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chfa request for proposal

COLORADO HOUSING AND FINANCE AUTHORITY
1981 BLAKE STREET
DENVER, CO 80202

REQUEST FOR PROPOSAL

AUDIT SERVICES

POSTED: June 14, 2024

PROPOSALS DUE: July 12, 2024

Colorado Housing and Finance Authority (“CHFA”) is seeking proposals from qualified independent certified public accounting firms to provide audit services for CHFA’s financial statements in accordance with state and federal requirements and as specified in this Request for Proposal (“RFP”). Firms responding to this RFP (“Respondents”, each a “Respondent”) are required to prepare and submit their proposals in accordance with the directions contained in this RFP. All submitted eligible proposals will be reviewed and evaluated by CHFA in accordance with the evaluation and selection standards specified herein.

The selected Respondent to this RFP must be available to provide the required services below for the five (5) fiscal years ending December 31, 2024, 2025, 2026, 2027, and 2028.

1. Annual audit of CHFA’s consolidated financials.
2. Annual audit of CHFA’s consolidated financials with required Ginnie Mae and Fannie Mae supplemental schedules and opinion on internal controls over financial reporting and compliance and other matters.
3. Annual Single Audit which includes a “Schedule of Expenditures of Federal Awards” in compliance with the U.S. Office of Management and Budget Uniform Guidance. These audits are part of this RFP.
4. Specified agreed-upon procedures with respect to the annual Real Estate Assessment Center (“REAC”) submission in compliance with the the U.S. Department of Housing and Urban Development Financial Assessment Subsystem—PHA (FASS-PH). These procedures are part of this RFP.

Background

CHFA is a body corporate and political subdivision of the State of Colorado, established by the Colorado General Assembly for the purpose of increasing the supply of decent, safe and sanitary housing for low and moderate income families; and



to promote sound economic development by supporting business enterprises. CHFA strongly values diversity, equity, and inclusion among our customers, employees, vendors, and partners.

More information on CHFA may be found at the CHFA website, www.chfainfo.com.

Over the past 50 years, CHFA has invested more than \$35.3 billion into Colorado's economy. These resources have helped:

- 153,043 Colorado homebuyers achieve homeownership
- 197,896 households attend homebuyer education classes held statewide
- 82,851 affordable rental housing units be developed or preserved
- 8,945 businesses access capital to support 88,340 jobs; and
- \$22 million invested in community partnerships, grants, donations, and sponsorships.

CHFA raises funds through the public and private sale of bonds and notes, which are not obligations of the State. The proceeds are loaned to eligible borrowers, primarily through private lending institutions across the state under sound fiscal practices established by CHFA. As a self-sustaining organization, CHFA's operating revenues come from loan and investment income, program administration fees, loan servicing and gains on sales of loans. CHFA receives no tax appropriations, and its net revenues are reinvested in its programs and used to support bond ratings.

CHFA participates in the Government National Mortgage Association (Ginnie Mae) Mortgage Backed Securities (MBS) Programs. Through the MBS Programs, Ginnie Mae guarantees securities that are issued by CHFA and that are backed by pools of mortgage loans. Ginnie Mae securities, which can be held or sold, carry the full faith and credit guaranty of the United States government. Holders of the securities receive a "pass-through" of the principal and interest payments on a pool of mortgage loans, less amounts required to cover servicing costs and Ginnie Mae guaranty fees. The Ginnie Mae guaranty ensures that the holder of the security issued by CHFA receives the timely payment of scheduled monthly principal and any unscheduled recoveries of principal on the underlying mortgage loans, plus interest at the rate provided for in the securities. All loans pooled under the Ginnie Mae MBS Programs are either insured by the Federal Housing Administration (FHA) or are guaranteed by the United States Department of Agriculture (USDA) Rural Development or the Veterans Administration.

CHFA also participates in the Federal National Mortgage Association (Fannie Mae) MBS and Whole Loan Commitment Programs. Fannie Mae is a government-sponsored enterprise with a public mission to provide stability in, and to increase the liquidity of, the residential mortgage market for homebuyers. CHFA is a Fannie Mae Seller/Servicer, either selling whole loans to Fannie Mae for cash or swapping pooled loans for MBS issued by Fannie Mae, which securities can be held or sold.

Additionally, CHFA participates in the Federal Home Loan Mortgage Corporation (Freddie Mac) Whole Loan Commitment Program. Freddie Mac is a government-sponsored enterprise with a public mission to provide liquidity, stability and affordability to the nation's housing market. CHFA is a Freddie Mac Seller/Servicer, selling whole loans to Freddie Mac for cash.



CHFA also receives several state and federal awards and administers several state and federal programs.

Scope of Services

For each fiscal year being audited the selected Respondent shall:

- a. Provide the final report and management letter to management for response no later than March 15 of each year. Release of audited Financial Statements must be approved by the Audit Committee and provided to several agencies no later than March 30 of each year.
- b. Conduct an audit of CHFA's financial statements in accordance with generally accepted auditing standards sufficient in scope to allow the Respondent to express its opinion whether or not the financial statements are in conformity with accounting principles generally accepted in the United States of America.
- c. Issue a report on CHFA's internal control over financial reporting and tests of compliance in accordance with *Government Auditing Standards*.
- d. Perform "Single Audits" which include a "Schedule of Expenditures of Federal Awards" in compliance with the U.S. Office of Management and Budget Uniform Guidance.
- e. Pursuant to the HUD Audit Guide and the Ginnie Mae MBS Guide, in addition to the audited statements and certification of good standing with FHA, Fannie Mae and Freddie Mac, prepare certain annual Audit Reports with respect to: (a) internal control structure; compliance with applicable laws and regulations; computation of adjusted net worth; verification of adequate fidelity bond and mortgagee errors and omissions insurance coverage with proper Ginnie Mae endorsement; and corrective action plan, if applicable.
- f. Issue a management letter suggesting improvements in CHFA's internal controls or conduct of its fiscal affairs.
- g. Apprise CHFA of modifications to Generally Accepted Accounting Principles ("GAAP") promulgated by authoritative bodies, principally the Governmental Accounting Standards Board ("GASB"), and help CHFA to design procedures to implement such changes.
- h. Hold an Entrance Conference with management and the Audit Committee of CHFA to discuss the current year engagement.
- i. Hold an Exit Conference with management and the Audit Committee of CHFA to discuss the financial statements prior to issuance of auditor's report, as appropriate.
- j. Meet with the Audit Committee independently to discuss the audit process.
- k. Coordinate with CHFA's Internal Audit Division, which is in a position to assist the external auditor, pursuant to SAS 65. The scope of services that Internal Audit can provide may be further discussed prior to award date. Additionally, the selected firm will need to provide Internal Audit with access to audit plans, work programs and detailed work papers and will generally coordinate the external audit with the Internal Audit function. Any engagement agreement with the selected independent auditing firm will also reflect such requirement.
- l. Clarify expectations of client versus auditor's role in preparing reports and the level of detail required for client prepared work papers.



Contract Term

It is anticipated that the term of the engagement will last for three years, with the option to extend the engagement for two one year terms upon satisfactory performance. CHFA reserves the right to terminate the contract before completion of the stated term, if CHFA deems services unsatisfactory. CHFA staff will provide schedules and assistance as required, in accordance with an agreed-upon schedule.

Recent Audit Information

RSM US, LLP performed the most recent audit of CHFA's financial statements for the fiscal year ending December 31, 2023. An unmodified opinion was issued on the Financial Statements. There were no audit adjustments, audit issues or disagreements for the fiscal year ending December 31, 2023. A copy of the audit report is located on the CHFA website at <https://www.chfainfo.com/investors/audited-financial-statements>.

Submission Requirements

Posting of RFP on CHFA website - June 14, 2024

Deadline for submission of RFP questions and/or clarifications by responders - June 28, 2024. These should be sent in electronic format only to: tbryan@chfainfo.com.

CHFA responses to questions – All questions, as well as answers, will be posted in the RFP section of CHFA's website at <https://www.chfainfo.com/rfps>. This will be available by end of day **July 5, 2024**.

Deadline for submission of proposals – The deadline for submission is 5:00 pm Mountain Time on **July 12, 2024**. No alteration of the proposal will be accepted or made after submission.

Interviews with finalist firms – interviews will be available utilizing a hybrid environment and will likely take place in late July, 2024 or early August, 2024 – Exact dates TBD

Anticipated Decision Date/Selection – August, 2024 – Exact date TBD

Additional Conditions

CHFA and the selected firm(s) will enter into an engagement agreement, describing the terms and conditions of the services to be performed, including compensation.

1. All submitted proposals become the sole and exclusive property of CHFA.
2. All interested parties who can demonstrate the ability to fulfill the requirements listed in this RFP are requested to submit a proposal containing evidence they can meet the expectations described in the RFP.
3. Additional information that is reasonably necessary for CHFA to fairly and comprehensively evaluate proposals may be enclosed. It should be limited to information that clarifies and substantiates written responses.



4. During the evaluation and selection process, CHFA reserves the right to request additional information or clarifications from Respondents. At its discretion, CHFA may request any one or all Respondents to make presentations either virtually or in person.
5. As a political subdivision of the State of Colorado, CHFA is subject to the Colorado Open Records Act (CORA) C.R.S. §§ 24-72-200.01 et seq., which requires CHFA to permit inspection and copying of certain public records. Respondents acknowledge and agree that, notwithstanding anything contained therein or in any transmittal, that responses to the RFP and any other related materials submitted to CHFA pursuant to this RFP are not considered confidential, proprietary, or trade secrets in any way and may be released for public inspection in accordance with CORA. By submitting a proposal, Respondents expressly authorize CHFA to disclose such proposals and any related information at CHFA's sole discretion. Respondents should not include any information deemed privileged, confidential, or a trade secret in their responses.
6. Firms submitting a proposal for the service categories in the RFP shall provide responses using the section headers listed below, while taking special care to respond to all questions posed under sections I – IX. Please limit responses to 20 pages, single-spaced and in 12-point font. All responses shall be in PDF format. All other items submitted as part of your response should be included as an appendix and referenced as such in your response.
 - a. Cover Page
 - b. Section I – Description of Firm
 - c. Section II – Professional Requirements
 - d. Section III – Prior Experience
 - e. Section IV – Respondent References
 - f. Section V – Staff Qualifications
 - g. Section VI – Approach to the Audit
 - h. Section VII – Cost proposal
 - i. Section VIII – Additional Services
 - j. Section IX – Previous and Pending Claims
7. CHFA shall not be liable for any expenses, including travel expenses related to preparation of the proposal, any due diligence by the responder and/or CHFA, and the contract negotiation process.
8. CHFA reserves the right to reject any or all proposals after reviewing all responses to this RFP. CHFA is not required by law to conduct this RFP and reserves the right to cancel or withdraw this RFP at any time and for any reason. CHFA reserves the right to reissue a new RFP for the same or similar services or to postpone proposal deadlines for its own convenience.
9. CHFA is committed to diversity and inclusion with its suppliers to meet the growing needs of its customer base. CHFA staff understands that the purchasing decisions that we, and our vendors make, can impact the community we serve

through People, Planet, Purpose, and Price. The four-“P” (4P) procurement standards are embedded in our vendor diversity standards to ensure we are reducing the environmental impact of our purchasing decisions and expanding our diversity outreach, while maximizing the purchasing value of our funds.

10. This RFP and the resulting contract shall be governed by the laws of the State of Colorado and venues for any actions shall lie exclusively in Denver, Colorado. By submitting a response to this RFP, Respondent irrevocably submits to the exclusive jurisdiction of the courts located in the City and County of Denver.
11. Prior written approval from CHFA must be obtained for any media releases regarding any award of the contract by CHFA.
12. By submitting a proposal, Respondent agrees to waive any claim(s) it has or may have against CHFA and/or any of the current or former CHFA directors, officers, board members, employees, or agents arising out of or in connection with (1) the administration, evaluation, or recommendation of any proposal (2) waiver of any requirement under this RFP, (3) acceptance or rejection of any proposal, and (4) any award of the contract.
13. If deemed applicable by CHFA based on the type of platform proposed and upon request, Respondent shall provide CHFA with a copy of the following: (1) Respondent’s Disaster Recovery Plan or similar report and (2) evidence of compliance with Gramm-Leach-Bliley information security requirements.

Proposal Requirements

Cover Page

A form for completing the Cover Page has been included in this RFP (see Attachment 1).

Section I - Description of Firm

The proposals must:

1. State whether the firm is local, national, or international.
2. Give the location of the office from which the work is to be done and the number of partners, shareholders, and managers and other professional staff employed at that office.
3. Describe the range of activities performed by the local office.

Section II - Professional Requirements

Respondents must submit written evidence and documentation to verify that the following professional requirements are met:

- a. The firm is a qualified independent Certified Public Accounting firm licensed for public practice in the State of Colorado.
- b. The firm has current insurance policies that cover errors and omissions, general and vehicular liability and workers’ compensation.

Section III - Prior Experience

The firm must describe its experience in providing audit services similar to those requested by CHFA, including the firm's experience with financial institutions, government entities, non-profit housing authorities, Ginnie Mae, Fannie Mae, and Freddie Mac Issuers, and Single Audit A-133 requirements, including the number and classifications of personnel who will work on the audit.

Section IV - Respondent References

Respondents must include in the proposal a list of organizations, including points of contact (name, address and telephone number), which can be used as references. A minimum of three references is required for similar work performed. All references should be current and, prior to submittal of the proposal, the Respondent must inform the named references that their names are being so listed. Selected references may be contacted to determine the quality of work performed and personnel assigned to the project. The result of the reference checks may be provided to reviewers to be used in scoring the written proposal.

Section V - Staff Qualifications

Provide resumes describing the educational and work experiences for each of the key staff that would be assigned to the audit engagement. Describe the role and responsibilities for each person who will participate. For each staff member's experience, specify the type of project(s), scope and complexity, and their role in the project including whether it involved a housing authority or similar entity. Be very specific in describing the organizational chart for the engagement, including all staff to be assigned to this project and clearly show supervision.

Also, under this section please describe your firm's Diversity and Inclusion practices. Please describe how your firm will apply these practices to the make-up of the team assigned to this engagement.

Section VI - Approach to the Project

Please provide both a narrative project description and basic work plan. The narrative should provide an overview of the Respondent's approach to this engagement. The work plan should be prepared in outline form and should contain, at a minimum, the following information:

- a. The sequence of tasks to be performed.
- b. A time schedule for performing the proposed work, financial and single audit, taking into consideration reporting deadlines as well as availability of CHFA staff. Indicate the duration of the fieldwork and number and level of staff assigned to complete the fieldwork
- c. A description of how you will maximize the use of our internal audit function, including but not limited to, reliance on internal audit work performed during the year; preparation of "Prepared by Client" audit work papers for the annual audit; and periodic planning and status meetings. Additionally, how you will provide



Internal Audit with access to audit plans, work programs and detailed work papers and will generally coordinate the external audit with the Internal Audit function.

Section VII - Cost Proposal

The cost proposal should specify costs by type of required service; financial audit and single audit. Costs should be detailed further by providing the number of estimated hours and the hourly billing rate for each staff or management level. The cost of the proposed engagement should include all anticipated expenses, including but not limited to, travel and office support expenses. The cost proposal must be broken down by year for the full five year term, beginning with fiscal year ending December 31, 2024. The lowest cost proposal will not necessarily result in a contract award.

Section VIII - Additional Services

Include a description and costs of any additional services which could be provided to CHFA, but outside the scope of the audit engagement.

Section IX - Previous and Pending Claims

Provide information on any past, current, or anticipated claims (i.e. knowledge of pending claims) on Respondent contracts. Explain the litigation, the issue, and its outcome or anticipated outcome.

Additional Comments/Information

Please provide any additional comments or information that will assist in this evaluation. These should be included as appendices to the formal submission.

Evaluation Process

Minimum Evaluation Requirements

Submitted proposals will be reviewed by a Selection Committee comprised of the Chief Financial Officer and appropriate CHFA staff appointed by the Chief Financial Officer.

Comparative Evaluation Criteria

- A. Proposals must demonstrate that the Respondent is qualified to provide the requested audit services. The Selection Committee will determine qualifications based on the following:
 - (1) Respondent's experience providing audit services for the housing authority of either a state, local government, and/or nonprofit housing finance agency.
 - (2) Respondent's experience with Ginnie Mae, Fannie Mae, and Freddie Mac issuers.
 - (3) Respondent's references from three such entities .



- (4) Respondent's demonstrated commitment to diversity, equity, and inclusion practices.
 - (5) A statement from the Respondent as to its compliance with the following mandatory professional qualifications. The respective Respondent must:
 - (a) Be an Independent Auditor properly licensed for public practice in Colorado;
 - (b) Affirm that the firm has participated in a quality control review within the past three years. A copy of the review must be included in the proposal.
 - (c) Not have a record of substandard work that may be verified by checking with the State Licensing Authority.
- B. Proposals must demonstrate that the Respondent's staff is qualified to provide the requested audit services. Respondents must clearly identify the staff assigned to the CHFA audit. The Selection Committee will determine qualifications based on the following:
- (1) Staff credentials and experience.
 - (2) Staff involvement with state, local government, and/or nonprofit housing finance agency audits.
 - (3) The diversity and make-up of the team proposed to work on the CHFA engagement.
- C. Proposals must demonstrate a well-defined audit approach and timetable which will result in CHFA's receipt, each year, of final audit reports within the statutory, regulatory and contractual deadlines.



Attachment 1

**REQUEST FOR PROPOSAL
FOR AUDIT SERVICES FOR THE
COLORADO HOUSING AND FINANCE AUTHORITY
COVER PAGE**

1. Name of Applicant Organization: _____

Address: _____

2. Employer Identification Number: _____

3. Name of Person Who Prepared Application: _____

4. Name, title, address, email address, and telephone number of official authorized to commit the organization to submittal of the application and to an ensuing contract, if any:

Name: _____

Title: _____

Address: _____

Email: _____ Telephone Number: _____

Date: _____

Signature: _____