



SCOPE OF WORK
Small Purchase
Single Audit Services for FY 2023
Puerto Rico Department of Housing

1. Introduction

This document defines the work that the Supplier must perform to provide the Single Audit Services to the Puerto Rico Department of Housing (**PRDOH**) for the fiscal years ended June 30, 2023. The Single Audit Services will cover the expenditures of Federal funds by State-administered financial assistance programs originally defined in the Federal Single Audit Act of 1984 (31 USC 7501 et. seq.), then superseded by the Federal Single Audit Amendments of 1996 (P.L.104-156), and finally superseded by Title 2 U.S. Code of Federal Regulations (**CFR**) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (**Uniform Guidance**). The auditor selected for this engagement is expected to conduct the Single Audit to fully meet all requirements as set forth in the Federal Single Audit Amendments of 1996, the Uniform Guidance (**2 CFR 200**) and all applicable Federal rules and regulations.

2. PRDOH's Reservation of Rights

The PRDOH reserves the right, without limitations, to:

- a. Cancel this solicitation and reissue the Small Purchase (**SP**) or another version of it, if it deems that doing so is in the best interest of the Public Interest.
- b. To amend the contract(s) of the Selected Proposer to, among others: extend its original duration as further explained in the Small Purchase Package; extend its scope to include work under subsequent Community Development Block Grant – Disaster Recovery (**CDBG-DR**) or other federal programs action plans or allocations as related to the services requested herein; or to reduce the scale of its scope to decrease work as a consequence of underperformance or inexcusable delays related to services requested herein. This contract may also be renewed for purposes of providing Single Audit Services for an additional Fiscal Year.
- c. Reject any or all proposals, to waive any informality in the Small Purchase process, or to terminate the RFP process at any time, if deemed to be in its best interests.
- d. Reject and not consider any quotation that does not meet the requirements of this SP, including but not necessarily limited to incomplete proposals and/or proposals offering alternate or non-requested services.

- e. To reduce or increase estimated or actual quantities in whatever amount necessary without prejudice or liability to, if:
 - i. Funding is not available,
 - ii. Legal restrictions are placed upon the expenditure of monies for this category.
 - iii. PRDOH's requirements in good faith change after award of the contract.
- f. Make an award to more than one proposer based on ratings and to award with or without negotiations or a best and final offer (BAFO).
- g. To require additional information from all suppliers to determine the level of responsibility and/or to clarify their proposals.
- h. To contact any individuals, entities, or organizations that have had a business relationship with the suppliers regardless of their inclusion in the reference section of the quotation's submittal.
- i. In the event any resulting contract is prematurely terminated due to nonperformance and/or withdrawal by the Contractor, PRDOH reserves the right to seek monetary restitution (to include but not limited to withholding of monies owed) from the Contractor to cover costs for interim services and/or cover the difference of a higher cost (difference between terminated Contractor's rate and new company's rate) beginning the date of Contractor's termination through the contract expiration date.
- j. To contract with one or more suppliers for Single Audit Services as result of the selection of suppliers or the cancellation of this SP.

The selected supplier(s) shall be responsible for providing all the goods or services outlined in this SOW.

The Procurement Division will review proposed prices received within the submission term and will verify the compliance of the submitted quotation(s) with the requirements established in the Scope of Work (**SOW**). The Procurement Division may request clarifications in order to provide for a better understanding of the purchase requirements. The PRDOH reserves its right to negotiate quotation (s) received within the established submission term.

We enclose the latest issued Single Audit Report of PRDOH for fiscal year ended June 30, 2021 in Exhibit ____ . For fiscal year ended June 30, 2022, PRDOH unaudited expenditures on federal funds are as follow:

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Approximate Expenditures
Community Development Block Grant	14.228	\$ 20,000,000
Community Development Block Grant - Disaster Recovery	14.228	547,000,000
Continuum of Care Program	14.267	1,000,000
Child and Adult Care Food Program	10.558	<u>26,000</u>
Total Expenditures of Federal Awards		<u><u>\$568,026,000</u></u>

Federal funds disbursements for the fiscal year ending June 30, 2023 are estimated to be similar to the figures above.

The following are the governmental funds presented in the financial statements of PRDOH:

- a. General Fund – This fund includes the current financial resources, which relate to the general operations of the **PRDOH**. These operations consist of the general administration and other activities.
- b. CDBG Fund - This major fund accounts for grants received from HUD. The grant is restricted to the Community Development Block Grant program. This program provides annual grants to municipalities to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.
- c. CDBG-DR Fund - This major fund accounts for grants received from HUD. The grant is restricted to the Community Development Block Grant Disaster Recovery Program. This program provides grants to rebuild areas affected by Presidentially declared disasters and provide crucial seed money to start the recovery process. Since CDBG Disaster Recovery (**CDBG-DR**) assistance may fund a broad range of recovery activities, it is designed to communities and neighborhoods that otherwise might not recover due to limited resources.
- d. Self-Contribution Fund – This fund is maintained by the **PRDOH** to account for current financial resources received from proceeds of sale and rent of land lots, indirect costs, fees for elderly care and other revenues collected from sources other than intergovernmental or federal subsidies. Also, it includes the resources and expenditures received and used respectively for the improvement of the **PRDOH's** main building.
- e. Sales and Acquisition Fund – This fund is maintained by the PRDOH to account for current financial resources received to liquidate the assets of the former Puerto Rico Urban Renewal and Housing Corporation (**PRURHC**) and to meet its financial obligations with the proceeds to sales.

- f. Other Governmental Funds – Accounts for and reports other financial resources not included in the General Fund or the Special Revenue Fund.

See more details in the prior Single Audit Report in Exhibit ____.

3. Services Required

The financial statements of the PRDOH are prepared in conformity with the Generally Accepted Accounting Principles in the United States of America (**GAAP**) as prescribed by the Governmental Accounting Standard Board (**GASB**). PRDOH will provide the draft of the financial statements including the Management Discussion and Analysis, the financial statements' tables, the notes to the financial statements, and required supplemental information, in accordance with the accounting pronouncement GASB No. 34.

The audit shall be performed and the reports produced in accordance with the *Government Auditing Standards (GAS)*, commonly referred to as generally accepted government auditing standards (GAGAS) or the Yellow Book, issued by the Comptroller General of the United States., Additionally, the single audit shall be performed following the U.S. Office of Management and Budget Single Audit Act, 2 CFR 200 Uniform Administrative Requirements, Costs Principles, and Audit Requirements of Federal Awards (**Uniform Guidance**).

Additional audit guidance is provided by the Office of Management and Budget (**OMB**) and by the latest update to OMB Compliance Supplement available on-line at <https://www.whitehouse.gov/omb/office-federal-financial-management/>.

The PRDOH is requesting quotations from qualified independent accounting firms to fulfill the requirements of the Federal Single Audit Act. The Firm selected for this engagement is expected to conduct the Single Audit Services in compliance with the requirements set forth in 2 CFR 200 and all applicable Federal rules and regulations.

The Firm selected to provide the services requested hereby will be required to perform several tasks, including, but not limited to:

- a. Analyze, test and report on compliance by the State with Federal laws and regulations in accordance with the financial statements. Report on the Financial Statements of PRDOH, the required supplemental information, including, but not limited to, the Schedule of Expenditures of Federal Awards with appropriate auditing standards.
- b. Perform tests and report on the State's compliance with Federal laws and regulations pertaining to major and non-major programs and report the results of such tests as appropriate, consistent with the Single Audit Act and the applicable auditing standards.

- c. Study, evaluate, and report on the internal accounting and administrative controls used by the PRDOH in administering major and non-major Federal financial assistance programs and report the results of such study and evaluation consistent with appropriate auditing standards.
- d. Report on prior year findings and follow-up status reports.

The Firm may be required by PRDOH to provide advice in dealing with subsequent changes in requirements governing the Single Audit such as revisions in the Compliance Supplement. The Firm may be required to provide training on subrecipient monitoring, and other topics related to the Single Audit to personnel of PRDOH and major subrecipients.

The PRDOH's annual Single Audit determines and reports on:

- a. The financial statements represent compliance with laws and regulations that may have a material effect on the financial statements.
- b. PRDOH has complied with Federal and State laws and regulations that may have a material effect on each major Federal financial assistance program. For the purposes of the engagement, a risk-based approach will determine which Type A and Type B Federal programs will be considered major programs and subject to testing.
- c. All instances of noncompliance resulting from testing major and non-major program transactions are identified and a schedule of findings and questioned costs has been issued.
- d. PRDOH has reported fully all Federal funds received and expended by program.
- e. The auditor will examine and report on the *Schedule of Expenditures of Federal Awards* and the required supplemental information.
- f. PRDOH has established internal control systems to provide reasonable assurance that Federal funds are managed in compliance with applicable laws and regulations.

4. Deliverables

a. Interim Deliverables

The selected Firm is expected to provide the following interim deliverables including, but not limited to:

- i. An Audit Plan Draft subject to review and approval of the PRDOH management.
- ii. A Draft of program-specific findings as basis for the auditors' exit conferences with the appropriate PRDOH personnel.
- iii. Draft of final reports for the PRDOH's distribution among programs to facilitate their preparation of formal PRDOH responses to audit findings and recommendations. The PRDOH compiles the responses in the required Corrective Action Plan which must be forwarded, as part of the audit reporting package to the Federal Government.
- iv. Special reports to the Finance Director of audit hours (by program) and other billing information required to facilitate the appropriate direct charging to Federal programs for Single Audit costs under the contract with the PRDOH.
- v. Advice on identifying significant findings.
- vi. Any other interim deliverables agreed upon during contract negotiations to facilitate the conduct of the fieldwork.

Upon completion of initial fieldwork, a brief interim summary of strengths and weaknesses of the accounting operations and internal control structure should be prepared. The selected Firm must be available to present oral and/or written progress reports to PRDOH's management as requested.

b. Final Deliverables

The selected Firm is expected to provide the following final deliverables including, but not limited to:

- i. Independent Auditors' Report on the fair presentation of PRDOH's financial statements in accordance with the U.S. GAAP and issue these statements and the required supplemental information, including the Schedule of Expenditures of Federal Awards.
- ii. Independent Auditors' Report on internal controls over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with the GAGAS.
- iii. Independent Auditors' Report on internal controls over compliance for each major program and on internal controls over compliance required by the Uniform Guidance.
- iv. A schedule of findings and questioned costs, if applicable.

- v. Data Collection Form to be filed with the Federal House Clearinghouse (FAC) completed and signed in the specified sections.

If the opinion on the financial statements is other than unqualified, a discussion of the reasons for such conditions will be conducted with PRDOH's management in advance of rendering such an opinion.

5. Delivery Schedule

- a. Detailed Audit Plan and Programs - the successful Firm should provide the PRDOH with its final detailed audit plan on or before **fifteen (15) business days** after signing the contract.
- b. Draft Audit Report – the Firm shall provide a draft audit report for review to the PRDOH within **one-hundred and eighty (180) days after** signing the contract. PRDOH's Assistant Secretary for Finance and Administration will provide the Firm with comments in response to the draft report.
- c. Progress Reports - The Firm and the PRDOH's Assistant Secretary for Finance and Administration will meet biweekly to review the audit progress.
- d. Draft and Final Report Deadlines – The PRDOH's Assistant Secretary for Finance and Administration and management staff will complete their review of the draft report as expeditiously as possible. During that period, Firm representatives should be available for meetings as the PRDOH's Assistant Secretary for Finance and Administration desires to fully comprehend the audit report. Once the PRDOH's Assistant Secretary for Finance and Administration indicates all issues open for discussion are duly resolved, the final draft report should be delivered to the Assistant Secretary for Finance and Administration at a date agreed upon with the Assistant Secretary for Finance and Administration.

Disposition of Findings and Final Deliverables

With regards to findings and final deliverables, the Firm will provide the Finance Division with **ten (10) printed copies of each report**, though additional printed copies may be required. In addition, reports should be provided in both PDF and Microsoft Word format.

6. Firm Requirements

The selected Firm must have or will secure, at its own expense, the key staff required to perform the services under the contract. PRDOH expects the selected Firm to provide competent and fully qualified staff that are authorized or permitted under federal, state, and local laws to perform the scope of work under the contract. The PRDOH reserves the right to request the removal of any staff not performing to standard.

The Firm's auditing team must have expertise and experience in the following areas:

- a. GAAP, GAGAS, and government auditing standards as they apply to governmental entities.
- b. Federal regulations governing governmental entities receiving Federal funds such as the OMB Uniform Guidance 2 CFR 200 Subpart E–Cost Principles.
- c. To conduct auditing in accordance with OMB Uniform Guidance 2 CFR 200 Subpart F - Audit Requirements.
- d. Government Accounting Standards Board (**GASB**) No. 34.

The Firm shall include with the quotation the following:

- a. Capabilities in other relevant auditing services. Please provide the Firm's experience on three similar engagements (clients' name, address, contact information and services provided).
- b. Must be able to affirm that they are:
 - i. Certified Public Accountant (**CPA**) licensed in Puerto Rico (copy of license).
 - ii. Statement of independence from **PRDOH** in accordance meets the standards of independence of the American Institute of Certified Public Accountants – Code of Professional Ethics.
 - iii. Must be able to certify that the Firm or any individuals who will be performing the audit services have not been suspended, debarred, or accepted voluntary exclusion by the Federal government or any government agency during the period covered by this solicitation.
- c. Must possess auditing experience in similar engagements.
- d. Must provide Firm's most recent complete peer review report.

The Firm must describe the principal supervisory and management staff including engagement partner, managers, senior and any specialists who would be assigned to the engagement (in accordance with Section 8 of this document), indicating whether each such person is licensed to practice as a CPA. The Firm will provide detailed qualifications and experience of qualified key personnel to satisfactorily perform the requirements of the SOW.

Resumes must be provided for the key staff previously mentioned, as well as information on their government audit clients and experience. Proposed key personnel are expected to actually perform the audit. The key staff proposed is expected to provide the audit services, any changes to the key staff presented must be approved by the PRDOH.

Unreasonable and unapproved changes of key personnel could be considered as a breach of contract.

7. Technical Specifications

In this section of the Technical Proposal, Firms should demonstrate their competence and capacity to undertake an independent audit of the PRDOH's compliance with applicable laws and regulations, generally accepted government auditing standards and the requirements of the RFP by providing the following information:

Audit Plan

- a.** Provide a proposed audit plan describing the recommended technical approach for accomplishing the work outlined. Information included in this section should demonstrate the Firm's understanding of the effort, skills, and process necessary for the successful completion of the project. A timeline for performing the Single Audit should be provided.
- b.** The plan should detail how the Firm intends to utilize its personnel and manage its activities, including any work to be carried out by a subcontractor, during the engagement.
- c.** The plan should provide a list of deliverable items and estimated dates for those deliverables to be completed.
- d.** Provide a proposed plan for biweekly progress meetings or submittal of reports to brief the Finance Director on the status of the audits, problems which may have occurred in completing the audits, and upcoming activities of the auditor related to this audit engagement. Additional meetings may be scheduled as needed for effective execution of the engagement.
- e.** The auditing Firm should demonstrate how it intends to work with PRDOH programs to minimize repeat findings. PRDOH monitors the resolution of significant audit findings. The proposal should demonstrate how the Firm will assist the PRDOH in monitoring the resolution of significant audit findings.

Audit Approach

- a.** Relationship to the Financial Statement Audit - Demonstrate how the Firm's auditing and reporting for Single Audit will rely upon and avoid duplication with the financial statement level work (duplicate sample items for different audit work).

- b.** Federal Government Acceptance and Quality Control Review - Describe how the Firm will ensure that the Single Audit reports are accepted by the Federal government and approved by Federal Quality Control Reviewers or other Federal officials. Periodically, the Federal government conducts quality control reviews (QCR) of Single Audit reports. The Firm shall take all appropriate actions to ensure that the PRDOH receives an unqualified QCR. Any additional work required to achieve this objective shall be conducted within the all-inclusive costs set out in the approved contract.
- c.** Applicable Auditing Standards, Other Federal Publications Pertinent to the Audit Engagement - In meeting the PRDOH's audit engagement objectives, the Firm should attest and demonstrate how audits and reports will be prepared in accordance with the following legal requirements and professional auditing standards, as applicable, and any other laws and standards that may be applicable. Such audits and reports should not include a review of economy and efficiency or program results. Moreover, the Firm should demonstrate that it will incorporate all relevant requirements and standards applicable to the engagement as a result of ongoing revisions to Single Audit requirements.
- i. 2 CFR 200 – Uniform Guidance.
 - ii. Standards for financial and finance-related audits contained in the *Standards for Audits of Governmental Organizations, Programs, Activities, and Functions* as revised by the U.S. Government Accountability Office in 2018 (**GAO Government Auditing Standards**).
 - iii. Generally accepted auditing standards established by the American Institute of Certified Public Accountants (**AICPA**).
 - iv. The AICPA audit and accounting guide, *State and Local Governments*.
 - v. *Compliance Auditing Considerations in Audits of Governmental Entities and Recipients of Governmental Financial Assistance* (**AS 6110**).
 - vi. AICPA Statement of Position (**SOP**) 98-3 *Audits of State, Local Governments, and Not-for-Profit Organizations Receiving Federal Awards*.
 - vii. Any other applicable auditing standards, including those pertaining to the proposed study and evaluation of internal accounting and administrative controls, as may be identified in the Firm's response to this RFP.

The proposed audit approach should address how the following Federal regulations will be applied to the audit engagement:

- a. Code of Federal Regulations (**CFR**).
- b. Catalog of Federal Domestic Assistance (**CFDA**).
- c. 2 CFR 200 – Uniform Guidance.

8. Key Staff

Proposers shall have the following key staff available for the assignment:

<u>Key Staff</u>	<u>Requirements</u>	<u>Roles & Responsibilities</u>
Engagement Partner	<ul style="list-style-type: none"> <input type="checkbox"/> Must have at least eight (8) years of experience in similar audits. <input type="checkbox"/> Must have a thorough understanding of GAAP and GAS standards for government clients. <input type="checkbox"/> Must be a Certified Public Accountant (CPA) in compliance with GAS. 	<ul style="list-style-type: none"> <input type="checkbox"/> Ultimate responsible for engagement performance. <input type="checkbox"/> Determine that sufficient and appropriate resources to perform the engagement are assigned or made available to the engagement team in a timely manner.
Audit Manager	<ul style="list-style-type: none"> <input type="checkbox"/> Must have a bachelor's degree in Accounting or related field. <input type="checkbox"/> Must have at least five (5) years of experience in similar audits involving Federal funds. <input type="checkbox"/> Must have a thorough understanding of GAAP and GAS standards for government clients. <input type="checkbox"/> Must be a Certified Public Accountant (CPA) in compliance with GAS. 	<ul style="list-style-type: none"> <input type="checkbox"/> Oversees the operational planning, establishment, execution, and evaluates the audit activities. <input type="checkbox"/> Serves as Point of Contact (POC) and liaison with PRDOH on audit issues, project status, meetings and deliverables. <input type="checkbox"/> Provides technical expertise on single audit issues, including but not limited to accounting issues under GASB No. 34.
Audit Senior	<ul style="list-style-type: none"> <input type="checkbox"/> Must have a bachelor's degree in Accounting or related field. <input type="checkbox"/> Must have at least three (3) years of experience as an auditor. <input type="checkbox"/> Must be knowledgeable of the GAAP and GAS standards for government clients. <input type="checkbox"/> Possess technical knowledge to supervise staff auditors. 	<ul style="list-style-type: none"> <input type="checkbox"/> Ensures that statements, records and reports comply with laws and regulations. <input type="checkbox"/> Responsible of perform the work considered analytically complex, as well as day-to-day activities. <input type="checkbox"/> Responsible for the review of staff auditors' work in accordance with Firm's guidelines and professional standards.

Understand professional standards and regulatory single audit requirements.

Staff Auditor

Must have a bachelor's degree in Accounting or related field.

Must have at least one (1) year of experience in audit related areas.

Be familiar with professional standards and regulatory single audit requirements.

Assist the Audit Senior in performing audit areas as assigned.

Assist the Audit Team in gathering data necessary to document and complete the single audit.

Resumes must be provided for the personnel listed above, as well as information on their government audit clients and experience (clients' names and period of audit performance). Proposed key personnel are expected to actually perform the audit and changes must be approved by PRDOH. The key staff proposed is expected to provide the audit services, any changes to the key staff presented must be approved by the PRDOH.

9. Prohibition of discrimination

The PRDOH is an employer in compliance with the prohibitions against discrimination in employment or in the provision of services on the basis of race, color, religion, religious creed, sex, sexual orientation, gender identity, age, marital status, ancestry, national origin, political affiliation, veteran status, physical disability, or medical condition. The selected company must also comply with this regulation. This clause does not require the hiring of unqualified persons.

10. Contract Term

The contract for the Single Audit Services will be for **one (1) year**.

11. PROPOSAL SELECTION CALENDAR

Publication	September 27, 2023
Deadline for questions	October 9, 2023 until 4:30 pm (local time)
Deadline for the PRDOH to respond to questions	October 13, 2023 until 4:30 pm (local time)
Deadline to submit proposal	October 20, 2023 until 4:30 pm (local time)

12. CONSULTATIONS

Please direct all inquiries related to the Small Purchase process or proposal submissions to:

Ana Abigail Romero, Special Assistant
Assistant Secretary for Administration and Finance
Mailing address: PO Box 21365 San Juan, PR 00928-1365
Phone Number: 787-274-2527 ext. 6123/2408
Email: aromero@vivienda.pr.gov

13. PROPOSAL CONTENT AND FORMAT REQUIREMENTS

Proposals must be submitted via email to aromero@vivienda.pr.gov, postal mail to PO Box 21365 San Juan, PR 00928-1365 or deliver in person to 6th floor, of the Juan C. César Cordero Dávila Building, #606 Barbosa Avenue, Hato Rey, P.R. 00917 on or before October 20, 2023 until 4:30 PM. Proposals received after the above date will not be considered.

By signing this document, I acknowledge that I have read, understand and accept its contents as described:

Firm Name

Firm Authorized Representative Signature

Date

Firm Authorized Representative Printed Name