

Panel Member:

REQUEST FOR QUOTE 2025-001

Candidate Name:	Eide Bailly	MGO
Date/Time:		
Question 1 Chair, Dalila Sotelo		
Question 2 Marina Wiant, State Treasurer's Office		
Question 3 Dr. Frederick White		
Question 4 Chair, Dalila Sotelo		
Question 5 Marina Wiant, State Treasurer's Office		
Question 6 Dr. Frederick White		
Question 7 Chair, Dalila Sotelo		
Question 8 Marina Wiant, State Treasurer's Office		
TOTALS		

RATING SCALE	
SCORE	DEFINITION
5	Five suggested response topics addressed
4	Four suggested response topics addressed
3	Three suggested response topics addressed
2	Two suggested response topics addressed
1	One or no suggested response topics addressed

1) What process will be utilized to ensure an orderly transition from the prior auditor?	
Chair, Dailila Sotelo	Score:
Suggested response topics:	Addressed: ✓
a) Review prior financial statements and management representation letters to understand accounting policies.	
b) Establish direct communication with the prior auditor to obtain relevant information about the audit history and review the prior audit working papers.	
c) Meet with CalHFA management to gather insights into operations, internal controls and any ongoing concerns.	
d) Incorporate knowledge from the prior auditor and CalHFA management into an audit plan and risk assessment that addresses any areas of heightened concern or reoccurring issues.	
e) Confirm that all professional and ethical requirements (independence, confidentiality, reporting obligations) are met, ensuring a respectful and seamless transition. Communicate firms audit expectations to CalHFA management.	

2) How does the firm approach audit planning and risk assessment? What best practices do you recommend for strengthening financial reporting and risk management? What methodology is used to determine materiality?

Marina Wiant, State Treasurer's Office

Score:

Suggested response topics:

Addressed: ✓

a) Tailor the audit plan based on an understanding operations and internal controls and any potential risks.

b) Identify significant risks or emerging business challenges through process walkthroughs and discussions with CalHFA management.

c) Make any recommendations for strengthening internal controls, enhancing documentation, and reconciliation improvements to ensure accuracy and transparency.

d) Maintain regular communication with management to anticipate and mitigate financial and operational risks. Perform scenario analyses to update risk assessments and make any needed adjustments to the audit plan.

e) Determine materiality using a combination of quantitative benchmarks (e.g., percentage of net income, total assessments, or revenue) and qualitative considerations (e.g., regulatory sensitivity, impact on stakeholders, and potential misstatements).

3) How does your firm handle situations where there are differences of opinions with management on audit findings? How do you manage communication and documentation regarding these differences?

Dr. Frederick White	Score:
Suggested response topics:	Addressed: ✓
a) Initiate timely, respectful discussions with CalHFA management to explain potential audit findings, underlying evidence, and applicable financial accounting and reporting standards.	
b) Support positions with an evidence-based approach (e.g., clear documentation, authoritative guidance, and benchmarking) to ensure transparency and objectivity.	
c) If the difference of opinion remains unresolved, initiate escalation protocol, potentially bringing item to the attention of senior CalHFA leadership.	
d) Maintain thorough records of discussions, evidence considered, CalHFA management viewpoint, and the mutual conclusion including any verbiage recommendations and/or adjusting entries to provide a clear audit trail.	
e) Ensure that the final positions reflect professional standards and auditor independence, prioritizing the integrity of the financial statements and stakeholder trust.	

4) What industries do you typically audit? For Housing Finance organizations, can you please describe your approach within the framework of their specific areas of business.

Chair, Dalila Sotelo

Score:

Suggested response topics:

Addressed: ✓

- a) Audits of industries such as: Housing finance organizations, state and local governments, issuers of revenue bonds, recipients of federal funding.
- b) Evaluate loan origination practices, credit risk assessments, collateral valuation, and allowances for expected losses.
- c) Assess adherence to housing finance regulations, government programs, and reporting requirements specific to affordable housing.
- d) Review accounting treatment of interest income, loan impairment, and securitizations and collateralization to ensure accurate and transparent financial reporting.
- e) Utilize our industry understanding of housing finance operations, including mortgage lending, loan servicing, bond issuances, affordable housing programs and regulatory compliance requirements as the foundation of our audit framework.

5) What are some challenges you faced in past audits, and how did you resolve them? Are you familiar with the work of CalHFA? If so, what would be your areas of focus for the CalHFA audit?

Marina Wiant, State Treasurer's Office	Score:
Suggested response topics:	Addressed: ✓
a) Encountered challenges such as complex loan portfolios, evolving regulatory requirements, and data quality issues; resolved them through enhanced analytics, early engagement with management, and specialist involvement.	
b) Managed tight reporting deadlines by implementing structured project management, clear communication protocols (clarification of correct client deliverables, timelines, formats), and interim reviews to avoid last-minute surprises.	
c) Yes, we are familiar with the CalHFA's mission to support affordable housing through lending, mortgage insurance, and bond financing programs.	
d) Key focus would be on allowances for loan losses, fair value assessments of investments and mortgage-backed securities, revenue bond issuances and accurate recognition of expenses, revenues and subsidies.	
e) Special emphasis on compliance with state and federal housing program requirements, bond indenture obligations, internal controls over lending operations, and safeguarding of funds.	

6) How does the firm manage client relationships? What is the level of Partner involvement in the audit engagement? What will be the communication process between your firm and CalHFA management?	
Dr. Frederick White	Score:
Suggested response topics:	Addressed: ✓
a) We prioritize building collaborative, transparent relationships based on trust, responsiveness, and consistent communication throughout the engagement.	
b) Engagement Partners are actively involved in planning, key risk assessments, resolving complex issues, and presenting results to management and the ARM Committee.	
c) A stable core team is assigned to ensure continuity, with Partners and Managers overseeing fieldwork and directly engage with CalHFA management and leadership as needed.	
d) We establish a formal communication plan with regular status updates, milestone meetings, and issue escalation protocols.	
e) Partners and senior team members are accessible to CalHFA management to address concerns promptly and provide proactive insights.	

7) How will you ensure staff consistency and knowledge retention for current and evolving state and federal compliance, including HUD regulations, GASB pronouncements, and Uniform Guidance for federal grants?

Chair, Dalila Sotelo

Score:

Suggested response topics:

Addressed: ✓

- a) Provide specialized ongoing staff training on HUD regulations, GASB updates, and Uniform Guidance to ensure auditors remain current with evolving standards.
- b) Maintain knowledge retention systems such as centralized technical resources, audit programs, and regulatory updates accessible to all team members for consistency and continuity.
- c) Assign an experienced engagement team with prior housing finance and government audit experience, minimizing turnover and preserving institutional knowledge.
- d) Implement internal technical reviews and partner oversight to confirm compliance with state and federal requirements for quality control of audit.
- e) Through continuity planning, retain a core audit team year-over-year, supplemented by succession planning and cross-training to mitigate the impact of staff transitions.

8) What type of technology do you use to support the engagement, including how client information is obtained and stored? How does your firm ensure confidentiality and data security during audits?

Marina Wiant, State Treasurer's Office	Score:
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Suggested response topics:	Addressed: ✓
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| a) Utilize encrypted, cloud-based secure client portals for the exchange of client documents, ensuring controlled access. | |
| b) Leverage audit software and data analytics tools/platforms to efficiently test large populations, identify anomalies, and strengthen audit quality. | |
| c) Store client information in firm-approved, access-controlled document management systems with automated version tracking and audit trails. | |
| d) Ensure confidentiality safeguards through enforcement of strict user access permissions, multi-factor authentication, and encryption protocols. | |
| e) Adhere to industry standards (e.g., SOC 2, ISO 27001) and perform continuous monitoring and periodic testing to ensure cybersecurity and confidentiality throughout the engagement. | |

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