

**Request for Action**  
**By**  
**Board of Commissioners**

**Approval of Selection of External Audit Firm**

**A. SUMMARY OF REQUEST**

This Request for Action (“RFA”) is for approval of the engagement of an external audit firm to perform an annual audit of RIHousing’s consolidated financial statements for the fiscal years 2023 through 2025, provide various financial and compliance reports, and perform other agreed upon procedures as needed.

**B. DISCUSSION**

As a component unit of the State of Rhode Island, guidelines for selection of an external auditor are governed by the State Office of the Auditor General. RIHousing issued a Request for Proposals (“RFP”) in accordance with those guidelines in December of 2022. The RFP was advertised on the website of the Rhode Island Society of Certified Public Accountants and on the Rhode Island Vendor Information Page of the State of Rhode Island Division of Purchases website.

We received proposals from three firms. Two of the respondents were large national firms, both having a location in Rhode Island. The other respondent was a regional firm based out of Connecticut. The respondents were evaluated by a committee using a State prescribed scoring system for qualifications and experience, audit approach and strategy, and audit fees charged.

The proposed estimated fees ranged from \$188,250 to \$203,750 annually. All three of the firms were qualified, had experience with local municipalities and/or quasi-public state organizations, and had performed Single Audits in accordance with applicable federal law.

Based on the scoring evaluation, which is provided as Attachment B, CliftonLarsenAllen LLP had the highest overall score. The firm serves as our current auditor and has extensive experience providing audit and related services to 12 different Housing Finance Agencies and over 50 local Housing Authorities. They also have experience with both Rhode Island and Connecticut quasi-public organizations and are the leading audit firm in the nation for performing federal single audits. Based on their knowledge of and experience with housing finance and governmental accounting, staff determined that the firm was best qualified to complete RIHousing’s audit timely and efficiently. The cost of the engagement is estimated to be \$193,750 annually.

As required by State law, the RFP process and recommendation of CliftonLarsenAllen LLP has been submitted to the State Auditor General and the State Controller for their review and approval.

**C. RECOMMENDATION**

The attached resolution authorizing RIHousing to engage CliftonLarsenAllen LLP is recommended for approval.

**D. ATTACHMENTS**

- A. Resolution of the Board of Commissioners of RIHousing
- B. Scoring Matrix

## Attachment A

### Resolution of the Board of Commissioners of RIHousing and Mortgage Finance Corporation

- Whereas:** Rhode Island Housing and Mortgage Finance Corporation’s (“RIHousing”) enabling act provides it with all the power and authority to make and execute contracts necessary to exercise the powers and functions provided to it under the act (R.I. Gen. Laws §42-55-5(6)); and
- Whereas:** Staff of RIHousing has identified a need for the engagement of an independent audit firm; and
- Whereas:** RIHousing has solicited proposals pursuant to an open competitive process for vendors to provide financial and compliance audit services, and who are able to substantially meet the requirements associated with this set of functions; and
- Whereas:** A selection committee comprised of RIHousing staff reviewed the proposals for these services, evaluated them pursuant to the criteria set forth in the Request for Proposals and determined that CliftonLarsenAllen LLP had submitted the highest-scoring proposal to RIHousing.

#### **NOW, THEREFORE, IT IS HEREBY:**

- Resolved:** that RIHousing be, and hereby is, authorized to enter into a contract with CliftonLarsenAllen LLP to provide financial and compliance audit services as set forth in the Request for Proposals and the proposal submitted in response thereto;
- Resolved:** that such engagement shall be for a three-year term for an estimated annual cost of \$193,750;
- Resolved:** that the Executive Director, Deputy Executive Director, Chief Financial Officer, and Director of Finance each acting singly, be and hereby is authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolutions, including without limitation the authority to negotiate the terms and fees of the engagement as he or she may determine are in the best interests of RIHousing, and to execute any and all agreements or documents as he or she deems necessary to carry out the foregoing and to take such further actions as he or she deems necessary to carry out the foregoing resolutions.

**Attachment B**

**Selection of External Audit Firm  
Scoring Summary**

Evaluation Criteria	Maximum Points	CLA	Whittlesey	Marcum
		Points Awarded	Points Awarded	Points Awarded
Overall qualifications and experience of the firm and the specific engagement personnel to be assigned focusing on experiences with governmental entities and the specific line of business or services provided by the entity to be audited	40.0	40.0	32.5	40.0
Overall audit approach and audit strategy described/outlines in the proposal and firm capacity to perform the engagement within the specified timeframe (prior experience of the firm in meeting timelines should be factored in here)	30.0	26.0	20.0	22.5
Audit fees - See formula for points awarded for audit fees ***	30.0	28.9	30.0	27.6
Maximum evaluation points	100.0	94.9	82.5	90.1

Total fees for the 3 years \* \$ 604,800 \$ 583,350 \$ 633,000

\* Note that Single Audit hours submitted varied by firm, used 50 hours for consistency and pricing comparability

\*\*\*Required Evaluation technique - audit fees

Audit fee score = (lowest bid/bid for firm being evaluated) X 30 points

**Example:** Assuming 3 bids received were: (firm A) = \$40,000, (firm B) = \$46,000, (firm C) = \$50,000

Firm A (the lowest bidder)	awarded 30 points	$\$40,000/\$40,000 \times 30 \text{ points} = 30$
Firm B	awarded 26 points	$\$40,000/\$46,000 \times 30 \text{ points} = 26$
Firm C	awarded 24 points	$\$40,000/\$50,000 \times 30 \text{ points} = 24$