

The Albert Lea Housing and Redevelopment Authority

Request for Proposals for Financial Audit Services

For Fiscal Year Ending March 31, 2026

With Annual Renewal Options for FYEs:

March 31, 2027

March 31, 2028

March 31, 2029

Date Issued: February 2, 2026

Proposal Deadline:

No later than 4:00 pm (CST) on or before Wednesday, April 1, 2026

Contact Staff:

Deborah Mitchell, PhD
Executive Director
800 4th Ave South
Albert Lea, MN 56007

1. Introduction

In compliance with Title 2 of the U.S. Code of Federal Regulations (“CFR”), Part 200.320, the Housing Authority in and for the City of Albert Lea, known as the Albert Lea Housing and Redevelopment Authority (“Authority”) hereby invites qualified independent auditors (“Respondents”), having sufficient governmental accounting and auditing experience in performing audits in accordance with the specifications outlined in this Request for Proposal (“RFP”), to submit a competitive Proposal to conduct an independent audit of the Authority’s annual financial statements and associated compliance and internal controls for the fiscal year ending (“FYE”) March 31, 2026. The contract will be renewable annually for an additional three FYEs at the option of the Authority: March 31, 2027; March 31, 2028; and March 31, 2029.

The audit shall be conducted in accordance with Generally Accepted Auditing Standards (GAAS), as well as Generally Accepted Government Auditing Standards (Yellow Book) issued by the United States Government Accountability Office. The audit and financial statements shall meet the requirements of federal single audit regulations as prescribed by the Single Audit Act and Single Audit Act Amendments, OMB Circular A-133, Audit for State and Local Governments, GASB-34 Basic Financial Statement’s and Management’s Discussion and Analysis for State and Local Governments and Subpart F—Audit Requirements of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. §§ 200.500-.521, as well as, their applicable supplements and amendments. The financial statements are to be prepared by the auditor in accordance with Generally Accepted Accounting Principles (GAAP) and HUD’s timetable for submission. This includes assistance with electronically submitting Financial Data Schedules (FDS) via the internet as required by the Real Estate Assessment Center (REAC).

2. General Information

The Authority is headed by the Executive Director and a seven-person Board of Commissioners (“Board”) and is subject to the requirements of Title 24 of the CFR and the policies adopted by the Authority. The purpose of the Authority is to engage in the development, acquisition, leasing, and administration of housing programs for low- and moderate-income families in accordance with the rules and regulations, and the Authority’s contracts with the U. S. Department of Housing and Urban Development (“HUD”). The majority of Authority revenue is derived from dwelling unit rentals and federal subsidies. The Authority maintains its accounting records at 800 4th Ave South, Albert Lea, MN 56007. The last audit was performed for FYE March 31, 2025.

FYE 3/31/2022 Audit Findings and Results: Audit Finding 2022-001 Lack of Segregation of Accounting Duties
Audit Finding 2022-002 – Procurement Requirements

Description of the Authorities’ accounting and control systems

The Authority utilizes an on-site “bookkeeper” who provides local financial support such as check writing, rent recording and deposit preparation and payroll services. The Authority also employs a fee accountant who holds CPA status and provides preparation of financial statements, consultation for financial transactions and overview of financial statements, reconciliation of bank accounts and program revenues and expenditures and assists in constructing the annual budgets for all programs and submits HUD/REAC electronic data and reports as required. The Authority has an internal control policy that defines the responsibilities of the Authority’s staff and the fee accountant regarding financial aspects of the Authority programs. The Authority currently uses Encompass Software (HAB), which is housing specific software. Excel and other financial software for specific financial operations are used.

| | | |
|--|-------------------|--|
| Operation of the Low-Rent Public Housing Program | 176 Units | \$558,180 Operating Subsidy |
| Operation of the Low-Rent Public Housing Capital Funds | 176 Unit | MN46P077501-22 \$473,311 MN46P077501-23 \$477,267 MN46P077501-24 \$491,747 MN46P077501-25 \$511,121 (approximate) |
| Housing Choice Voucher | Up 155 vouchers | \$51,239 (HAP) \$6,289 (ADMIN) (approximate) |
| Glenville USDA Project | 8 units | \$49,233.41 (approximate) |
| Minnesota Housing Bring It Home Program (new) | Up to 10 vouchers | \$181,847 (year 1) \$132,617 (year 2) |

The Authority staff available to assist auditors:

- Deborah Mitchell, PhD Executive Director
- Noemi Herrera, Administrative Assistant

3. Scope of Work

In order to secure information in a form that will ensure that your proposal will be properly evaluated, you are asked to submit your proposal in the format listed below. Standard proposal formats are acceptable provided the following information is included:

- Title page should include the subject of the proposal, the firm's name, address, phone and fax numbers, email address, and contact person, date of the proposal, Federal I.D., number of the firm, and firm's license number with the State Board of Accountancy.
- A Table of Contents with page numbers.
- A transmittal letter briefly stating the understanding of the work to be done, the commitment to perform the work within the time frame, a statement about why the firm believes itself to be the best qualified to perform the engagement and that the proposal is an irrevocable offer for a stated period of time (minimum 90 days).
- Information about the firm. Identify the personnel from the office who will serve the Authority. Does the firm meet all CPA licensing and continuing education requirements? Is the firm independent with respect to the Authority? Provide the results of the firm's last peer review. A copy of the opinion and State Society's acceptance of the review should be included for the engagement partner, manager, and senior management.
- Provide prior experience in auditing housing authorities, non-profit organizations, and local governments from the audit team. Provide references from at least four housing authorities, local government, or non-profit clients (client contact information: name, phone number and email address). The clients listed should be those served by members of the proposed audit team that will be serving the Authority.
- Provide information as to the approach, timing, and work program of the engagement team.
- Briefly discuss your audit approach as to consideration of laws and regulations.
- A proposed work plan and time schedule addressing the scope of work.
- A section identifying the staff that would be assigned to the project, including their background and experience.
- A breakdown of time by staff level and computation of the audit fee including expenses used in your proposal. The computation should show the amount of time required and rate used by each level of staff you expect to use on the audit.
- Provide maximum fees (including all out-of-pocket expense) for each of the four years, broken down in adequate detail so as to evaluate fee response.
- Outline the level of support your firm will require of the Authority's staff.

- Discuss any prior or pending disciplinary actions against the firm or audit team members. If there have been actions, disclose the results of those actions.
- All Offerors must provide the following information/statements with their proposal:
 1. Certification of Payments to Influence Federal Transactions.
 2. Statement that neither the firm nor the members of the firm are debarred, suspended or otherwise prohibited from professional practice by any federal, state, or local oversight, regulatory or law enforcement authority.
 3. Affidavit of Non-Collusive
 4. Instructions to Offerors for Non-Construction (Form HUD-5369-B)
 5. Certifications and Representations of Offerors for Non-Construction Contracts (Form HUD 5369C)
 6. General Conditions for Non-Construction Contracts (Form HUD 5370-C)
 7. Statement of intention to comply with Section 3 requirements.
 8. Statement that the firm is financially sound and has sufficient financial resources to successfully execute this prospective project in the time frame outlined.
 9. A copy of the declaration page from current policies for Worker's Compensation, General Commercial Liability and Professional Liability, Malpractice and Errors and Omissions insurance coverage.

Should the Authority wish to amend the contents of this RFP, the Authority will issue an addendum to the RFP setting forth the nature of the modification(s). The Authority will email any addenda to Respondents of this RFP. It shall be the responsibility of each Respondent to ensure they have any/all addenda relative to the RFP. No requirement and/or specification should be construed as an attempt by the Authority to limit competition. However, the nature of the Authority's audit requirements may result in the elimination of a number of prospective Respondents. Solicitation of the Proposals does not commit the Authority to pay any costs incurred in the preparation or submission of Proposals throughout the entire selection process. Any and all costs related to responses to this RFP and related activities are the responsibility of the Respondent. All information in this RFP reflects the best data available to the Authority at the time the RFP was prepared. This information is furnished for the convenience of potential Respondents. The Authority assumes no liability for any errors or omissions. The Authority anticipates the award of a firm, fixed price contract resulting from this solicitation. In the event the Respondent to which the contract is awarded does not execute a contract within thirty (30) days after such award, the Authority may give notice to such Respondent with intent to award the contract to the next ranked Respondent or to call for new Proposals.

Proposal Period

- Proposed prices are to be firm for ninety (90) days.

Proposal Award

If an Offeror's quote is selected, it will be the most advantageous regarding price, quality of service, the Offeror's qualifications and capabilities to provide the specified service and other factors which the Authority may consider. The Authority reserves the right to accept or reject any or all proposals.

- All Offerors will be notified in writing via e-mail, fax, or mail of the decision rendered.
- A Standard Agreement will be transmitted electronically, faxed, or mailed and shall be the only authorization used.

Audit Objectives and Statement of Work:

1. The objective of the audit is to provide an opinion on the financial statements taken as a whole. The audit shall be performed in accordance with the following standards and guidelines as applicable:

- a. HUD Audit Guide and Public and Indian Housing Compliance Supplements.
- b. Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) with provisions of the Single Audit Act.
- c. The Federal Compliance Supplement for Single Audits for State and Local Governments.
- d. Auditing and reporting provisions of the applicable HUD Audit Guide for Lower Income Housing Program for use by Independent Public Accountants.
- e. OMB Circular A-128, Audits for State and Local Governments.
- f. Guidelines on Reporting and Attestation Requirements of Uniform Financial Reporting Standards (“UFRS”).
- g. Any applicable requirements of the Governmental Accounting Standards Board (“GASB”).
- h. Generally Accepted Auditing Standards (“GAAS”) as promulgated by the American Institute for Certified Public Accountants (“AICPA”).
- i. Generally Accepted Government Auditing Standards (“GAGAS”) as published by the Government Accounting Office (“GAO”).
- j. Standards of Audit for Governmental Organizations, Programs, Activities, and Functions
- k. Title 24 CFR Part 990.
- l. Any applicable requirements promulgated and adopted by the Federal Government and/or State of Minnesota including individual grantor agency rules and regulations.
- m. Local Government Commission (“LGC”) reporting standards and provisions.
- n. Other relevant regulations or literature which may amend or supersede these requirements.

The audit will cover the Authority’s financial statements, internal control systems, and compliance with laws, regulations, contract provisions, and grant agreements that have a direct and material effect on each of its major programs.

- a. Statement of net position
- b. Statement of revenues, expenses, and changes in net position
- c. Statement of cash flows
- d. Schedule of expenditures of Federal awards
- e. Management discussion & analysis
- f. Report on compliance and internal control over financial reporting
- g. Report on compliance and internal control over major programs
- h. Schedule of findings and questioned costs

It is anticipated the Authority’s financial records will be closed and ready for audit no later than July 1st of each year. The auditor-in-charge will meet with the Executive Director and the Board of Commissioners to review the Management Letter on or before November’s Board of Commissioners meeting. Any concerns and recommendations regarding compliance and internal control shall be discussed. Eight bound copies of the audit must be delivered to the Authority upon completion of the audit; also, the Authority requests one electronic copy of the financial audit. The audited Financial Data Schedule (“FDS”) shall be submitted by November 30th of each year contingent upon HUD’s acceptance of the Authority’s unaudited FDS submission. (This date is subject to changes in Federal reporting requirements).

4. Proposal Submission

- Proposals – one electronic copy and hard copy format (8 hard copies required)
- Proposals can be submitted via Email, Mail or hand delivered to: the Albert Lea HRA, 800 Fourth Avenue South, Albert Lea, MN 56007 – to the attention of Deborah Mitchell, PhD, Executive Director, deborah@albertleahra.com.
- Emailed proposals – subject line – “Financial Audit Services – Request for Proposals Solicitation No. 2026-01 & Name of Offeror”
- Proposals must be received no later than 4:00 pm (CST) on or before April 1, 2026.

- Any technical questions concerning the request for proposal should be submitted in writing (by email) to: deborah@albertleahra.com. If necessary, written responses to these questions may be answered by 4:00 pm (CST), Thursday, March 26, 2026.
- Review of proposals and the final decision on the successful proposal will be made no later than the Authorities Board of Commissioners meeting on June 23, 2026.

5. Right to reject proposals, request additional information and the Authorities' right to exclusive ownership of submitted proposals

The Authority reserves the right to reject any/all proposals for reasons deemed appropriate following the Authority review. Reasons for rejection of a proposal may include but are not limited to; incomplete proposals, proposals from firms debarred by HUD from performing the Authorities audits, proposals from firms where a conflict of interest is present, and for other reasons deemed appropriate by the Authorities. Although proposed cost for the audit services will be considered when selecting the provider of these services, the Authority is not obligated to select the provider based solely upon the lowest bid. The Authority reserves the right to request additional information from any firm submitting an audit proposal. Typically, this request would be submitted by the firm prior to the Authority making any decision upon the success of any proposal being submitted for consideration. The Authority reserves the right to exclusive ownership of any proposal for audit services it receives in response to this RFP. Within the exclusive right of ownership, the Authority further reserves the right to use information from any proposal (successful or unsuccessful) for other purposes. There is no expressed or implied obligation for the Authority to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Thank you for your consideration of providing our office with a proposal for audit services as requested in this RFP. Please make specific note in your records that the Authority must receive all audit proposals no later than 4:00 pm (CST) on or before April 1, 2026. Any proposals submitted beyond that deadline without the prior authorization of the Authority will not be considered for review. If you have any questions, please feel free to contact our office.

6. Evaluation of Audit Proposals

1. **Evaluation Committee** – Proposals received will be evaluated by an Evaluation Committee that will make a recommendation to the Board of Commissioners.
2. **Review of Proposals** – The Evaluation Committee will use the following method:
 - Step 1.** Proposals must meet certain mandatory criteria in order to qualify for further evaluation. Any “no” answer to the first two questions will disqualify the proposal. A “yes” answer to the third question will require a written explanation and may disqualify the proposal.
 - Is the firm properly licensed?
 - Is the firm independent?
 - Has disciplinary action been taken or pending against the firm?
 - Step 2.** Proposals will be evaluated using the following technical criteria. Proposals should address each question.
 - Does the firm have a quality control program to help ensure adherence to high professional standards?
 - Does the firm subject itself to “Peer Review” in order to provide an independent review of its quality control policies and procedures?
 - Did the “Peer Review” cover the governmental auditing section, and was the “Peer Review” opinion attached?
 - Does the proposal fully respond to the needs of the Authority with regard to this audit?
 - Will the firm be able to meet the Authority’s deadline? Does the number of hours indicated by the firm to complete the audit and other related tasks to fully complete the audit engagement appear reasonable?
 - Is the quality of the firm’s professional personnel to be assigned to the engagement and quality of the firm’s management support personnel available for technical consultation adequate?

- Has the firm audited other Housing Authorities? If so, please list the Housing Authorities and indicate if we may contact them.
- Will the field personnel to be assigned to the engagement have previous Housing Authority or local government experience? How experienced and credentialed are the staff that will be involved in the audit? Are the “in-charge” staff CPAs?
- Does the proposal adequately describe in a clear, concise, and understandable manner the work to be performed, including sampling techniques and analytical procedures to be used?
- Does the proposal demonstrate the firm’s familiarity with generally accepted accounting principles (GAAP) as they apply to Housing Authorities?
- Has the firm’s prior experience with the Authority or another Housing Authority, if any, been acceptable?

The evaluation committee plans to score the proposals based on the criteria & points shown below:

7. Selection Criteria

| Evaluation Factors | Total Points |
|--|---------------------|
| Mandatory Requirements | 5 |
| Technical Requirements (organization, size, staff, experience, references) | 40 |
| Audit Approach (audit approach, working with the Authority, responses to RFP) | 25 |
| Fees for Service | 30 |

8. Other Terms and Conditions

1. WITHDRAWAL OF RFP

Proposals may be withdrawn before the RFP submittal deadline by submitting a written request to Deborah Mitchell, deborah@albertleahra.com. Re-submittal before the RFP submittal deadline can be made; however, they may not be re-submitted after the deadline.

2. RFP COSTS

All costs incurred in the preparation and presentation of the RFP shall be completely absorbed by the responding party to the RFP. All documents submitted as part of the RFP will become the property of the Authority. Requests for specific material to be returned will be considered. Any material submitted that is confidential must be clearly marked as such.

3. COMPLIANCE WITH LAWS

The selected firm agrees to be bound by applicable Federal, State and Local laws, regulations and directives as they pertain to the performance of the audit contract.

4. AWARD BASIS

At the option of the Authority, finalists may be selected for a final round of negotiations; however, vendors are encouraged to present their best offers with their initial submission. The Authority reserves the right to accept or reject any/all proposals, to waive any irregularities in any proposal process, and to make an award of contract in any manner in which the Authority, acting in the sole and exclusive exercise of its discretion, deems to be in the Authority’s best interest.

5. CONTRACTUAL DEVELOPMENT

If a proposal is accepted, the Authority intends to enter into a contractual agreement with the selected bidder. Contract discussion and negotiation will follow the award selection. Bidders must be amenable to inclusion, in a contract, any information provided whether herein or in response to this RFP or developed subsequently during the selection process.

6. WORK PRODUCT

- a. All work papers prepared in connection with the contracted services will remain the property of the successful bidder. The work papers must be retained for a period of five years and be made available to the Authority upon request.
- b. All reports rendered to the Authority are their exclusive property and subject to their use and control.

7. INDEPENDENT CONTRACTOR

The successful bidder and its agents, officers and employees shall act at all times in an independent capacity during the term of the agreement and in the performance of the services to be rendered, and shall not act as, and shall not be, and shall not in any manner be considered to be agents, officers or employees of the Authority.

8. ASSIGNMENT

Neither the agreement nor any part thereof shall be assigned by the successful bidder without the prior written consent of the Authority.

9. CONTRACT TERMS

You are invited to submit a proposal for an audit for a four-year period. Authority may terminate the audit contract upon written notice to the Contractor not less than sixty (60) days before the close of the fiscal year to be audited. The Authority reserves the right to cancel the agreement if it is determined that the selected firm is not performing satisfactorily or is adversely affecting the performance of the Authority's activities. The Authority will provide thirty (30) days' written notice of termination.

The Authority also reserves the right to request changes in the selected firm's representation if, at our discretion, assigned personnel do not satisfy the needs of the Authority.

10. INFRINGEMENT AND INDEMNIFICATION

The firm awarded this contract agrees to protect, defend and hold harmless the Authority against any demand for payment for the use of any patented materials, process, article, or device that it may enter into the rendering of the necessary services. Furthermore, the selected firm agrees to indemnify and hold harmless the Authority, their Board of Commissioners and employees from suits or actions of every nature and description arising out of, or in connection with, the performance of this contract, or on account of any injuries or damages received or sustained by a party or parties by or from any act of the selected firm, or its agents.

11. EQUAL OPPORTUNITY

The Authority emphasizes that all respondents will receive full consideration without regard to race, color, religion, sex, national origin, sex, disability, age, or sexual orientation. Minority and women-owned firms are especially encouraged to respond to this RFP.

12. LIMITATIONS

The Authority reserves the right to reject any and all proposals and to waive any informality in the solicitation process.