including real estate, construction, retail, manufacturing, doctors, restaurants and entertainment, private clubs, golf courses, hotels, and health care facilities. While our practice is primarily concentrated in Palm Beach County, we also serve clients with interests that stretch from North to South America and into Europe and Asia.



The professionals in our Firm are all members in good standing with the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants. Our professionals are also outstanding members of our community who recognize their obligation to return some of the success they have enjoyed. The professionals in our Firm are individuals of diverse talents and interests who devote considerable personal time to serving as officers and board members of local civic, cultural, charitable, religious, hospital and government organizations, as well as Chambers of Commerce and various professional associations.

As you review the proposals for independent auditors, many firms will present qualified personnel and experience. In fact, some firms may appear to be equal choices. How are we different and why is Caler, Donten & Levine still the best choice for the Authority?

We suggest you consider the following:

- **Experience** – *How many firms have an engagement partner and manager that have experience in all the specialized accounting and auditing areas critical to the Authority's Government, Developmental Lending and Housing Needs?* While national and regional firms may have specialty practices and professionals in other offices in Florida or other states, Caler, Donten & Levine has a local team with knowledge and experience in all the critical business areas of the Authority. How could it be beneficial or advantageous for the Authority to deal with multiple partners or managers from different offices, in order to match the level of knowledge and experience of our local professionals in each of the Authority's critical business components? The "**key members**" of our audit team; partners Mark Veil, CPA and Scott Porter, CPA each with over 35 years' experience, and audit manager Michele Schneider, CPA with 15 years' experience, will continue our commitment of high level professional time to the Authority's audit. Further, we will commit to return our complete engagement team from the Authority's prior audit with audit senior Gary Mann, CPA to continue on the engagement. This continuity of our audit team demonstrates our commitment to ensuring the Authority has a knowledgeable, professional, and experienced audit team that cannot be matched by any other firm and won't waste valuable staff time with on the job training of new accountants. We have a history of quality audits, quality professionals and quality reporting that will continue with our team.
- **Local Professionals** – *How many of the professionals performing the Authority's audit actually live and work in Palm Beach County?* **Look at the addresses on the CPA licenses** in each proposal for the personnel proposed by other firms to see where they really live and work, not what office they happen to be assigned to for the Authority's proposal. You will see that all the members of our audit team from partners through staff, Mark Veil, Scott Porter, Michele Schneider and Gary Mann, **live and work** in Palm Beach County. Not only does this mean that 100% of the Authority's audit fee stays in Palm Beach County and benefits our local community; it also means that all our professionals have a personal knowledge, interest and pride in our clients and their success that cannot be matched by someone living in another county. Understandably, the professional auditing literature places great emphasis on understanding the environment in which a client operates. The more an auditor knows about the history, current activities and future plans of a client, the better the understanding of *why* things are done and how improvements can be made. This means our attention will be focused here, on the Authority, and not on clients in another county or another part of the State. The Authority will continue to be our highest priority.
- **Communication** – *Will your audit engagement partner be immediately available to meet with you at all times during the year to discuss significant auditing and reporting issues, questions or concerns that you may have? Will your auditors be there in person to assist and advise you throughout the year?* We have always encouraged the Authority to **consider our Firm a resource** and call on us throughout the year to discuss new ideas, issues and concerns. We take great pride in assisting our clients, answering questions, advising you on what other local

governments are doing in our community and providing a timely response to your needs. Our partners are the owners and decision-makers for our Firm. This means you will get a timely, correct answer that you can rely on without waiting for approval from an unknown person in a national firm's hierarchy in another office, county or state. You will know the Authority's engagement partner, Mark Veil as you have known Jim Hutchison, and you will see Mark involved in all aspects of the Authority's audit, not just in the proposal process or at a final presentation to the Authority's Audit Committee. Our commitment is to always be available and to ensure that there are no last minute surprises and our history proves it.

- **Reasonable Fees** – *How much value will the Authority receive from each firm's audit proposal?* As with most things, the lowest price may not always be the best value, and this is particularly true for professional auditing services where there can be wide variations in the experience of auditors. Lesser experience often appears in the form of lower fees and lower hours. Some may believe that all audit opinions are equal and the lowest fee is the best, but ultimately the real question is the risk to personal and professional reputations of an audit failure on your watch. Caler, Donten & Levine has an outstanding record of audit quality. In our Firm's 30 year history, we have ***never had an audit failure, never had litigation regarding an audit, never had any disciplinary action for an audit and have never had a Federal or State agency request a review of an audit.*** Likewise, our independent peer reviews by outside CPA firms have a ***30 year history of unqualified opinions on our audit quality*** with no letters of comment. No other firm we know of can match our 30 year history of audit quality. As evidenced by our record, quality is our first priority and we have never shortcut audit procedures or made aggressive judgments to reduce the scope of our audit work or lower our hours on the engagement. When you consider audit fees, **consider the value demonstrated by our record of quality auditing**, consider the knowledge and experience of our team with *Government, Developmental Lending and Housing needs* and consider the years of experience on our team; more than 35 years for Mark Veil, and 15 years for Michele Schneider. As with most things, you get what you pay for. **Is anything less worth the risk?**
- **Value Added Extras at No Charge** – *How many firms will go that extra mile for their clients without sending a bill for every extra hour of time?* We make investments in our client relationships as part of our commitment to long-term engagements in our local community. We regularly advise the Authority on new accounting standards and alternatives and what other local governments are doing in response to various issues. ***We also do not charge for routine questions on accounting or tax matters.*** We are committed to the Authority's future financial stability and success as an integral part of our professional relationship. We built our Firm and our reputation on quality audit, accounting and tax services for our clients. Unlike large, national firms, we have never blurred our independence by selling consulting services, marketing business and tax strategies, or selling financial products for commissions. Past headlines involving government fines, investigations, and sanctions of major accounting firms and ever stricter ethical standards by the U.S. GAO highlight why this is an important consideration in selecting auditors. Our decision years ago not to sell consulting services has proven to be the ethical choice and it means that the Authority can count on Caler, Donten & Levine to be focused on auditing and committed to the best interests of the Authority - not trying to sell you add-on services.

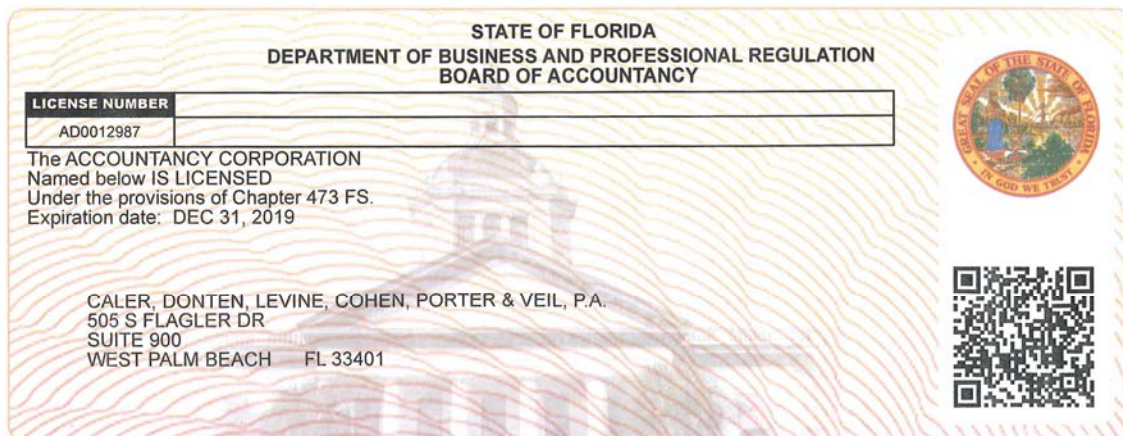
b. Office Location

Caler, Donten, Levine, Cohen, Porter & Veil, P.A. has two office locations, the main office is at 505 South Flagler Drive, Suite 900 in West Palm Beach, and a satellite office in Stuart, Florida. Our office has been in this location since 1989 and we have remodeled and expanded our offices to a floor and a half in the Flagler Center Building to accommodate our growth. Our current lease will not expire until 2025. We are proud to be a local firm focused on doing business in Palm Beach County and committed to our local community.

c. License to Practice in Florida

Caler, Donten, Levine, Cohen, Porter & Veil, P.A. is licensed to practice public accounting in the State of Florida. The Firm has provided continuous certified public accounting services since 1987. A copy of the Firm's professional license is included below as well as a Certificate of Good Standing for the Firm from the Florida Secretary of State on the following page.

All professional staff participating in the engagement for the Housing Finance Authority of Palm Beach County, Florida, are properly licensed to practice in Florida.



State of Florida

Department of State

I certify from the records of this office that CALER, DONTEN, LEVINE, COHEN, PORTER & VEIL, P.A. is a corporation organized under the laws of the State of Florida, filed on June 29, 1987, effective June 27, 1987.

The document number of this corporation is J80135.

I further certify that said corporation has paid all fees due this office through December 31, 2018, that its most recent annual report/uniform business report was filed on March 28, 2018, and that its status is active.

I further certify that said corporation has not filed Articles of Dissolution.

*Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capital, this
the Twenty-fifth day of September,
2018*



Ken Dutton
Secretary of State

Tracking Number: CU9769943681

To authenticate this certificate, visit the following site, enter this number, and then follow the instructions displayed.

<https://services.sunbiz.org/Filings/CertificateOfStatus/CertificateAuthentication>

d. Our Professional Staff and Professional Job Descriptions

The number of professional staff employed by Caler, Donten, Levine, Cohen, Porter & Veil, P.A. is summarized as follows:

<i>Staff Level</i>	<i>Total Professional Staff</i>	<i>Audit Staff</i>	<i>Number of CPAs on Audit Staff</i>
Partner	13	3	3
Senior Manager/Manager	14	4	3
Supervisor/Senior	21	4	3
Staff/Administrative	48	4	2
Totals	96	15	11

As a result of the commitment and involvement of our Firm with governmental auditing in Palm Beach County, all of the professional audit staff are experienced with government audit engagements. In addition to the professional staff, we also employ nine administrative support personnel.

The following professional staff job descriptions for the Firm provide an indication of the years of professional experience and commitment we require for our staff.

Partner - Our partners are the owners of our Firm. They are the decision makers for all aspects of our professional practice. Our partners are CPAs and have a **minimum of twenty years of professional experience**. They are responsible for all aspects of each engagement and for performing procedures in high risk areas of the engagement.

Senior Manager/Manager – Senior Managers and Managers are CPAs or have passed the CPA exam with a **minimum of eight years of professional experience**. They are responsible for performing audit procedures under the direct supervision of a partner in the field and are knowledgeable and experienced in their practice areas.

Supervisor/Senior – Supervisors and Seniors are CPAs or CPA candidates with a **minimum of five years of professional experience**. They are responsible for performing audit procedures under the supervision of a partner or a manager in the field. Supervisors and Seniors have the experience and knowledge to deal effectively with client personnel on routine matters.

Staff - We hire a limited number of highly qualified and motivated staff as a part of our very experienced audit team. Due to the importance we place on the quality of our audit engagements, the staff level time on our engagements is small relative to the engagement as a whole.

e. Professional Associations

The Firm is registered with the Florida Department of Professional Regulation (Board of Accountancy) and is a member in good standing of the following professional organizations:

- American Institute of Certified Public Accountants (AICPA)
- AICPA Governmental Audit Quality Center (GAQC)
- AICPA Employee Benefit Plan Audit Quality Center (EBPAQC)
- AICPA Private Companies Practice Section
- AICPA Not-for-Profit Membership Section
- Florida Institute of Certified Public Accountants (FICPA)
- Government Finance Officers Association (GFOA)
- Association of Government Accountants (AGA)
- Florida Government Finance Officers Association (FGFOA)

AICPA Governmental Audit Quality Center (GAQC)

Caler, Donten & Levine has committed to adhere to the highest governmental quality standards as a member of the American Institute of Certified Public Accountants' (AICPA) Governmental Audit Quality Center (the "Center") for CPA firms.

The Center is a voluntary membership organization for CPA firms that perform governmental audits, including all audits and attestation engagements performed for federal, state, or local governments under *Government Auditing Standards* and the Uniform Guidance; not-for-profit organizations; and certain for-profit organizations that receive federal or state financial assistance. The AICPA Governmental Audit Quality Center membership provides its members with access to a wealth of comprehensive resources on performing quality governmental audits. The Center membership provides us with timely information on a variety of technical, legislative and regulatory subjects that we can in turn apply to your audit to help ensure compliance with the appropriate standards and changes in regulations.

As a member of the Governmental Audit Quality Center, we are committed to perform the highest quality governmental audits possible. We demonstrate our commitment by voluntarily agreeing to adhere to the Center's significant membership requirements, including designating a partner to be responsible for the quality of our governmental audit practice, establishing enhanced quality control programs, performing annual internal inspection procedures, and making our firm's peer review report findings publicly available. In serving the public sector, we believe in public transparency through our professional organizations and the peer review process. That is why we have always published our peer review report and made the results of our peer review available to the public. Our Governmental Audit Quality Center membership allows us to continue our quality initiatives within our governmental audit practice and demonstrates our continued commitment to deliver the most efficient quality audit possible to our governmental clients.

f. Results of Federal and State Desk Reviews

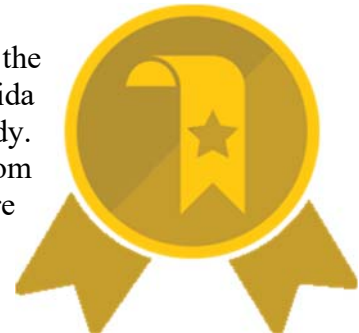
The Firm has ***never*** been subjected to a Federal or State desk review or field audit of any Audit Report, Single Audit, or Grant Report in our history. ***Every*** Federal and State Single Audit report filed by the Firm in its history has been accepted by the cognizant agency and/or grantor agency or the State with no subsequent audit, review or inquiry of our work. This is yet another indication of the thoroughness and quality of the audit that the Authority has received from our Firm, and can expect in the future.

g. Independence

Caler, Donten, Levine, Cohen, Porter & Veil, P.A. is independent of the Housing Finance Authority of Palm Beach County, Florida, pursuant to U.S. generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Neither the Firm nor any of its officers or employees has any conflicts of interest or professional relationships with the Housing Finance Authority of Palm Beach County, Florida, or any of its officials or employees. Our Firm's system of quality control is specifically designed to identify any such professional relationships or potential conflicts and should any arise we agree to provide the Authority with written notice of any such professional relationships during the term of our engagement with the Authority.

h. No Disciplinary Actions or Litigation

In its history, the Firm and its professional staff have ***never*** been the subject of professional litigation or disciplinary action by the Florida Department of Professional Regulation or any other regulatory body. Further, the Firm has ***never*** received any findings resulting from Federal or State desk reviews or field reviews of our audits. We are proud of our professional record, which provides an excellent reference for the quality audit the Authority will receive from Caler, Donten, Levine, Cohen, Porter & Veil, P.A.



There are no disciplinary actions taken or pending against the Firm or any partners or employees of the Firm by State regulatory bodies or professional organizations.

i. Quality Control and Peer Review

Caler, Donten, Levine, Cohen, Porter & Veil, P.A. is a member of the American Institute of Certified Public Accountants Private Companies Practice Section, an organization of CPA firms dedicated to maintaining the highest standards of quality.

As a part of this program, each member firm must establish an internal quality control program and submit to an independent peer review every three years. Our quality control program and government audit engagements have been extensively audited by an independent firm in connection with the peer review program as indicated in the second paragraph of our peer review

report on the following page. Our firm received an **unmodified opinion on the quality of our audit practice and government audit engagements, which is the highest level of achievement and recognition in the peer review program.**

In addition we received no letter of comments on our peer review. This exceptional achievement means that there were no areas where the peer reviewers recommended improvements in the way our audits are performed. *We encourage the Authority to ask other firms whether they meet this same high standard of quality and to provide a copy of any letter of comments the firms received from their peer review.*

A copy of our latest peer review report appears on the following page.



11 Brendan Way, Suite 200
Greenville, SC 29615
D 864.288.5544
F 864.458.8519
www.dhglp.com

System Review Report

To the Shareholders of
Caler, Donten, Levine, Cohen, Porter & Veil, P.A.
and the Peer Review Committee of the Florida Institute of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Caler, Donten, Levine, Cohen, Porter & Veil, P.A. (the firm) in effect for the year ended June 30, 2015. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Caler, Donten, Levine, Cohen, Porter & Veil, P.A. in effect for the year ended June 30, 2015 has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Caler, Donten, Levine, Cohen, Porter & Veil, P.A. has received a peer review rating of *pass*.

Dixon Hughes Goodman LLP

December 3, 2015

3. Government Auditing Experience

a. Current Government Audit Clients

We are very proud to be the auditors for the following government organizations in our area. The size and diversity of these governments provide a wide range of experience, but equally as important, is the date of our first engagement for these clients, indicated in parenthesis. Our long association with our clients, some since our founding in 1987, is an indication of the quality, professionalism and service we provide. As local business owners, we are committed to long-term relationships with audit clients in our local community.

- ☐ City of Boynton Beach (2011)
- ☐ City of Delray Beach (2004)
- ☐ Town of Juno Beach (1987)
- ☐ Town of Jupiter (1994)
- ☐ Village of Palm Springs (2002)
- ☐ Village of Royal Palm Beach (1993)
- ☐ Children's Services Council of Palm Beach County (2015)
- ☐ Palm Beach County Airport/Water Utilities (2006)
- ☐ Palm Beach County Housing Finance Authority (2001)
- ☐ Delray Beach Community Redevelopment Agency (1990)
- ☐ Delray Beach Downtown Development Authority (2017)
- ☐ West Palm Beach Downtown Development Authority (2007)

No other firm does more governmental audits in Palm Beach County or has more comparable government audit experience in Palm Beach County than Caler, Donten & Levine. Some firms may list audit engagements they did years ago, audits their staff performed for other firms, governmental consulting engagements, or audits in other parts of the State; but the governments listed above are our **current audit clients**. Our experience is current and comparable for the Authority's audit. We have the resources to properly perform the Authority's audit without over-extending our staff.



In addition to our current clients, our partners also directed audits by the local offices of Ernst & Young and Arthur Andersen for the following local governments prior to forming Caler, Donten & Levine:

- ☐ City of Fort Lauderdale
- ☐ City of Lake Worth
- ☐ City of West Palm Beach
- ☐ City of North Lauderdale
- ☐ City of Pembroke Pines
- ☐ Palm Beach County
- ☐ Town of Gulf Stream
- ☐ Village of North Palm Beach

b. Experience

The Housing Finance Authority of Palm Beach County has been a client of our Firm since 2001. We have experience in providing audit services to the Authority, as well as experience interacting with Palm Beach County and including your annual financial statements in their Comprehensive Annual Financial Report. We participate in the annual audit of Palm Beach County AND have the experience and knowledge developed in working with the County, thus providing for a smooth audit plan each year.

The Housing Finance Authority has not had any Single Audit requirements in prior years. However, we are experienced with the requirements of a Single Audit in the event the Authority develops a requirement in the future.

Due to the large number of audits we perform annually for local governments, our Firm and our engagement team for the Authority have years of experience performing Federal and State Single Audits in accordance with the *Federal Single Audit Act Amendments of 1996*, the Uniform Guidance and the *Florida Single Audit Act*. In fact, our experience dates to the initial years the Federal and State Single Audit Acts were adopted.

Our experience includes Single Audits of awards from nearly every major Federal and State awarding agency, including the following:

Federal Agencies

- ☐ Department of Agriculture
- ☐ Department of Defense
- ☐ Department of Housing and Urban Development
- ☐ Department of Health and Human Services
- ☐ Department of Homeland Security
- ☐ Department of Interior
- ☐ Department of Justice
- ☐ Department of Labor
- ☐ Department of Transportation
- ☐ Department of Treasury
- ☐ Environmental Protection Agency
- ☐ Federal Aviation Administration
- ☐ Federal Emergency Management Agency
- ☐ Forestry Service
- ☐ National Archives and Records Administration

State Agencies

- ☐ Department of Community Affairs
- ☐ Department of Elder Affairs
- ☐ Department of Environmental Protection
- ☐ Department of Health
- ☐ Department of Highway Safety and Motor Vehicles
- ☐ Department of Law Enforcement
- ☐ Department of State
- ☐ Department of Transportation
- ☐ Florida Housing Finance Corporation

c. Experience Preparing Governmental Financial Statements

Our partners have assisted all of our local government clients in preparing their annual financial statements and attaining and maintaining their GFOA Certificate of Achievement for Excellence in Financial Reporting.

Governmental Financial Statements

Our Firm currently assists all of our local government clients in preparing their annual financial statements in accordance with statements, interpretations and implementation Guides of the Governmental Accounting Standards Board (GASB). We assist the finance staff of clients in drafting the financial statements, notes to the financial statements and other supplementary information. Our role in preparing the financial statements is to provide high quality annual financial statements and technical advice on improving financial transparency and disclosures to the public. When the drafts are finalized, we will print and bind the final reports, as well as provide electronic copies in pdf format. We currently prepare the annual financial statements for the following local government clients:

- ☐ City of Boynton Beach
- ☐ City of Delray Beach
- ☐ Town of Jupiter
- ☐ Town of Juno Beach
- ☐ Village of Palm Springs
- ☐ Village of Royal Palm Beach
- ☐ Housing Finance Authority of Palm Beach County
- ☐ Delray Beach Community Redevelopment Agency
- ☐ West Palm Beach Downtown Development Authority
- ☐ Children's Services Council of Palm Beach County
- ☐ Delray Beach Downtown Development Authority

Certificate of Achievement

During the past 30 years, we have assisted local municipalities in attaining and maintaining the Certificate of Achievement for Excellence in Financial Reporting. The Government Finance Officers Association (GFOA) of the United States and Canada has awarded a Certificate of Achievement for Excellence in Financial Reporting to Palm Beach County for its Comprehensive Annual Financial Report (CAFR) for many consecutive years. The Certificate of Achievement is the highest recognition of achievement in governmental accounting and financial reporting. The Authority is included as a discretely presented component unit in Palm Beach County's CAFR.

In order to be awarded a certificate, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to the program standards. Such reports must satisfy all U.S. Generally Accepted Accounting Principles and applicable legal requirements. A certificate is valid for a period of one year only.



d. Client References

The following engagements represent a cross-section of the governmental audits our partners have performed that are similar in scope, size, and complexity to the audit of the Housing Finance Authority of Palm Beach County, Florida. We sincerely hope that the Authority has an opportunity to contact these local governments to ask them about our knowledge, experience and commitment to personal service.

<i>Engagement/ Engagement Partner</i>	<i>Scope of Work</i>	<i>Date</i>	<i>Principal Client Contact</i>
Housing Finance Authority of Palm Beach County Partner: Jim Hutchison	Financial Statement Audit Bond Compliance Management Letter	2001 to present	Mr. David Brandt Executive Director 100 Australian Avenue, Suite 410 West Palm Beach, FL 33406 (561) 355-4784
Children's Services Council of Palm Beach County (Certificate of Achievement) Partner: Mark Veil	Financial Statement Audit Management Letter Single Audit	2015 to present	Ms. Lisa Williams-Taylor Chief Executive Officer 2300 High Ridge Road Boynton Beach, FL 33426 (561) 374-7623
Village of Royal Palm Beach (Certificate of Achievement) Partner: Mark Veil	Financial Statement Audit Single Audit Bond Compliance Management Letter	1993 to present	Mr. Stanley Hochman Finance Director 1050 R.P.B. Boulevard Royal Palm Beach, FL 33411 (561) 790-5112
Town of Jupiter (Certificate of Achievement) Partner: Scott Porter	Financial Statement Audit Water and Sewer Utility Single Audit Bond Compliance Management Letter	1994 to present	Mr. Michael Villella, CPA Finance Director 210 Military Trail Jupiter, FL 33458 (561) 746-5134
West Palm Beach Downtown Development Authority Partner: Mark Veil	Financial Statement Audit Management Letter	2006 to present	Mr. Raphael Clemente Executive Director 301 Clematis Street, Suite 200 West Palm Beach, FL 33401 (561) 833-8873

4. Partner, Supervisory and Staff Qualifications and Experience

a. Engagement Team Experience

The Housing Finance Authority of Palm Beach County, Florida, is managed by knowledgeable professionals with many years of experience and you have a right to expect the same skills from your auditors. Our audit team meets this expectation in one very simple way. Our best and most experienced auditors will continue to perform the Authority's audit. Your audit partners, Mark Veil and Scott Porter, have in excess of 35 years of experience each. Your audit manager, Michele Schneider, has over 15 years of audit experience and your senior staff, Gary Mann, has 5 years of experience.

Our engagement team for the Authority's audit and their estimated involvement are as follows:

Mark Veil	- Audit Partner	13%
Scott Porter	- Independent Review Partner	2%
Michele Schneider	- Audit Manager	30%
Gary Mann	- Senior staff	55%

The **key members** of our engagement team will be Mark Veil and Scott Porter. Mark Veil has been the Authority's independent review partner for several years and is familiar with the Authority's operations and financial reporting. Michele Schneider will perform compliance reviews of the workpapers and Gary Mann will be the senior accountant on the engagement with staff assistance as needed. Gary has been the senior accountant on the engagement for the past two years. This team of experienced professionals will ensure thoroughness and quality, with an efficient audit process that avoids on the job training of new auditors and does not waste your valuable staff time.

Our commitment to the highest level of professional staffing on engagements means that our engagement partners and managers perform substantially more of the audit work than any other accounting firm we know of. Why is this important? In our Firm, the most experienced and knowledgeable CPAs are the professionals examining your source documents, transactions, investments and receivables. We know what to look for and how to avoid potential problems. Compare the over 35 years of *governmental* experience of our engagement and review partner, and over fifteen years *governmental* experience of our manager to other accounting firms using staff with fewer years of experience and on audits for smaller governmental entities. **This means that the Authority is assured of dealing only with knowledgeable professionals who know how to audit a large, complex organization, such as the Authority.**

In today's world of audit firms, turnover is a major issue for firms and clients alike. Due to our unique emphasis on high-level professionals performing your audit work, Caler, Donten & Levine has been able to provide continuity and stability of the audit team for the Authority. **This means that the valuable time of the Authority's professionals is not wasted on training and re-training new auditors each year.**

The key members of our engagement team for the Authority, Mark Veil, Scott Porter, Michele Schneider, and Gary Mann, have hands-on audit experience in the following specialized areas of governmental accounting that are of critical importance to the financial reporting of the Authority:

- ❑ All aspects of governmental investment programs, including various investment securities, debt obligations, compliance requirements and restricted assets related to debt.
- ❑ Debt financing, including revenue bonds and notes, refunding bond issues, bank financings and interest rate swap agreements, including the legal compliance associated with rate covenant and debt service calculations and legally required reserves.
- ❑ Large capital improvement projects and long-term capital improvement plans, including those financed by bonded debt.
- ❑ Federal and State Single Audits of grant funds.

b. Governmental CPE Requirements

Each member of the audit team for the Authority has met ***and exceeds*** the continuing professional education (CPE) requirements established by the American Institute of CPAs, the Florida Board of Accountancy and *Government Auditing Standards*, issued by the Comptroller General of the United States for their most recent individual reporting period. We assure the Authority that all members of the audit team will continue to meet the government CPE requirements for the duration of their involvement on the audit.

c. Resumes for Our Engagement Team

As you will see from the resumes on the following pages, each member of our team has experience with a diverse range of large and small special districts and municipalities. Most importantly though, the experience of our seasoned team with audits of large governments like the Authority, combined with the availability of an experienced partner and manager during the audit, means we will be there to make decisions and discuss critical audit issues and recommendations with you as the audit progresses so there are ***no last-minute surprises***.

As a partner and owner of our Firm, the Authority can be assured that Mark Veil will have the ability to make decisions for the Authority's audit without waiting for approval from another office, perhaps in another county or state. **This means your audit will be completed correctly and timely.**

MARK D. VEIL, CPA, CGFM, CGMA

Audit Partner

Education Bachelor of Science in Accounting and Master of Accounting, University of Florida, Gainesville, Florida.

Mark is a licensed Florida CPA who began his career with Ernst & Young in West Palm Beach. After 9 years at Ernst & Young, Mark left to be a founding partner of Caler, Donten, Levine, Cohen, Porter & Veil, P.A.

Mark's governmental continuing professional education (CPE) exceeds the requirements of Florida Statutes and *Government Auditing Standards* issued by the Comptroller General of the United States.

Government Audit Experience Mark's experience with audits of local governments includes the following:

Municipalities	Special Districts and Other Entities
<ul style="list-style-type: none"> <input type="checkbox"/> City of Boynton Beach <input type="checkbox"/> City of Delray Beach <input type="checkbox"/> City of Lake Worth <input type="checkbox"/> City of North Lauderdale <input type="checkbox"/> City of West Palm Beach <input type="checkbox"/> Town of Gulfstream <input type="checkbox"/> Town of Juno Beach <input type="checkbox"/> Town of Jupiter <input type="checkbox"/> Town of Jupiter Island <input type="checkbox"/> Town of Lake Park <input type="checkbox"/> Town of Palm Beach <input type="checkbox"/> Village of North Palm Beach <input type="checkbox"/> Village of Palm Springs <input type="checkbox"/> Village of Royal Palm Beach <input type="checkbox"/> Village of Wellington 	<ul style="list-style-type: none"> <input type="checkbox"/> Delray Beach Community Redevelopment Agency (CRA) <input type="checkbox"/> Children's Services Council of Palm Beach County <input type="checkbox"/> Florida Inland Navigation District <input type="checkbox"/> Health Care District of Palm Beach County <input type="checkbox"/> Housing Finance Authority of Palm Beach County <input type="checkbox"/> Palm Beach County Department of Airports <input type="checkbox"/> Palm Beach County Water Utilities Department <input type="checkbox"/> Pine Tree Water Control District <input type="checkbox"/> Solid Waste Authority of Palm Beach County <input type="checkbox"/> Treasure Coast Regional Utilities <input type="checkbox"/> West Palm Beach Downtown Development Authority

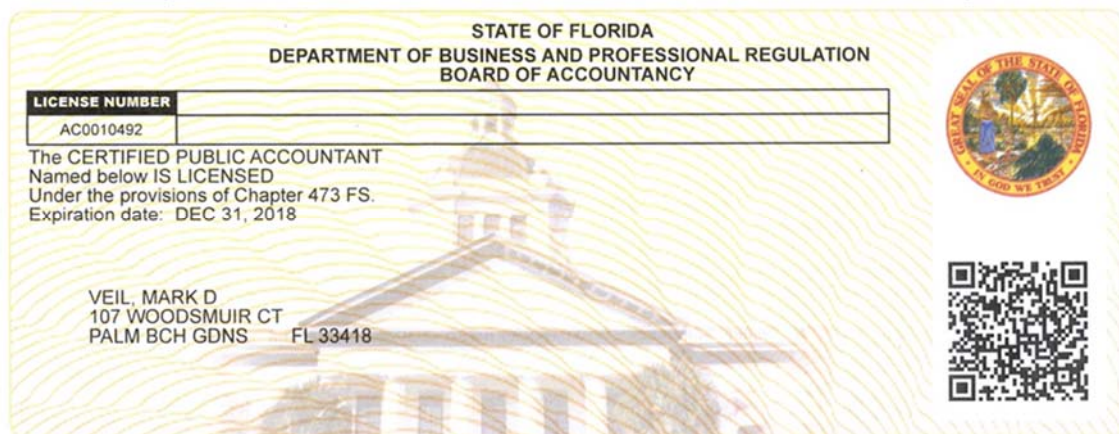
Single Audit Experience Mark has directed numerous Federal and State Single Audits for our government clients involving the following Federal and State agencies: Department of Environmental Protection, Department of Health and Human Services, Department of Housing and Urban Development, Department of Interior, Department of Justice, Department of Labor, Department of Transportation, Federal Aviation Administration, Homeland Security, and Federal Emergency Management Agency.

***Professional
Associations
and
Activities***

American Institute of Certified Public Accountants
Chartered Global Management Accountant (CGMA)
Florida Institute of Certified Public Accountants
Past President of the East Coast Chapter
Florida Government Finance Officers Association
Association of Government Accountants
Certified Government Financial Manager (CGFM)
Max Planck Audit Committee
Northern Palm Beaches Chamber of Commerce
Member of Board of Directors, Past President
Palm Beach County League of Cities (past)
Junior Achievement of the Palm Beaches and Treasure Coast, Treasurer
Port of Palm Beach Audit Committee (past)
Professional and Business Forum
Leukemia and Lymphoma Society, Past President - Palm Beach Chapter
City of Palm Beach Gardens Budget Oversight Committee (past)

***Continuing
Professional
Education (CPE)***

Mark's continuing professional education (CPE) and governmental CPE exceeds all requirements of the AICPA, FICPA, Florida Board of Accountancy and *Government Auditing Standards* issued by the Comptroller General of the United States. Mark has attended **Ethics for Governmental CPAs in Florida**.



SCOTT L. PORTER, CPA, CGFM, CGMA

Independent Review Partner

Education Bachelor of Science in Accounting, Stetson University, Deland, Florida.

Scott is a licensed Florida CPA who began his career with Ernst & Young in West Palm Beach. After 11 years at Ernst & Young, Scott left to be a founding partner of Caler, Donten, Levine, Cohen, Porter & Veil, P.A.

Scott's governmental continuing professional education (CPE) exceeds the requirements of Florida Statutes and *Government Auditing Standards* issued by the Comptroller General of the United States.

Government Audit Experience Scott's experience with audits of local governments includes the following:

Municipalities	Special Districts and Other Entities
<ul style="list-style-type: none"> <input type="checkbox"/> City of Boynton Beach <input type="checkbox"/> City of Delray Beach <input type="checkbox"/> City of Lake Worth <input type="checkbox"/> City of Palm Beach Gardens <input type="checkbox"/> City of West Palm Beach <input type="checkbox"/> Town of Gulfstream <input type="checkbox"/> Town of Juno Beach <input type="checkbox"/> Town of Jupiter <input type="checkbox"/> Town of Jupiter Island <input type="checkbox"/> Town of Lake Park <input type="checkbox"/> Town of Palm Beach <input type="checkbox"/> Village of North Palm Beach <input type="checkbox"/> Village of Palm Springs <input type="checkbox"/> Village of Royal Palm Beach <input type="checkbox"/> Village of Wellington 	<ul style="list-style-type: none"> <input type="checkbox"/> Delray Beach Community Redevelopment Agency (CRA) <input type="checkbox"/> Delray Beach Downtown Development Authority <input type="checkbox"/> Children's Services Council of Palm Beach County <input type="checkbox"/> Florida Inland Navigation District <input type="checkbox"/> Health Care District of Palm Beach County <input type="checkbox"/> Palm Beach County Department of Airports <input type="checkbox"/> Palm Beach County Water Utilities Department <input type="checkbox"/> Pine Tree Water Control District <input type="checkbox"/> Solid Waste Authority of Palm Beach County <input type="checkbox"/> Treasure Coast Regional Utilities <input type="checkbox"/> West Palm Beach Downtown Development Authority

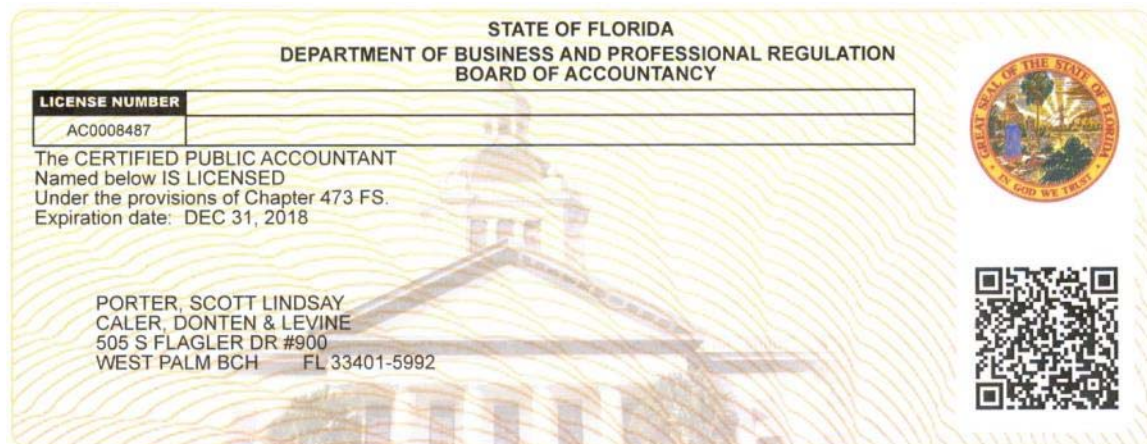
Single Audit Experience Scott has directed numerous Federal and State Single Audits for our government clients involving the following Federal and State agencies: Department of Environmental Protection, Department of Health and Human Services, Department of Housing and Urban Development, Department of Homeland Security, Department of Interior, Department of Justice, Department of Labor, Department of Transportation, Federal Aviation Administration, and Federal Emergency Management Agency.

***Professional
Associations
and
Activities***

American Institute of Certified Public Accountants
Chartered Global Management Accountant (CGMA)
Florida Institute of Certified Public Accountants
Committee on State and Local Government (past)
Government Finance Officers Association
Special Review Committee for the Certificate of Achievement (past)
Florida Government Finance Officers Association
Technical Resources Committee (past)
Association of Government Accountants
Certified Government Financial Manager (CGFM)
Palm Beach County Internal Audit Committee (past)
Palm Beach County League of Cities (past)
Palm Beach County Health Care District
Board member 1992 to 2000
Governmental Audit Quality Partner for the Firm
Employee Benefit Plan Audit Quality Partner for the Firm

***Continuing
Professional
Education (CPE)***

Scott's continuing professional education (CPE) and governmental CPE exceeds all requirements of the AICPA, FICPA, Florida Board of Accountancy and *Government Auditing Standards* issued by the Comptroller General of the United States. Scott has attended **Ethics for Governmental CPAs in Florida**.



Michele Schneider, CPA

Audit Manager

Education Bachelor of Science in Accounting and Master of Accounting, University of Florida, Gainesville, Florida.

Michele is a CPA licensed in Florida. Michele has met the continuing professional education (CPE) requirements of the Florida Board of Accountancy and American Institute of Certified Public Accountants.

Michele was the Chief Financial Officer for a not-for-profit organization located in South Florida for a six year period.

Michele's governmental continuing professional education (CPE) exceeds the requirements of Florida Statutes and *Government Auditing Standards* issued by the Comptroller General of the United States.

Government Audit Experience Michele has worked as an auditor with CPA firms over a fifteen year period performing governmental audits. Since Michele joined our firm in 2007, her experience with audits of governments includes the following:

Municipalities	Special Districts and Other Entities
<ul style="list-style-type: none"> <input type="checkbox"/> City of Boynton Beach <input type="checkbox"/> Town of Palm Beach <input type="checkbox"/> Village of Palm Springs <input type="checkbox"/> Village of Wellington 	<ul style="list-style-type: none"> <input type="checkbox"/> Children's Services Council of Palm Beach County <input type="checkbox"/> Delray Beach Community Redevelopment Agency (CRA) <input type="checkbox"/> Healthcare District of Palm Beach County <input type="checkbox"/> Housing Finance Authority of Palm Beach County <input type="checkbox"/> Palm Beach County Water Utilities Department <input type="checkbox"/> Solid Waste Authority of Palm Beach County <input type="checkbox"/> West Palm Beach Downtown Development Authority

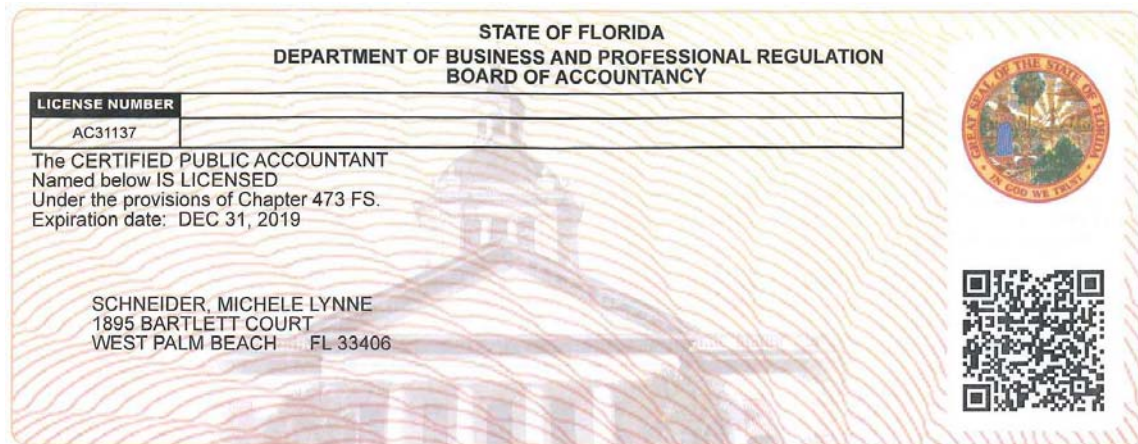
Single Audit Experience Michele has supervised numerous Federal and State Single Audits for our government clients involving the following Federal and State agencies: Department of Environmental Protection, Department of Health and Human Services, Department of Housing and Urban Development, Department of Homeland Security, Department of Justice, Department of Transportation, and Federal Emergency Management Agency.

***Professional
Associations
and
Activities***

American Institute of Certified Public Accountants
Chartered Global Management Accountant (CGMA)
Florida Institute of Certified Public Accountants
Florida Government Finance Officers Association
Leadership West Palm Beach – Class of 2016
St. Juliana Catholic School Home and School Association Treasurer
AICPA Not-for-Profit Certificate

***Continuing
Professional
Education***

Michele’s continuing professional education (CPE) and governmental CPE exceeds all requirements of the AICPA, FICPA, Florida Board of Accountancy and *Government Auditing Standards* issued by the Comptroller General of the United States. Michele has attended **Ethics for Governmental CPAs in Florida**.



Gary Mann, CPA

Audit Senior

Education Bachelor of Business Administration in Accounting, Florida Atlantic University.

Gary is a licensed CPA in the State of Florida. Gary's continuing professional education (CPE) exceeds the requirements of the Florida Board of Accountancy and American Institute of Certified Public Accountants.

Gary joined our firm in 2013.

Gary's governmental continuing professional education (CPE) exceeds the requirements of Florida Statutes and *Government Auditing Standards* issued by the Comptroller General of the United States.



Government Audit Experience Gary's experience with audits of governmental entities includes the following:

Municipalities	Special Districts and Other Entities
<ul style="list-style-type: none"><input type="checkbox"/> City of Boynton Beach<input type="checkbox"/> City of Delray Beach<input type="checkbox"/> Town of Jupiter<input type="checkbox"/> Village of Palm Springs	<ul style="list-style-type: none"><input type="checkbox"/> Delray Beach Chamber of Commerce<input type="checkbox"/> Housing Finance Authority of Palm Beach County<input type="checkbox"/> Palm Beach County Water Utilities Department<input type="checkbox"/> West Palm Beach Downtown Development Authority

Professional Associations and Activities American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

Continuing Professional Education (CPE) Gary's continuing professional education (CPE) and governmental CPE exceeds all requirements of the AICPA, FICPA, Florida Board of Accountancy and *Government Auditing Standards* issued by the Comptroller General of the United States.

STATE OF FLORIDA DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION BOARD OF ACCOUNTANCY	
LICENSE NUMBER	
AC52823	
The CERTIFIED PUBLIC ACCOUNTANT Named below IS LICENSED Under the provisions of Chapter 473 FS. Expiration date: DEC 31, 2018	
MANN, GARY ROBERT 4213 MAGNOLIA ST PALM BEACH GARDENS FL 33418	



5. Audit Approach

a. Scope of Work

We understand our engagement will be a financial and compliance audit of the Housing Finance Authority in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General. Our proposal is made without collusion with any other person or entity submitting a proposal pursuant to this RFP. All work will be completed within the time schedule outlined by the Authority and in accordance with Sections 3.6 and 3.7 in your Request for Proposal. In addition, the Firm will meet or exceed the specifications stated in Sections 3.4 and 3.5 of your request for proposal.

b. Segmentation of Audit Procedures

Our audit approach for the Housing Finance Authority's financial statements will be segmented into a four-phase process that is tailored specifically to the accounting system and internal controls of the Authority. These phases are as follows:

- Phase 1*** — Information gathering and preliminary planning
- Phase 2*** — Risk analysis and audit program development
- Phase 3*** — Internal control testing and year-end fieldwork
- Phase 4*** — Final report review

The ***first phase*** of our audit approach involves gathering the information necessary to document controls and specific risks. In order to plan our procedures and tests and address your concerns for the current year, we will meet with your Executive Director to obtain his input into the audit process. We will inquire about any areas in which management has concerns. We will update information and documentation about the Trustee's computer system, the Authority's internal control systems, and its key people. Generally, this will include our review of prior year financial statements, the current year budget, organization charts, manuals and programs, and financial and other management information systems. We will perform preliminary analytical procedures to identify variances from budget and changes from the prior year. We will review the Authority's debt agreements to identify any additional items to test for compliance. Finally, we will formalize our work-plan with your accountant and schedule the specific dates and tasks to be completed.

The ***second phase*** of our audit approach involves development of our formal risk analysis and updating our audit program. Based upon the information gathered in the first phase, we will prepare an audit program that has been specifically tailored to the Authority, our risk analysis, and the transactions that have occurred during the year under audit. Since our audit program is prepared by an audit partner with significant knowledge of the Authority and substantial governmental audit experience, you can be assured that it is the most effective and efficient approach to the audit of the Authority. During this phase we will work with your accountant and Executive Director to coordinate the schedules and confirmations to be prepared for the audit. We will also review the applicability of the schedules prepared for the audit in light of new GASB Statements and auditing standards.

The *third phase* includes the actual fieldwork. The year end fieldwork consists of the testing of the internal control systems, computer systems, samples of transactions for major operating cycles, and program transactions. Our year end fieldwork will be performed beginning when your accountant provides the accounting records and completed year end schedules (anticipated late December). The fieldwork also consists of year end tests of balances, compliance testing and confirmation procedures. We expect our year end fieldwork to last three to four weeks and we will complete all fieldwork and preliminary review of draft financial statements and management letter by late January. We recognize that unexpected events may occur with your staff and in the event the Authority requires a change in the proposed audit timetable, we will work with you to accommodate your needs and still ensure the audit is completed on a timely basis.

The *fourth phase* of our audit approach involves the final review of the various audit reports comprising your audit. We will review the responses to our management letter. Also, a partner who hasn't worked on the engagement will independently review these reports for completeness and accuracy. This process will be completed so that all reports will be issued and available for your March Board meeting.

c. Staff Assigned to Audit Segments and Work Plan

The information gathering and planning phase of the Authority's audit will include partner and manager involvement in the planning and audit program development. The tests of transactions will be performed by the audit senior and manager and reviewed by a partner. The substantive tests will be performed by all members of the engagement team with substantial partner involvement in critical or high risk audit areas, such as investments.

Detailed Work Plan

Our estimated schedule for the general purpose financial statements and detailed work plan with staffing assignments by phase for all audits is summarized as follows:

	<u>Phase I</u>	<u>Phase II</u>	<u>Phase III</u>	<u>Phase IV</u>	<u>Total</u>	<u>Percent</u>
	<u>Planning</u>	<u>Program</u>	<u>Fieldwork</u>	<u>Report</u>		
	<u>October</u>	<u>Development</u>	<u>Year-end</u>	<u>Review</u>		
	<u>October</u>	<u>October</u>	<u>Dec/Jan</u>	<u>January</u>		
Partner	8	5	7	10	30	15%
Manager	10	3	32	15	60	30%
Senior/staff			110		<u>110</u>	<u>55%</u>
					<u>200</u>	<u>100%</u>

Due to the unique emphasis by Caler, Donten & Levine on high-level professionals performing your audit work, the audit partners and managers with the most experience will likely perform at least 45% of the Authority's audit. This ensures you of a quality audit performed by the most experienced governmental professionals in the Palm Beach County area, minimizes the disruption of your staff in their regular duties and lessens the likelihood of high audit staff turnover rates common to many audit firms.

d. Sample Sizes and Statistical Sampling

AICPA Statements on Auditing Standards and the AICPA Audit and Accounting Guide, *Audit Sampling*, establish the requirements and provide suggestions on the use of sampling in audit engagements. In applying these authoritative pronouncements to a governmental audit engagement, four distinct types of audit tests may involve the use of audit sampling, as follows:

- ☐ Substantive tests of balance sheet account balances
- ☐ Substantive tests of details of transactions
- ☐ Tests of controls
- ☐ Tests of compliance with laws and regulations

Substantive tests of balance sheet account balances would generally involve year end confirmation of balances and sample size would be dependent upon the account balance, the relative dollar amount of the individual accounts and our risk analysis. Generally, we combine confirmation and other substantive tests of balances to achieve an acceptable level of reliability.

Substantive tests of details of transactions and tests of controls are usually combined into a “dual purpose test” utilizing the same sample of transactions. For example, we would select a sample of expenses and test the transaction amounts by agreement to the general ledger postings. We would also test the controls, such as approvals and correct coding in the general ledger related to the same expenditure. We anticipate the following tests and sample sizes as part of our audit of the Authority:

- | | |
|--|-----------------|
| <input type="checkbox"/> Revenue and receipts | 25 transactions |
| <input type="checkbox"/> Purchasing and expenses | 25 transactions |
| <input type="checkbox"/> Test of compliance | 25 transactions |

All samples will be selected randomly from the total population of transactions during the year. For example, expenses may be selected randomly from the cash disbursements and traced to approval by the Board during the year. We utilize an audit software program that randomly selects transactions from during the year.

Tests of compliance with laws, policies and regulations would usually be incorporated with samples selected for tests of transactions and internal controls. Other criteria to be tested may involve selecting a separate random sample of certain types of transactions, such as travel, and testing the supporting documentation for compliance with Florida Statutes or the Authority’s policies. The sample sizes will depend on the number of transactions and the nature of the compliance requirement.

e. Technology and Automation of the Audit

As a firm we are committed to advancing the efficiency of our work through the use of the latest computer technology. Automating our audit process has benefited our clients by reducing the staff and clerical time on the engagement, thereby providing more partner time to address the substantive issues of the audit while maintaining reasonable fees for the high level of service we

provide. Accordingly, we have made a substantial investment in computer hardware and software for a firm of our size.

As a Firm we are committed to advancing the efficiency of our work through the use of the latest computer technology. Automating our audit process has benefited our clients by reducing the staff and clerical time on the engagement, thereby providing more partner time to address the substantive issues of the audit. Accordingly, we have made a substantial investment in computer hardware and software for a firm of our size.

Our audit team uses laptop computers as an integral part of all our planning and fieldwork procedures. Each of our audit team members has their own laptop computer and portable scanner for use in the field. Some of the software applications we use on our government audit engagements include the following:

- ❑ Sophisticated computer audit tools such as IDEA that allows us to perform data analysis, data conversion, and report generation from data downloaded from your accounting systems.
- ❑ Paperless audit software to streamline the efficient use of electronic files and elimination of paper copies.
- ❑ The latest versions of spreadsheet software allowing compatibility with your worksheets and templates.
- ❑ Trial balance and financial statement applications allowing summarization onto audit lead schedules, posting of audit adjustments, preparation of financial statements and various analytical review tools.
- ❑ Standard audit templates for various applications such as analytical review, property and equipment and related depreciation, debt schedules, loan covenants and rate covenant reviews.
- ❑ Software that calculates random sample selections and sample sizes to ensure objectivity.
- ❑ Software programs for preparation and editing of audit programs, audit workpapers and functions such as confirmation control.
- ❑ Software to track the status of client prepared schedules and provide for the **secure transfer** of such files.

The numerous electronic workpapers we will prepare for the Authority may be updated easily and quickly in subsequent years, to allow us to meet your timetable with the minimum amount of disruption to your daily operations.

f. Analytical Procedures

AICPA Statements on Auditing Standards (SAS) require the auditor to apply analytical procedures as an overall review of financial information in the final stage of the audit. While the SAS's do not specify any particular analytical procedures, our audit approach utilizes procedures that focus on the overall relationships within the basic financial statements. We also apply similar financial statement analytical procedures during the preliminary planning phase of the audit to identify any unusual or unexpected relationships that may warrant further investigation.

During the course of the year-end fieldwork we utilize analytical review procedures to support the results of our other audit procedures. For example, in the testing of revenue and expenditures we would apply analytical procedures by comparing current year and prior year actual balances and comparing current year actual amounts to budgeted amounts. Any unusual or unexpected variations would be considered for further testing.

g. Documentation of Internal Control

AICPA Statements on Auditing Standards define the elements of an entity's internal control and describe how the auditor should consider the internal controls in planning and performing an audit. The auditor is required to obtain an understanding about the design of your internal control over financial reporting, policies and procedures, and whether they have been placed in operation by the entity.

Generally, our approach to obtaining an understanding and documenting internal controls includes the following methods:

- ☐ Observation of activities and operations
- ☐ Inspection of documents and records
- ☐ Inquiry of appropriate management, supervisory, and staff personnel
- ☐ Obtaining and reviewing the SOC 1 report on your Trustee's system.

For each of the major control systems, such as purchasing and cash disbursements, we will perform a "walk through" of a transaction from its inception until a check is prepared for final payment. We will document the control systems using narratives and/or flowcharts, incorporating copies of forms and approval procedures. This procedure would be repeated for each major control system of the Authority.

For computerized systems running financial applications, we will perform the same general methods directed to an evaluation of system documentation, security, access, maintenance, and reliability of reports. These systems should be documented in the SOC 1 report on your Trustee's system.

h. Legal Compliance Audit Approach

Generally, legal compliance criteria can be found in Florida law, rules, grant agreements, resolutions, policies, contracts and similar documents. In connection with our Firm's governmental audit practice, we maintain a legal compliance audit program of significant requirements of Florida Statutes related to governmental entities. This legal compliance program is updated annually for amendments to the Florida Statutes.

Specific legal compliance criteria related to the Housing Finance Authority will be the basis for our legal compliance audit program for significant compliance requirements we identify by a review of the Authority's Trust Indenture, debt requirements and enabling legislation. We will also consider the written policies and procedures utilized by management in the course of day-to-day operations.

As contracts, grant agreements, resolutions and similar documents are identified by inquiry of management and our audit procedures, any additional legal compliance requirements would also be added to our compliance audit program. All compliance audit programs are updated annually during our preliminary planning process.

The samples selected for testing legal compliance criteria will generally be incorporated with the random samples selected for testing transactions and internal controls. Other more specific legal requirements, such as contractual requirements, may be tested by selecting judgmental samples. Although legal compliance testing is generally not as extensive as tests of account balances and internal controls, we plan to support all major compliance requirements by a sample or workpaper analysis.

Scott Porter was a member of the FICPA Committee on State and Local Government that developed the FICPA practice aid *Compliance Auditing in Florida* that established the compliance criteria followed by government auditors in Florida.



6. Insurance

Caler, Donten & Levine currently maintains the following insurance policies and coverage limits. We will provide evidence of these coverages in a certificate of insurance upon awarding of the contract. We will maintain these policies and coverage limits for the term of our contract with the Housing Finance Authority.

General Liability insurance with limits of \$1,000,000 for each occurrence, and with \$2,000,000 aggregate.

Automobile Liability insurance with liability limits of \$1,000,000.

Workers' Compensation insurance in accordance with statutory requirements and with liability limits of \$1,000,000.

Professional Liability insurance with limits of \$2,000,000 annual aggregate.

7. Price Proposal

Our fee proposal for the financial audit of the Housing Finance Authority is detailed below. We have not included a price for a Single Audit fee since we are not aware of any such program currently in place requiring such an audit. Any federal or state grant programs would be evaluated on an annual basis in terms of the amount of work required for each major program. The proposed fees for 2018 do not contemplate any significant change in operations or accounting and auditing standards not yet issued.

Our invoices will be rendered 75% as the work begins with the final 25% billed at the time of delivery of the final reports. If we incur less time at our standard hourly rates than the quoted fees, we will bill you only for our actual time.

a. Federal Employer Identification Number

The Federal Employer Identification Number for Caler, Donten, Levine, Cohen, Porter & Veil, P.A. is 59-2831281.

b. Proposed Fee Schedule

Rates include all expenses, including but not limited to, travel related expenses, meal allowances, hotel rooms, and any other relevant out of pocket expenses, as well as vehicles, electronics, communications equipment, and any other equipment, facilities, or infrastructure necessary to carry out the task.

FINANCIAL STATEMENT AUDIT FY ENDING SEPTEMBER 30, 2018:

POSITION	EST. TOTAL HOURS	PROPOSED HOURLY RATE	EXTENDED COST
Partners	30	\$ 300	\$ 9,000
Managers	60	\$ 190	\$ 11,400
Senior/Staff	110	\$ 130	\$ 14,300
Courtesy Discount			\$ (5,800)
PROPOSED TOTAL FIXED FEE:			\$ 28,900

PROPOSED ANNUAL PERCENTAGE (%) ADJUSTMENTS FOR FINANCIAL STATEMENT AUDITS FOR:

FY ENDING September 30, 2019: 3%
FY ENDING September 30, 2020: 3%

***ADDITIONAL
INFORMATION***

Part II Minimum Requirements Index

To assist in your review of our proposal, we have provided the following cross reference to the ten Minimum Requirements enumerated in Part II of your Request for Proposal.

	<u>Proposal Page Reference</u>
1. The audit firm is licensed to practice in the State.	8
2. The audit firm is authorized to conduct business in the State.	8
3. The proposed engagement partner has performed continuous certified public accounting (CPA) services for governmental agencies for a minimum of five (5) years.	20, 22
4. The firm must be a member of the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants.	11
5. The assigned professional personnel of the firm have received adequate continuing professional education as stipulated by <i>Government Auditing Standards</i> issued by the Comptroller General of the United States.	22-29
6. The firm is independent of the Authority as defined by generally accepted auditing standards and Government Auditing Standards.	12
7. The firm must submit with its response a copy of its most recent external quality control review report and letter of comment, along with a statement indicating whether the reviews included a review of specific governmental engagements, which external quality control review shall have conducted within the last three years.	13-14
8. The proposed engagement partner, manager, and senior auditor must have experience auditing at least three Florida governmental agencies preferably with special districts or county housing finance authorities which are similar with respect to size, services provided, and required reporting.	21-29
9. The proposed engagement partner, manager, and senior auditor must have experience performing audits of local government entities in accordance with generally accepted auditing standards, <i>Government Auditing Standards</i> issued by the Comptroller General of the United States, the provisions of the Uniform Guidance (Title 2 CFR Part 200) (formerly known as OMB Circular A-133, Audits of State and Local Governments); and the Rules of the Auditor General of the State of Florida.	21-29
10. The firm must maintain a permanent office in the state.	8

Part IV Proposal Requirements Index

To assist in your review of our proposal, we have provided the following cross reference to the Proposal Requirements enumerated in Part IV of your Request for Proposal.

	<u>Proposal Page Reference</u>
1. General	
a. Table of contents providing a clear identification of the material by section and by page number.	Table of Contents
b. Description and history of the make-up and composition of the firm, including, but not limited to, overall size of the firm.	5, 10
c. Relevant government auditing experience of firm and personnel assigned to the audit, list of audits performed during the past five years and current engagements/clients.	15
d. References from not less than three (3) local governmental entities in the State for which the firm has performed similar work, including any special district or county housing finance authority.	19
e. Total staff available for this audit and the anticipated percent of audit work to be performed by various levels of staff.	10, 31
f. Resumes of partners, managers, and other supervisory staff assigned to this audit, which include the following information:	21-29
<ul style="list-style-type: none">• Formal education• Licensure• Supplemental education relative to governmental accounting• Experience in public accounting and auditing in general• Experience in private business or government• Experience in auditing governmental units• Membership in various national and State governmental accounting boards, committees, or associations (past and present)• Professional recognition, such as Certified Public Accounting licenses, awards, etc.	
g. A statement setting for the proposer's understanding of the work to be done and a positive commitment to meet or exceed specifications stated in Sections 3.4 and 3.5 and a positive commitment to perform the work within the time period specified.	30

Proposal
Page
Reference

- h. An affirmative statement that the firm is independent of the Authority as defined by generally accepted auditing standards and Government Auditing Standards. 12
2. The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in this request for proposal. Proposers will be required to provide the following information on their audit approach:
 - a. Proposed segmentation of the engagement 30
 - b. Level of staff and number of hours to be assigned to each proposed segment of the engagement 31
 - c. Sample size and the extent to which statistical sampling is to be used in the engagement 32
 - d. Extent of use of EDP software in the engagement 32
 - e. Type and extent of analytical procedures to be used in the engagement 34
 - f. Approach to be taken to gain and document an understanding of the Authority's internal control structure 34
 - g. Approach to be taken for determining which laws and regulations should be tested for compliance 35
 - h. Method of drawing samples for tests of compliance 32
3. A tentative schedule for performing key aspects of the audit. 31
4. A fee schedule for the complete audit using the Proposed Fee Schedule, for each year of the contract (2018, 2019, and 2020). Include staff hourly rates to be used for any additional work which may be requested by the Authority which is outside the scope of the contract. 37
5. The auditor is free to include any promotional material pertaining to the auditor or audit firm; however, that promotional material shall not be considered the proposal in and of itself. Promotional materials will be considered supplemental information. None
6. Copies of CPA licenses for all individual CPAs assigned to the audit and for the firm in the State of Florida. 8, 22-29

	Proposal Page Reference
7. A Certificate of Good Standing for the firm from the Florida Secretary of State, and evidence that the firm is a legal entity licensed to practice in the State and has performed continuous certified public accounting services for a minimum of five (5) years.	9
8. Positive affirmation that all CPAs assigned to the engagement have properly maintained continuing education requirements in governmental accounting as required by the Board of Accountancy.	22-29
9. Location of the office from which the audit will be conducted and number of personnel in that office who would be working on the audit.	8
10. A copy of the most recent external quality control review report and letter of comment along with a statement indicating whether the review included a review of specific governmental engagements.	13-14
11. The results of any Federal or state desk review or field audits during the past three (3) years.	12
12. A description of the circumstances and status of any disciplinary actions taken or pending against the firm or any partners or employees of the firm by federal or state (including states other than the State) regulatory bodies or professional organizations during the past three (3) years.	12
13. A description of any litigation or proceeding during the past three (3) years, whereby a court or any administrative agency has ruled against the firm or any of the professional staff in any manner related to its professional activities.	12
14. A statement that, if awarded the contract, the firm will provide evidence of required limits on a Certificate of Insurance.	36
15. A description of the firm's office's experience in preparing governmental financial statements.	17
16. The Proposer's Federal Employer ID number.	37
17. Evidence of certification by the Palm Beach County Office of Small Business Assistance, if applicable.	N/A
18. Additional Data – Any additional information which the Proposer considers pertinent for consideration should be included in a separate section of the proposal.	38-41