

## ADDENDUM NUMBER TWO

September 8, 2009

### **Request for Proposals #09-742-08-14 Annual Audit Services**

THE FOLLOWING ADDENDUM IS BEING ISSUED TO INCORPORATE THE FOLLOWING IN THE REFERENCED REQUEST FOR PROPOSALS.

#### **ITEM #1      RESPONSES TO QUESTIONS RECEIVED IN WRITING**

**Q1: Are the prior year financial statements, audited by independent auditors, available for the Housing Authority of New Orleans and the tax credit projects/component units under the anticipated contract for the RFP?**

**A1:** Yes and yes.

**Q2: We would like to review the past two years of Independent audits, including the detailed Financial Data Schedule.**

**A2:** HANO's Financials are available on the website of the Louisiana Legislative Auditor at [www.la.state.la.us](http://www.la.state.la.us).

**Q3: Did you receive an unqualified opinion in the past two years?**

**A3:** No.

**Q4: Did you have any Audit findings in the prior two years? If so, what were they for?**

**A4:** Yes. HANO received typical audit findings, which included file deficiencies, internal control weaknesses, etc.

**Q5: Please provide a copy of the audit adjustments for the fiscal year ended September 30, 2008.**

**A5:** We don't make public our audit adjustments.

**Q6: Do you expect to receive unqualified opinions on the upcoming audit on the financial statements, on compliance, and for internal control? (i.e., are there any known control or fraud issues?)**

**A6:** An audit is an independent audit and although the Agency hopes for an unqualified opinion this is not something that we have control over.

**Q7: Do you have a detailed list of all of the entities being considered for the scope of the audit for this RFP? Per section 1.1 of the RFP, it is discussed in general terms, but nothing specific is noted in the RFP as to the number of tax credit limited partnerships and component units.**

**A7:** HANO as the major entity with a number of LLC's.

**Q8: Have there been any management recommendations issued separately as part of the prior year audits listed in question #1? If so we would like to review for the past two years.**

**A9:** Management recommendation in terms of audit findings were incorporated in the Audit Report.

**Q10: Have there been letters issued from the prior year auditors with respect to SAS #114? If so, we would like to review for the past two years.**

**A10:** There are none that HANO is aware of.

**Q11: We are interested in submitting a proposal for audit services; however our licensing in the state of Louisiana is pending. Are we precluded from submitting a response to the RFP? Our intention is to have licensing and approval from the AG, prior to work and award notice, but it may not be possible to have them by the RFP due date.**

**A11:** You may submit a proposal but prior to any award licensing must be in place.

**Q12: With respect to the timing of the audit, what is your expected date to close the books and submit the unaudited Financial Data Schedule?**

**A12:** The timeline will be as soon as possible, but no later than 60 days after the close of the Fiscal Year which is September 30, 2009.

**Q13: The RFP asks for Cost, per section 3.4, however per section 4.2 the evaluation criteria, cost is not listed. Should the fee be separately sealed? Please clarify.**

**A13:** The fee should not be separately sealed.

**Q14: Who was your auditor for the fiscal year ended September 30, 2009, and how long have you been contracted with them?**

**A14:** The current RFP is for the audit period ending 9/30/09.

**Q15: Did you have any negative experiences with your prior auditor that would prevent them from continuing on as the auditor?**

**A15:** To ensure that the HANO obtains competitive pricing and proposals that meet our needs an RFP has been issued for auditing services.

**Q16: What were your auditing costs last year? Were there any discussions of cost overruns, or additional fees requested? What is the amount budgeted for the annual audit for the year ending September 30, 2009?**

**A16:** This is a bid. We cannot share this.

**Q17: How many staff are in your accounting department?**

**A18:** Currently there are eight employees working in the Finance Department.

**Q19: Do you outsource any accounting functions?**

**A 20:** Yes.

**Q21: Do you have any bonds or other long term debt (please list)? If yes, do you have any external reporting requirements related to your debt?**

**A21:** Yes, but we don't share this information since it involves a third party.

**Q22: Do you have any significant legal issues?**

**A22:** Apart from two class action lawsuits, there are no major legal concerns.

**Q23: Has anything significant occurred in the current year that is different from prior year?**

**A24:** Nothing that would impact audit services or the conduct of an audit.

**Q25: Is something significant expected and/or budgeted to occur in the current year or soon thereafter which a potential auditor should be aware of?**

**A25:** No.

**Q26:** In order to provide a complete proposal package, it would be helpful if we were provided with the following:

- Editable versions of the attachments that firms will need to complete and include in the proposal packages
- Organizational chart of all of the entities included in the Housing Authority of New Orleans audit including an indication of individual component units for which separate audits will be conducted under this RFP.

**A26:** a.) Please use the forms provided in the RFP. Editable versions will not be provided

b.) This information will be provided to the successful respondent.

**Q27:** A copy of the September 30, 2008 comprehensive Annual Financial Report and all supplemental schedules as prepared by the previous auditing firm including the following:

- Financial Statements (including all applicable footnotes)
- Footnotes on the Summary of Significant Accounting Policies and Federal Non-Cash assistance
- Auditor's opinion on the financial statements and required supplementary schedules
- Report on Compliance and on Internal Control Over Financial Reporting based on an audit of financial statements performed in accordance with Government Auditing Standards and/or Generally Accepted Auditing Standards
- Report on Compliance with requirements applicable to each "major program" and internal control over compliance in accordance with OMB Circular A-133
- Schedule of Expenditures of Federal Awards
- Schedule of Findings and Questioned Costs
- Corrective Action Plan
- Written management letter containing matters not included in the auditor's report on compliance and on internal control over financial reporting and related corrective action plan

**If the final documents are unavailable, please provide a draft copy of this information**

**A27:** You may obtain a copy of the HANO audit from the website of the Louisiana Legislative Auditor at [www.lla.state.la.us](http://www.lla.state.la.us). Corrective Action plans will be provided to the successful respondent.

**Q28:** When is the expected completion date of the conversion of all accounting systems to the Yardi system?

**A28:** HANO has an implementation schedule reflecting dates for components to go live. We anticipate that the Yardi conversion will be complete by November 30, 2009.

**Q29:** In section 3.3 of the RFP Respondents are asked to specifically address how they intend to meet the initial audit HUD deadline of June 30<sup>th</sup>, but respondents are not asked to address the LLA deadline of March 31<sup>st</sup>. Is the March 31<sup>st</sup> deadline a firm deadline, or is the June 30<sup>th</sup> date the expected date of audit delivery for all audit reporting packages?

**A29:** The dates provided are firm.

**Q30:** Will there be room for negotiation of the indemnification section of the Supplemental Conditions for proposals submitted under this RFP? We would like to indemnification of the extent that losses resulted directly from our grossly negligent acts.

**A30:** This clause can be negotiated with the successful respondent during negotiations.

**Proposals must be received by the Housing Authority of New Orleans (HANO) in the Office of Contracts and Compliance by 2:00 p.m., local time on Friday, September 11, 2009.**

All terms and conditions shall remain as stated in the original Request for Proposals. **All addenda must be acknowledged.**

**END OF ADDENDUM NUMBER TWO**