

RFQ 2025-001 Frequently Asked Questions July 14, 2025

1. Why is CalHFA going out for bids for audit services and when was the last time an RFP was issued?
 - a. CalHFA is seeking a new auditor to ensure alignment with best practices in audit governance. An RFQ was last issued in 2012.
2. Were there any issues with the current auditor?
 - a. No.
3. With your current auditor, were there situations that required deviations from quoted engagement letter pricing based on conditions that were not contained in the contract? If so, what was the nature, timing, and extent of such conditions?
 - a. No, other than implementation of a new loan program that required a separate compliance AUP. This additional item was addressed through contract revision.
4. Our firm requires an annual engagement letter be signed for all audits performed to outline the terms of the audit. Will CalHFA be open to signing an engagement letter prior to the start of each fiscal year under audit?
 - a. Yes.
5. Regarding the Services Agreement provided, to ensure adherence with professional standards, are vendors allowed to include exceptions provided by our legal team within the proposal or will there be a contract negotiation period following award?
 - a. Typically, the Services Agreement items are all required to enter into a contract with CalHFA. We are unaware of any conflicts to adherence with professional standards a CPA would encounter under the Services Agreement. Any deviations from the Standard Agreement must be included in the initial response to the RFQ prior to evaluation of the submission.
6. On page 7, bullets 7 and 8, will the CPA mobility laws suffice or does the manager and partner need to be a CPA licensed by the State of California?
 - a. The CPA mobility law will suffice. If a California CPA license is available, it should be provided, otherwise the license qualifying under CPA mobility law should be included.
7. Are these expected to be only for one year or anticipated to be outsourced in the future?
 - a. Per Section II of the RFQ, "...to conduct financial audits, Agreed-Upon procedures, and Single Audits as described in this RFQ for a period of five years with optional extensions."
8. Outside of the audit process, what does CalHFA define value from its auditors?

- a. Industry knowledge, alerts on new regulations, risks or trends from an auditor perspective, and insights on how other organizations are addressing complex accounting or reporting issues.
- 9. Does CalHFA have a budget for the services being requested?
 - a. Yes.
- 10. Is DVBE Contract Participation a requirement or a goal?
 - a. DVBE is preferred but not required.
- 11. What were the fees for the prior year's audits, AUPs etc.?
 - a. \$205,000.
- 12. How many hours did the prior audit firm use?
 - a. Billing complied with the Statement of Work performed. Hours determined by auditing team and partner per Statement of Work deliverables.
- 13. Are the audits conducted remotely, using a hybrid model, or in-person full-time? Is CalHFA open to audits performed remotely?
 - a. CalHFA's currently uses a hybrid model with its auditor. CalHFA is open to audits performed remotely but would prefer some level of in person interaction at the beginning of the audit process.
- 14. Can you provide the number of auditors and the time periods of when interim and final fieldwork were performed?
 - a. FY 2023-24 staffing consisted of a senior manager overseeing the work of 4 staff level employees, and reviews by two partners.
- 15. What is the typical annual audit schedule for the financial, single, and AUP/Attestation services engagements?
 - a. Statement of Work is received early July, followed by interim audit beginning in August, final audit begins October, auditor letter must be received no later than December 28.
- 16. When is CalHFA usually ready for audit fieldwork to begin for each segment and when is the draft financial reporting package available for the auditors?
 - a. Year end financials are available to auditors no later than August 30, but due to dependencies on outside parties, draft financials may not include Pension and OPEB information until a later date.
- 17. Have there been recent changes in key personnel in any of the department's accounting/finance functions or are there changes known for the future (e.g. retirements)?

- a. CalHFA's Finance and Fiscal personnel are unchanged. CalHFA's executive director position is currently vacant. A new deputy director was appointed in November 2024.
18. Are there any anticipated audit issues for 2026?
- a. No.
19. Does CalHFA expect any significant changes in the accounting system or other systems relevant to financial reporting during the contract term?
- a. There are no plans for significant changes, only required updates to accounting systems including possible migration to cloud in FY 26-27.
20. Is the majority of supporting documentation maintained electronically (e.g. PDF), such as checks, vendor invoices, cash receipts, timecards, personnel files?
- a. Yes.
21. Are there any significant changes in operations expected for the contract term?
- a. No.
22. On page 4, Section IV, Services and Deliverables to be Provided, Bond Underwriter's Agreed Upon Procedures (Comfort Letter) are identified as needed. Approximately, how many issuances are there per year requiring these letters?
- a. For bond issuances during FYs 23- 25 no comfort letters were required. The provision for comfort letters is included in the event they are required by underwriter bond counsel for future issuances.
23. Does the Agency have an internal audit function?
- a. No.
24. How many adjusting entries were there in the prior year? And if applicable, what was the nature of those adjusting entries?
- a. No auditor required, suggested, or other adjusting entries for FY 23-24. The only recent adjusting entries were made for implementation of GASB 101 at the beginning of FY 24-25.
25. Often, housing authorities use service organizations to pool and securitize their issued loans into mortgage-backed securities, as well use a service organization to perform servicing of the underlying loans. Does the Agency outsource servicing of its loans, either its MBS or its non-MBS loan portfolio? If so, please describe nature of servicing relationships, extent of the serviced portfolio and reporting from the service organization, including information regarding internal controls at the service organization (i.e. SOC 1 and/or SOC 2

report availability, Mortgage Bankers Association of America's Uniform Single Attestation Program for Mortgage Bankers (USAP) reports, or other).

- a. CalHFA has a Master Agreement with Lakeview for securitizing loans into MBS. CalHFA uses two different models. First, a TBA market rate program, where the eligible loans are pooled into MBS and released for servicing to other lenders without creating an asset for CalHFA. The second model is a subordinate down payment assistance program where the first loans are pooled by Lakeview into MBS and the MBS is retained. The down payment assistance loans (2nds and 3rds) are serviced by CalHFA. Additionally, CalHFA has a small whole loan legacy portfolio serviced by CalHFA approved servicers and subservicers. These servicers provide related SOC 1 reports.

26. Who is responsible for preparing the financial statements?

- a. CalHFA Financial/Investment Analysis and Reporting Unit.

27. Is the majority of supporting documentation maintained electronically (e.g. PDF), such as checks, vendor invoices, cash receipts, timecards, personnel files?

- a. Yes.

28. Per Section VII.E. on page 10, can you confirm that the offer needs to be irrevocable for 180 days after (October 10) Auditor Selection?

- a. Yes.

29. What are your anticipated changes in federal program expenditures by program for fiscal year 2026 and future years (if known) compared to the FY 2024 SEFA?

- a. We do not anticipate any major changes. CalHFA has been awarded approximately \$8 million in Round IV. PRA 811 federal program funding, pending guidance from the federal government.