

AGREEMENT BETWEEN THE HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO AND RUBINO & COMPANY, CHARTERED

This Agreement is entered into this 11th day of July, 2017, by and between the Housing Authority of the County of San Mateo, hereinafter called "HACSM" and Rubino & Company, Chartered, hereinafter called "Contractor."

* * *

Whereas, pursuant to Section 31000 of the California Government Code, HACSM may contract with independent contractors for the furnishing of such services to or for HACSM.

Now, therefore, it is agreed by the parties to this Agreement as follows:

1. Exhibits and Attachments

The following document is attached to this Agreement and incorporated into this Agreement by this reference:

- Proposal to Provide Annual Audit Services

2. Services to be performed by Contractor

In consideration of the payments set forth in this Agreement, Contractor shall perform services for HACSM in accordance with the terms, conditions, and specifications set forth in this Agreement and in Exhibits.

3. Payments

In consideration of the services provided by Contractor in accordance with all terms, conditions, and specifications set forth in this Agreement and in Exhibits, HACSM shall make payment to Contractor based on the rates and in the manner specified in Exhibit B. HACSM reserves the right to withhold payment if HACSM determines that the quantity or quality of the work performed is unacceptable. In no event shall HACSM's total fiscal obligation under this Agreement exceed One Hundred Fifty-Four Thousand, Six Hundred Dollars (\$154,600). In the event that the HACSM makes any advance payments, Contractor agrees to refund any amounts in excess of the amount owed by the HACSM at the time of contract termination or expiration.

4. Term

Subject to compliance with all terms and conditions, the term of this Agreement shall be from July 1, 2017, through June 30, 2021 (or through the completion of audits for Fiscal Years Ending 2017, 2018, 2019, 2020, and 2021).

5. Termination; Availability of Funds

This Agreement may be terminated by Contractor or by the Housing Authority of the County of San Mateo Executive Director or his/her designee at any time without a requirement of good cause upon thirty (30) days' advance written notice to the other party. Subject to availability of funding, Contractor shall be entitled to receive payment for work/services provided prior to termination of the Agreement. Such payment shall be that prorated portion of the full payment determined by comparing the work/services actually completed to the work/services required by the Agreement.

HACSM may terminate this Agreement or a portion of the services referenced in the Attachments and Exhibits based upon the unavailability of Federal, State, or County funds by providing written notice to Contractor as soon as is reasonably possible after HACSM learns of said unavailability of outside funding.

6. Contract Materials

At the end of this Agreement, or in the event of termination, all finished or unfinished documents, data, studies, maps, photographs, reports, and other written materials (collectively referred to as “contract materials”) prepared by Contractor under this Agreement shall become the property of HACSM and shall be promptly delivered to HACSM. Upon termination, Contractor may make and retain a copy of such contract materials if permitted by law.

7. Relationship of Parties

Contractor agrees and understands that the work/services performed under this Agreement are performed as an independent contractor and not as an employee of HACSM and that neither Contractor nor its employees acquire any of the rights, privileges, powers, or advantages of HACSM employees.

8. Hold Harmless

a. General Hold Harmless

Contractor shall indemnify and save harmless HACSM and its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description resulting from this Agreement, the performance of any work or services required of Contractor under this Agreement, or payments made pursuant to this Agreement brought for, or on account of, any of the following:

- (A) injuries to or death of any person, including Contractor or its employees/officers/agents;
- (B) damage to any property of any kind whatsoever and to whomsoever belonging;
- (C) any sanctions, penalties, or claims of damages resulting from Contractor’s failure to comply, if applicable, with the requirements set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended; or
- (D) any other loss or cost, including but not limited to that caused by the concurrent active or passive negligence of HACSM and/or its officers, agents, employees, or servants. However, Contractor’s duty to indemnify and save harmless under this Section shall not apply to injuries or damage for which HACSM has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Contractor to indemnify and save harmless as set forth by this Section shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

9. Assignability and Subcontracting

Contractor shall not assign this Agreement or any portion of it to a third party or subcontract with a third party to provide services required by Contractor under this Agreement without the prior written consent of HACSM. Any such assignment or subcontract without HACSM’s prior written consent shall give HACSM the right to automatically and immediately terminate this Agreement without penalty or advance notice.

10. Insurance

a. General Requirements

Contractor shall not commence work or be required to commence work under this Agreement unless and until all insurance required under this Section has been obtained and such insurance has been approved by HACSM, and Contractor shall use diligence to obtain such insurance and to obtain such approval. Contractor shall furnish HACSM with certificates of insurance evidencing the required coverage, and there shall be a specific contractual liability endorsement extending Contractor's coverage to include the contractual liability assumed by Contractor pursuant to this Agreement. These certificates shall specify or be endorsed to provide that thirty (30) days' notice must be given, in writing, to HACSM of any pending change in the limits of liability or of any cancellation or modification of the policy.

b. Workers' Compensation and Employer's Liability Insurance

Contractor shall have in effect during the entire term of this Agreement workers' compensation and employer's liability insurance providing full statutory coverage. In signing this Agreement, Contractor certifies, as required by Section 1861 of the California Labor Code, that (a) it is aware of the provisions of Section 3700 of the California Labor Code, which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code, and (b) it will comply with such provisions before commencing the performance of work under this Agreement.

c. Liability Insurance

Contractor shall take out and maintain during the term of this Agreement such bodily injury liability and property damage liability insurance as shall protect Contractor and all of its employees/officers/agents while performing work covered by this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as any and all claims for property damage which may arise from Contractor's operations under this Agreement, whether such operations be by Contractor, any subcontractor, anyone directly or indirectly employed by either of them, or an agent of either of them. Such insurance shall be combined single limit bodily injury and property damage for each occurrence and shall not be less than the amounts specified below:

- Comprehensive General Liability... \$1,000,000
(Applies to all agreements)
- Motor Vehicle Liability Insurance... \$1,000,000
(To be checked if motor vehicle used in performing services)
- Professional Liability..... \$1,000,000
(To be checked if Contractor is a licensed professional)

HACSM and its officers, agents, employees, and servants shall be named as additional insured on any such policies of insurance, which shall also contain a provision that (a) the insurance afforded thereby to HACSM and its officers, agents, employees, and servants shall be primary insurance to the full limits of liability of the policy and (b) if the HACSM or its officers, agents, employees, and servants have other insurance against the loss covered by such a policy, such other insurance shall be excess insurance only.

In the event of the breach of any provision of this Section, or in the event any notice is received which indicates any required insurance coverage will be diminished or canceled, HACSM, at its option, may, notwithstanding any other provision of this Agreement to the contrary, immediately declare a material breach of this Agreement and suspend all further work and payment pursuant to this Agreement.

11. Compliance With Laws

All services to be performed by Contractor pursuant to this Agreement shall be performed in accordance with all applicable Federal, State, County, and municipal laws, ordinances, and regulations, including but not limited to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Federal Regulations promulgated thereunder, as amended (if applicable), the Business Associate requirements set forth in Attachment H (if attached), the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination on the basis of disability in programs and activities receiving any Federal or County financial assistance. Such services shall also be performed in accordance with all applicable ordinances and regulations, including but not limited to appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations. In the event of a conflict between the terms of this Agreement and any applicable State, Federal, County, or municipal law or regulation, the requirements of the applicable law or regulation will take precedence over the requirements set forth in this Agreement.

Contractor will timely and accurately complete, sign, and submit all necessary documentation of compliance.

12. Non-Discrimination and Other Requirements

a. General Non-discrimination

No person shall be denied any services provided pursuant to this Agreement (except as limited by the scope of services) on the grounds of race, color, national origin, ancestry, age, disability (physical or mental), sex, sexual orientation, gender identity, marital or domestic partner status, religion, political beliefs or affiliation, familial or parental status (including pregnancy), medical condition (cancer-related), military service, or genetic information.

b. Equal Employment Opportunity

Contractor shall ensure equal employment opportunity based on objective standards of recruitment, classification, selection, promotion, compensation, performance evaluation, and management relations for all employees under this Agreement. Contractor's equal employment policies shall be made available to HACSM upon request.

c. Section 504 of the Rehabilitation Act of 1973

Contractor shall comply with Section 504 of the Rehabilitation Act of 1973, as amended, which provides that no otherwise qualified individual with a disability shall, solely by reason of a disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination in the performance of any services this Agreement. This Section applies only to contractors who are providing services to members of the public under this Agreement.

d. Compliance with County's Equal Benefits Ordinance

With respect to the provision of benefits to its employees, Contractor shall comply with Chapter 2.84 of the County Ordinance Code, which prohibits contractors from discriminating in the provision of employee benefits between an employee with a domestic partner and an employee with a spouse. In order to meet the requirements of Chapter 2.84, Contractor must certify which of the following statements is/are accurate:

- Contractor complies with Chapter 2.84 by offering the same benefits to its employees with spouses and its employees with domestic partners.
- Contractor complies with Chapter 2.84 by offering, in the case where the same benefits are not offered to its employees with spouses and its employees with domestic partners, a cash payment to an employee with a domestic partner that is equal to Contractor's cost of providing the benefit to an employee with a spouse.
- Contractor is exempt from having to comply with Chapter 2.84 because it has no employees or does not provide benefits to employees' spouses.
- Contractor does not comply with Chapter 2.84, and a waiver must be sought.

e. Discrimination Against Individuals with Disabilities

The nondiscrimination requirements of 41 C.F.R. § 60-741.5(a) are incorporated into this Agreement as if fully set forth here, and Contractor and any subcontractor shall abide by the requirements of 41 C.F.R. § 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

f. History of Discrimination

Contractor must check one of the two following options and by executing this Agreement, Contractor certifies that the option selected is accurate:

- No finding of discrimination has been issued in the past 365 days against Contractor by the Equal Employment Opportunity Commission, the Department of Fair Employment and Housing, or any other investigative entity.
- Finding(s) of discrimination have been issued against Contractor within the past 365 days by the Equal Employment Opportunity Commission, the Department of Fair Employment and Housing, or other investigative entity. If this box is checked, Contractor shall provide HACSM with a written explanation of the outcome(s) or remedy for the discrimination.

g. Reporting; Violation of Non-discrimination Provisions

Contractor shall report to the HACSM the filing in any court or with any administrative agency of any complaint or allegation of discrimination on any of the bases prohibited by this Section of the Agreement or Section 11, above. Such duty shall include reporting of the filing of any and all charges with the Equal Employment Opportunity Commission, the Department of Fair Employment and Housing, or any other entity charged with the investigation or adjudication of allegations covered by this subsection within 30 days of such filing, provided that within such 30 days such entity has not notified Contractor that such

charges are dismissed or otherwise unfounded. Such notification shall include a general description of the circumstances involved and a general description of the kind of discrimination alleged (for example, gender-, sexual orientation-, religion-, or race-based discrimination).

Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject Contractor to penalties, to be determined by HACSM, including but not limited to the following:

- i. termination of this Agreement;
- ii. disqualification of Contractor from being considered for or being awarded a County or HACSM contract for a period of up to 3 years;
- iii. liquidated damages of \$2,500 per violation; and/or
- iv. imposition of other appropriate contractual and civil remedies and sanctions, as determined by the HACSM.

To effectuate the provisions of this Section, HACSM shall have the authority to offset all or any portion of the amount described in this Section against amounts due to Contractor under this Agreement or any other agreement between Contractor and HACSM.

13. Compliance with County Employee Jury Service Ordinance

Contractor shall comply with Chapter 2.85 of the County's Ordinance Code, which states that Contractor shall have and adhere to a written policy providing that its employees, to the extent they are full-time employees and live in San Mateo County, shall receive from Contractor, on an annual basis, no fewer than five days of regular pay for jury service in San Mateo County, with jury pay being provided only for each day of actual jury service. The policy may provide that such employees deposit any fees received for such jury service with Contractor or that Contractor may deduct from an employee's regular pay the fees received for jury service in San Mateo County. By signing this Agreement, Contractor certifies that it has and adheres to a policy consistent with Chapter 2.85. For purposes of this Section, if Contractor has no employees in San Mateo County, it is sufficient for Contractor to provide the following written statement to County: "For purposes of San Mateo County's jury service ordinance, Contractor certifies that it has no full-time employees who live in San Mateo County. To the extent that it hires any such employees during the term of its Agreement with San Mateo County, Contractor shall adopt a policy that complies with Chapter 2.85 of the County's Ordinance Code." The requirements of Chapter 2.85 do not apply if this Agreement's total value listed Section 3, above, is less than one-hundred thousand dollars (\$100,000), but Contractor acknowledges that Chapter 2.85's requirements will apply if this Agreement is amended such that its total value meets or exceeds that threshold amount.

14. Retention of Records; Right to Monitor and Audit

(a) Contractor shall maintain all required records relating to services provided under this Agreement for three (3) years after HACSM makes final payment and all other pending matters are closed, and Contractor shall be subject to the examination and/or audit by HACSM, a Federal grantor agency, and the State of California.

(b) Contractor shall comply with all program and fiscal reporting requirements set forth by applicable Federal, State, and local agencies and as required by HACSM.

(c) Contractor agrees upon reasonable notice to provide to HACSM, to any Federal or State department having monitoring or review authority, to HACSM's authorized representative, and/or to any of their respective audit agencies access to and the right to examine all records and documents necessary to

determine compliance with relevant Federal, State, and local statutes, rules, and regulations, to determine compliance with this Agreement, and to evaluate the quality, appropriateness, and timeliness of services performed.

15. Merger Clause; Amendments

This Agreement, including the Exhibits and Attachments attached to this Agreement and incorporated by reference, constitutes the sole Agreement of the parties to this Agreement and correctly states the rights, duties, and obligations of each party as of this document's date. In the event that any term, condition, provision, requirement, or specification set forth in the body of this Agreement conflicts with or is inconsistent with any term, condition, provision, requirement, or specification in any Exhibit and/or Attachment to this Agreement, the provisions of the body of the Agreement shall prevail. Any prior agreement, promises, negotiations, or representations between the parties not expressly stated in this document are not binding. All subsequent modifications or amendments shall be in writing and signed by the parties.

16. Controlling Law; Venue

The validity of this Agreement and of its terms, the rights and duties of the parties under this Agreement, the interpretation of this Agreement, the performance of this Agreement, and any other dispute of any nature arising out of this Agreement shall be governed by the laws of the State of California without regard to its choice of law or conflict of law rules. Any dispute arising out of this Agreement shall be venued either in the San Mateo County Superior Court or in the United States District Court for the Northern District of California.

17. Notices

Any notice, request, demand, or other communication required or permitted under this Agreement shall be deemed to be properly given when both: (1) transmitted via facsimile to the telephone number listed below or transmitted via email to the email address listed below; and (2) sent to the physical address listed below by either being deposited in the United States mail, postage prepaid, or deposited for overnight delivery, charges prepaid, with an established overnight courier that provides a tracking number showing confirmation of receipt.

In the case of HACSM, to:

Name/Title: Ken Cole, Executive Director
Address: 264 Harbor Blvd., Bldg A, Belmont, CA 94002
Telephone: 650-802-5024
Facsimile: 650-802-3373
Email: KCole@smchousing.org

In the case of Contractor, to:

Name/Title: J. Michael Stephens, CPA
Address: 6903 Rockledge Dr., Ste 1200, Bethesda, MD 20817
Telephone: 301-564-3636
Facsimile: 301-564-2994
Email: mstephens@rubino.com

18. Electronic Signature

If both HACSM and Contractor wish to permit this Agreement and future documents relating to this Agreement to be digitally signed in accordance with California law and San Mateo County's Electronic Signature Administrative Memo, both boxes below must be checked. Any party that agrees to allow digital signature of this Agreement may revoke such agreement at any time in relation to all future documents by providing notice pursuant to this Agreement.

For HACSM: If this box is checked by HACSM, HACSM consents to the use of electronic signatures in relation to this Agreement.

For Contractor: If this box is checked by Contractor, Contractor consents to the use of electronic signatures in relation to this Agreement.

* * *

In witness of and in agreement with this Agreement's terms, the parties, by their duly authorized representatives, affix their respective signatures:

HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO

By: _____

Date: _____

RUBINO & COMPANY, CHARTERED

By: _____

Date: _____



HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO

May 22, 2017

Proposal to Provide Annual Audit Services

Response to Solicitation #HACSM-2017-01

May 22, 2017

Ms. Debbie McIntyre
Administrative Services Manager
Housing Authority of the County of San Mateo
264 Harbor Boulevard, Building A
Belmont, California 94002

RE: Response to Request for Proposals (RFP) for Annual Audit Services (Solicitation #HACSM-2017-01)

Dear Ms. McIntyre,

In response to the above referenced solicitation number, Rubino & Company, Chartered (Rubino & Company) is enclosing our proposal to provide annual audit services for the Housing Authority of the County of San Mateo (HACSM).

Your RFP evaluation criteria emphasized the desire to select a firm offering the best combination of qualifications, experience, capabilities, and cost effectiveness. As you will see throughout our response, Rubino & Company excels in all of these areas. Our response reflects an experienced technical team that has extensive relevant experience as we presently assist similar housing authorities with auditing services.

Rubino & Company believes we are the best qualified to perform the work outlined in the RFP. You can depend on Rubino & Company for several uncommon advantages:

- **Extensive Knowledge Auditing Similar Entities** – During my career, I have provided financial audit, single audit, tax, compliance, and consulting services to more than **55 housing authorities nationwide, including two under HUD’s Moving-to-Work (MTW) program: Baltimore City Housing Authority and Orlando Housing Authority.** With my depth of experience serving entities similar to HACSM and our team’s extensive expertise in the public housing industry, selecting Rubino & Company will result in more efficient, effective services, saving HACSM time and money.
- **RAD Conversion Experience** – We have direct experience with RAD conversion both from the audit perspective and through our role as outsourced CFOs. We understand the issues that arise, Housing and Urban Development (HUD) requirements, and the fact that every “deal” is different and brings its own set of potential problems. We can help HACSM address these issues as they arise so they do not hinder the audit process.
- **Single Audit Experience** – Rubino & Company performs single audits under OMB Uniform Guidance for numerous public sector organizations annually. A complex grant revenue structure such as HACSM’s requires an audit firm experienced in performing single audits with the same degree of complexity, but also a familiarity with the specific programs you are involved with. **This includes MTW demonstration program.** You will benefit from Rubino & Company’s deep single audit experience. We will keep you informed and HACSM will achieve continued compliance.

- **Quality is our Focus** – Rubino & Company is highly focused in providing you with quality audits. It starts with an industry specific team assigned to your audit using an audit approach customized for public housing authorities. Our commitment to quality is reflected in our most recent peer review (dated August 12, 2015). Firms can receive a rating of pass, pass with deficiency(ies), or fail. **Rubino & Company received a pass rating, with no letters of comment — the highest grade possible. In fact, Rubino & Company has received unmodified reports on all our peer reviews to date without a letter of comment — an uncommon industry achievement.** We have included a copy of our most recent report on page 13.
- **High Degree of Resources** – One of the distinctive features of Rubino & Company is the active role our shareholders and managers play in providing services to our clients. This ensures an effective and efficient audit. In addition, having supervisory staff on-site and engaged reduces the amount of time HACSM’s staff have to spend with audit staff as our professionals understand the environment, programs, and operations, ensuring a smooth audit transition.
- **Fresh Perspective** – By engaging Rubino & Company, HACSM will benefit from a “fresh look” at its business operations, information systems, and financial and risk management policies and procedures. You will be served by an engagement team with enthusiasm and a desire to meet and exceed expectations. We are confident that our public housing industry experience will bring HACSM new ideas, creative approaches, and fresh opportunities to meet the financial management and accountability challenges before HACSM.

We know that you have many options in selecting a qualified accounting firm and we believe **our competitive advantage is our prior experience serving public housing authorities, especially those under HUD’s MTW program.** We would like the opportunity to show you how our experience makes a difference.

For ease of review and to facilitate evaluation of our proposal, the structure of our response precisely mirrors your RFP section, *IV. Proposal Content*.

Selecting a new audit services provider is an important decision, and we know you will likely have questions. Please feel free to contact me at 410-218-0453 or email me at mstephens@rubino.com.

Sincerely,

Rubino & Company, Chartered



J. Michael Stephens, CPA
Shareholder

TABLE OF CONTENTS

| | |
|----------------------------------------------------------------------------|------------|
| 1. Firm Qualifications and Experience | 1 |
| a. Firm’s History | 1 |
| b. Firm’s Experience in the Public Housing Industry | 2 |
| c.i/c.ii. Experience in Public Housing Audits of the Engagement Team | 4 |
| c.iii. Record of Filing Housing Authority Audits Timely to HUD | 11 |
| 2. References and Similar Engagements | 12 |
| 3. Quality Control Review Reports | 13 |
| a. Most Recent Peer Review Report | 13 |
| b. Quality Assurance Reviews by the REAC Quality Assessment Subsystem | 14 |
| c. Disciplinary Action | 14 |
| 4. Debarment | 15 |
| 5. Independence | 16 |
| 6. Non-Collusive Affidavit | 17 |
| 7. Audit Engagement Plan | 19 |
| a. Understanding of the Work to be Performed | 19 |
| b. Transition Plan | 20 |
| c. Plan Design | 21 |
| d. Financial Statement Audit Plan | 22 |
| e. Compliance Audit Plan | 24 |
| f. Sampling Procedures | 25 |
| g. Utilization of Technology | 25 |
| h. Consideration of Pertinent Laws and Regulations | 26 |
| i. Engagement Timeline/Schedule | 26 |
| 8. Concept of Materiality | 28 |
| 9. Cost Proposal | 29 |
| a. Estimate of Staff Levels to be Utilized, Days Expected, and Hourly Rate | 29 |
| b./c. Out-of-Pocket Expenses and Other Costs Associated with the Audit | 29 |
| d. Total Lump-Sum Audit Fee for the Engagement | 29 |
| e. Other Fee Information | 29 |
| Appendix: Letter of Reference | A-1 |

1. FIRM QUALIFICATIONS AND EXPERIENCE

a. Firm's History

Rubino & Company was established in 1980 in Montgomery County, Maryland with our sole office currently located in Bethesda, Maryland. Rubino & Company has been working with public sector organizations for **over 35 years**, making our team specialized in assisting public housing authorities in this unique niche. As illustrated below, the primary emphasis of our practice is in providing audit, accounting and tax services to public sector organizations, including public housing authorities similar to the Housing Authority of the County of San Mateo (HACSM).

National Presence.

Extensive HUD Knowledge.

~1,000+ Clients across the nation
 Headquarters Bethesda, MD
60 Professionals
9 Shareholders
35+ Years in business

plus, international clients...

70% Percent of our revenue attributable to public sector clients (inclusive of public housing authorities).

Knowing what works
 The engagement team assigned to HACSM's audit presently serve numerous housing authorities across the country, including MTW agencies. We have extensive experience designing audit methodologies based on housing authority clients' overall audit risks at the financial statement line item level. HACSM can expect an audit methodology tailored to address your specific audit risks.

Rubino & Company has a dedicated **HUD audit team**. These specialized industry professionals provide financial audit, single audit, tax, compliance, and consulting services to numerous housing authorities nationwide.

As a separate industry group, our Public Housing/HUD Group focuses year-round on providing comprehensive assurance, tax, accounting outsourcing and consulting services to public housing authorities across the country.

The rules and regulations of HUD are complex and unique. At Rubino & Company, we understand the complexities and regulatory requirements that HACSM faces. We are experienced in the unique requirements of housing authorities and HUD funded agencies.

b. Firm's Experience in the Public Housing Industry

Rubino & Company is experienced in the unique requirements of housing authorities and HUD funded agencies, similar to HACSM.

HACSM's proposed engagement team are experts in guiding clients through the processes of the various program requirements. We assist our clients in identifying and correcting compliance issues and can help prepare responses to HUD-related issues to alleviate compliance concerns. We are well-versed in the requirements for annual REAC submissions, state level finance authority reporting for tax credit projects, the nuances of HUD accounting rules, the litany of compliance requirements including SEMAP, VMS, ELOCCS, new procurement regulations, and Section 3, as well as the additional requirements under OMB, including the uniform guidance. We have been involved in auditing or managing substantially all of HUD's programs.

Because of our broad range of experience, we provide you with the ability to step back and see the bigger picture. The affordable housing environment is changing dramatically with programs such as the Rental Assistance Demonstration (RAD), the merging of smaller authorities, and privatization of affordable housing. We have the experience and knowledge of resources to help HACSM answer the tough strategic questions about the future of the agency and consider the best options given the availability, or lack thereof, of HUD approvals, funding resources, development partners, and local restrictions.

Furthermore, because we have worked both externally as auditors and internally as outsourced CFO's, we bring a unique and practical perspective to the issues affordable housing entities face and this knowledge can be applied to HACSM.

The proposed engagement team also understands the complex compliance requirements, and reporting requirements experienced by governmental entities, similar to HACSM. **Rubino & Company audits over \$950M in federal expenditures annually**, including numerous governmental entities similarly structured to HACSM; therefore, we are very familiar with federally funded programs as required under the OMB Uniform Grant Guidance.

Furthermore, we have extensive experience with the programs administered by the HACSM, including the following:

- Housing Choice Voucher/MTW Programs
- Public Housing Program
- Supportive Housing Program
- Not For Profit Affiliate
- Local Fund

Extremely Sensitive to Deadlines

Because of the regulatory environment many of our clients operate in, especially HUD, we are fully aware of the need to meet these deadlines and the importance of ensuring the timing is such that there is no undue burden on the client. We have a thorough understanding of the regulatory framework governing HACSM. As a result, we will work with HACSM to develop a timeline that is agreeable to both parties. We have also developed a communication process to ensure deadlines are met without pressure, rushing, or creating stress on HACSM staff.

Provided below is a sampling of similar engagements:

- **Orlando Housing Authority, FL – MTW Agency**
- **Housing Authority of Baltimore City, MD (two discrete component units, fiduciary component units, and several other blended component units) – MTW Agency**
- Housing Authority of Santa Clara, CA (consulting on finance department operations)
- Camden Redevelopment Agency, NJ
- Chesapeake Redevelopment & Housing Authority, VA (one blended component unit)
- Housing Authority of the Birmingham District, AL (one blended component unit and five other discrete component units)
- Housing Authority of the City of Asheville, NC (two discrete component units)
- Housing Authority of the City of Athens, GA (*recently awarded*)
- Housing Authority of the City of Hartford, CT (*recently awarded*)
- Housing Authority of Washington County, MD (outsourced CFO services)
- Housing Commission of Anne Arundel County, MD (outsourced CFO services)
- Housing Opportunities Commission of Montgomery County, MD (we presently conduct the project audits for three of HOC's entities that are nonprofit organizations and included in HOC's statements, and consulting to the Authority itself)
- Montgomery Housing Authority, AL
- Spartanburg Housing Authority, SC (two discrete component units)

In addition to our extensive audit experience, we also have experience in all areas of taxation, particularly preparation of 990s. We understand the additional auditor responsibilities of this engagement, including providing tax services for the submission of HACSM's nonprofit blended component unit (SAMCHAI, Inc.) Federal Form 990 and State 199 annual reporting.

Our local team of dedicated staff members work on 990s year-round and process over 200 returns annually. We specialize in helping organizations submit 990s that not only are free of errors, but also show that your organization is professionally run and make a strong case for supporting it.

c.i/c.ii. Experience in Public Housing Audits of the Engagement Team

The following table provides a high-level overview of the qualifications of the staff who will be devoted to HACSM’s audit engagement:

| Qualifications of the Staff who will be Devoted to the HACSM Audit | | | | | |
|---------------------------------------------------------------------------|---------------------------|-------------------------------------|----------------------------------|-----------------------------|-------------------------------------|
| Name & Title | Public Housing Experience | Experience with HUD Funded Programs | Experience with MTW HUD Agencies | Compliance Audit Experience | Experience with Preparation of 990s |
| Name: J. Michael Stephens, CPA <i>Title: Engagement Partner</i> | ✓ | ✓ | ✓ | ✓ | ✓ |
| Name: Robert Gray, CPA <i>Title: Quality Control Partner</i> | ✓ | ✓ | ✓ | ✓ | ✓ |
| Name: Patricia O’Malley, CPA <i>Title: Senior Manager</i> | ✓ | ✓ | ✓ | ✓ | ✓ |
| Name: Benjamin Karlin <i>Title: Senior</i> | ✓ | ✓ | ✓ | ✓ | ✓ |
| Name: Vidur Bhalla <i>Title: Associate</i> | ✓ | ✓ | ✓ | ✓ | |

The resumes on the following pages demonstrate the proposed engagement team’s ability to provide services to HACSM. As you will see, they are experienced, skilled in the industry, and possesses the requisite professional capabilities.

Your engagement team will provide you with the wisdom of their experience.

Changing auditors for HACSM should not be a difficult task. Fortunately, your proposed engagement team has had many opportunities over the years to step in as the new auditor. This experience helps ensure that the transition goes as smoothly as possible. Because of your engagement team’s experience with similar public housing authorities, Rubino & Company will hit the ground running, resulting in minimal disruption to management’s day-to-day schedules.

HACSM can count on:

- ❖ Professionals who are highly skilled in working with public housing authorities.
- ❖ Continuous interaction with your management throughout the year. We get involved... and stay involved.
- ❖ Prompt and responsive service. HACSM’s needs will be met with a sense of urgency.
- ❖ An outstanding professional track record. We know and understand MTW public housing authorities.

The following resumes/profiles demonstrate the proposed engagement team’s ability to provide services to HACSM. As you will see, they are experienced, skilled in the industry, and possesses the requisite professional capabilities.

| J. Michael Stephens, CPA – Engagement Partner | |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Engagement Role | Mike will be responsible for overseeing all engagement activities, including reviewing the work plan, coordinating activities with the audit managers and directing all meetings with HACSM. |
| Background & Relevant Experience | <p>Mike has over 30 years of experience in public accounting. During his career, he has provided financial audit, single audit, tax, compliance, and consulting services to more than 55 housing authorities nationwide.</p> <p>Formerly with a national firm, he developed a national housing authority practice serving some of the largest housing authorities in the country. Mike has been with Rubino & Company for three years.</p> <p>He has audited a variety of housing agencies including public housing authorities, nonprofit entities, and for-profit developers and property managers. He has experience with all the programs administered by HACSM, including HACSM’s MTW program. In addition, he has performed consulting services for housing authorities including outsourced CFO services, assistance with conversion to RAD, work-outs with troubled authorities, negotiation with HUD over findings, reporting and repayment agreements, provided training to Board members, and consulted on tax credit development projects including budgets, cost certifications, and finance authority compliance and reporting.</p> <p>In addition, Mike has presented for both Public Housing Authorities Directors Association (PHADA) and National Association of Housing & Redevelopment Officials (NAHRO) at various conferences. Mike thoroughly understands HUD programs both from a financial and compliance standpoint and has on several occasions worked with HUD installed management following turnover in management due to fraud and other reasons. Furthermore, he has worked with HUD and State Departments of Housing and Community Development of multiple states directly through the audits of public housing authorities and their component units in responding to various inquiries.</p> |
| Housing Authority Clients | <ul style="list-style-type: none"> • Housing Authority of Baltimore City, MD (MTW Agency) • Orlando Housing Authority, FL (MTW Agency) • Housing Authority of Santa Clara, CA (MTW Agency) • Sanford Housing Authority, FL • Spartanburg Housing Authority, SC • Chesapeake Redevelopment & Housing Authority, VA • Housing Authority of the Birmingham District, AL • Montgomery Housing Authority, AL • Housing Commission of Anne Arundel County, MD • Housing Opportunities Commission of Montgomery County, MD • Housing Authority of Washington County, MD • Camden Redevelopment Agency, NJ • Housing Authority of the City of Asheville, NC • Housing Authority of the City of Hartford, CT (recently awarded) • Housing Authority of the City of Athens, GA (recently awarded) |

J. Michael Stephens, CPA – Engagement Partner

Before joining Rubino & Company, Mike was a partner with a large national public accounting firm, directing the firm's affordable housing practice. His clients included:

- **District of Columbia Housing Authority, DC (MTW Agency)**
- California Housing Finance Agency, CA
- DuPage Housing Authority, IL
- East St. Louis Housing Authority, IL
- Housing Authority of the City of Miami Beach, FL
- Durham Housing Authority, NC
- Wilmington Housing Authority, NC
- Southern Nevada Regional Housing Authority, NV
- Richmond Redevelopment and Housing Authority, VA
- Fairfax Housing and Redevelopment Authority, VA
- Huntsville Housing Authority, AL
- Memphis Housing Authority, TN
- Fort Worth Housing Authority, TX
- Harris County Housing Authority, TX
- Allentown Housing Authority, PA
- Chester Housing Authority, PA
- Housing Commission of Talbot County, MD
- Howard County Department of Housing and Community Development, MD
- Maryland Department of Housing and Community Development, MD
- New Jersey Housing and Mortgage Finance Agency, NJ
- Virgin Islands Housing Authority, USVI

Education

Mike received his Bachelor's degree in Accounting from Loyola College in Baltimore.

Licenses and Professional Affiliations

- Certified Public Accountant
- American Institute of Certified Public Accountants
- Maryland Association of Certified Public Accountants
- Public Housing Authorities Directors Association
- National Association of Housing & Redevelopment Officials

Robert (Bob) Gray, CPA – Quality Control Partner

| | |
|------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Engagement Role</p> | <p>Bob will conduct a concurring review of the audit, independent from the audit team. The purpose of the independent review is to ensure that all audit and accounting standards are met, and to judge the soundness of accounting principles applied and the adequacy of the audit procedures performed.</p> |
| <p>Background & Relevant Experience</p> | <p>Bob is a shareholder with more than 40 years of experience and provides accounting, auditing, tax and management services to a wide range of public sector organizations, including technical reviews on all public housing authority clients that require audits of financial statements, REAC submissions, and single audits.</p> <p>Bob oversees the accounting and auditing practice of Rubino & Company and serves as the firm’s Director of Quality Control for its audit and attest function.</p> <p>He has taught accounting and auditing courses at George Mason University and George Washington University. In addition, he is a frequent speaker, presenter and author. Bob has given numerous presentations and written articles for various publications on a wide range of accounting and auditing matters.</p> |
| <p>Housing Authority Clients</p> | <ul style="list-style-type: none"> • Orlando Housing Authority, FL (QC Partner) – MTW Agency • Housing Authority of Baltimore City, MD (QC Partner) – MTW Agency • Housing Authority of Santa Clara, CA (QC Partner) – MTW Agency • Spartanburg Housing Authority, SC (QC Partner) • Sanford Housing Authority, FL (QC Partner) • Chesapeake Redevelopment & Housing Authority, VA (QC Partner) • Housing Authority of the Birmingham District, AL (QC Partner) • Housing Commission of Anne Arundel County, MD (QC Partner) • Housing Opportunities Commission of Montgomery County, MD (QC Partner) • Housing Authority of Washington County, MD (QC Partner) • Montgomery Housing Authority, AL (QC Partner) • Camden Redevelopment Agency, NJ (QC Partner) • Housing Authority of the City of Asheville, NC (QC Partner) |
| <p>Education</p> | <p>Bob graduated summa cum laude with a Bachelor of Science degree in Accounting from Villanova University.</p> |
| <p>Licenses and Professional Affiliations</p> | <ul style="list-style-type: none"> • Certified Public Accountant • American Institute of Certified Public Accountants • Greater Washington Society of Certified Public Accountants • Virginia Society of Certified Public Accountants • Institute of Management Accountants |

Patricia O'Malley, CPA – Senior Tax Manager

| | |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Engagement Role | Patty will oversee the review and completion of the tax portion of this engagement. |
| Background & Relevant Experience | Patty brings over 30 years of experience working with public sector organizations. With an emphasis on accountability, Patty assists public sector organizations in meeting their financial reporting, operational and federal and state filing requirements. In her interactions with her clients, she reviews the required tax returns, provides technical expertise, manages audit engagements and performs a wide variety of accounting functions including management consulting and advisory services. |
| Housing Authority Clients | <ul style="list-style-type: none"> • RSI, Inc. and BAHD Inc. for Housing Authority of Baltimore City, MD (MTW Agency) • Housing Opportunities Commission of Montgomery County, MD |
| Education | Patty received her Bachelor of Science degree in Accounting from the University of Maryland, also received her Bachelor of Science degree in Psychology from Frostburg State College. |
| Licenses and Professional Affiliations | <ul style="list-style-type: none"> • Certified Public Accountant • American Institute of Certified Public Accountants • Greater Washington Society of Certified Public Accountants |

| Benjamin Karlin – Senior Audit Associate | |
|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Engagement Role | Ben will be responsible for running the day to day fieldwork, including the planning, coordination and the supervision of the audit staff. |
| Background & Relevant Experience | <p>Ben has over four years of experience performing audits, accounting and consulting services for federal, state and local government entities with a specialization in auditing housing authorities and all housing authority related procedures such as submissions to REAC and providing guidance to clients on HUD related issues.</p> <p>Ben is also well versed in compliance audits, and has managed, planned, and performed compliance audits for a variety of governmental agencies. He is very familiar with federally funded programs as required under the OMB Uniform Grant Guidance. In addition, Ben has experience performing audits of HUD funded and insured projects. Ben is thoroughly familiar with HACSM’s programs to be audited, including HACSM’s MTW program.</p> |
| Housing Authority Clients | <ul style="list-style-type: none"> • Housing Authority of Baltimore City, MD (MTW Agency) • Orlando Housing Authority, FL (MTW Agency) • Spartanburg Housing Authority, SC • Housing Authority of the Birmingham District, AL • Montgomery Housing Authority, AL • Housing Commission of Anne Arundel County, MD • Housing Authority of Washington County, MD • Sanford Housing Authority, FL • Chesapeake Redevelopment & Housing Authority, VA • Camden Redevelopment Agency, NJ • Housing Authority of the City of Asheville, NC |
| Education | Ben received his Bachelor’s Degree in Accounting and Information Systems from the University of Maryland, College Park. |
| Professional Affiliations | <ul style="list-style-type: none"> • American Institute of Certified Public Accountants • Greater Washington Society of Certified Public Accountants |

Vidur Bhalla – Associate

| | |
|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Engagement Role | Vidur will assist the team with the planning, execution and the day-to-day organization of the fieldwork. |
| Background & Relevant Experience | <p>Vidur is a member of our state and local government team and specializes in providing audit and accounting services to public housing authorities. He has over three years of auditing experience serving public sector organizations. He regularly analyzes and reconciles balance sheet accounts and prepares financial statements. He executes various types of transaction testing which include disbursements, payrolls, and journal entries. On a regular basis, he performs walkthroughs with clients to better understand their system of recording.</p> <p>Vidur is knowledgeable within the affordable housing industry and the specific HACSM programs to be audited, including HACSM’s MTW program.</p> |
| Housing Authority and other Government Clients | <ul style="list-style-type: none"> • Housing Authority of Baltimore City, MD (MTW Agency) • Spartanburg Housing Authority, SC • Housing Authority of the Birmingham District, AL • Chesapeake Redevelopment & Housing Authority, VA |
| Education | Vidur received his Bachelors of Science Degree in Accounting from Dakota State University. |
| Professional Affiliations | <ul style="list-style-type: none"> • American Institute of Certified Public Accountants • Greater Washington Society of Certified Public Accountants |

c.iii. Record of Filing Housing Authority Audits Timely to HUD

Rubino & Company has an excellent record of filing housing authority audits timely to HUD.

Furthermore, we are well versed in the distinct requirements of public housing authorities, HUD agencies, and related tax credit and nonprofit entities, **including the annual Real Estate Assessment Center (REAC) financial statement submission.** J. Michael Stephens, the engagement shareholder assigned to HACSM’s engagement, has performed over 55 public housing audit engagements. Our firm is thoroughly familiar with HUD’s financial reporting requirements for public housing authorities. Mike has worked on electronic submissions to REAC since REAC was created.

Rubino & Company regularly assists our public housing authority clients with the audited submission to REAC and are always available to resolve any questions from REAC throughout the process. In addition to performing REAC submissions as the auditor, through our role in providing outsourced CFO services for public housing authorities, we have performed the process from the public housing authority side for multiple clients.

The REAC submission process has evolved over the years with ever increasing scrutiny by HUD as their reviewers better understood GASB based financial reporting, periodic changes in Financial Data Schedule (FDS) line item definitions, and how the FDS was modified to compensate for a variety of new Governmental Accounting Standards Board pronouncements. In addition, the treatment of “unique” transactions, such as RAD, the formation of for profit entities by public housing authorities, and the combining of public housing authorities when mandated by HUD provides both challenges and opportunities in how the submission to REAC is prepared and submitted. As a result, conditional acceptances and rejections are not uncommon.

Given the complexities of HACSM’s operations, HACSM needs a firm that has experience with these issues from both the auditor and Authority perspective and can not only perform the audit, but provide advice on what has worked and not worked when reporting these activities to REAC. The firm has not had a REAC submission rejected by REAC and has assisted several clients with unaudited submissions that had conditional acceptances.

Because of our experience and client base, we also have audited and prepared REAC submissions on the multifamily side and performed submissions for multiple state housing finance agencies that have similar processes for submitting tax credit and multifamily projects. We have “seen it all” in working our way through a variety of subtle differences in reporting requirements by HUD, state agencies, and in some cases, separate financing agencies. **This experience will bring options to HACSM and ensure that the reporting is done accurately and timely.**

“Mike is extremely knowledgeable about governmental audits. He educates us about new pronouncements and HUD issues, and tells us what we need to be prepared for in the upcoming year.”

-Rainbow Lin, Previous CFO
Housing Authority of Baltimore City

2. REFERENCES AND SIMILAR ENGAGEMENTS

We encourage you to contact the following clients to learn more about our high-quality work product, and our demonstrated record of delivering services on time and within budget.

| Name of Organization: Housing Authority of Baltimore City* (MTW Agency) | |
|----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Client Contact | Ms. Rainbow Lin, Previous CFO (presently the CFO at the District of Columbia Housing Authority) Phone: 202-535-2878/ Email: rlin@dchousing.org and Ms. Sieglinde Chambliss, CFO (new to the position) Phone: 410-396-8303 /Email: sieglinde.chambliss@habc.org |
| Period of Performance | 2002 to 2013* and 2016 to present * With another firm, Mike (HACSM's proposed engagement partner) served HABC from 2002 to 2013. With Rubino and Company, Mike has served HABC since early 2016 to present). |
| Scope of Contract | <ul style="list-style-type: none"> Financial statement audit for the Authority and its component units (two discrete component units, fiduciary component units, and several other blended component units) Single Audit Audit and tax returns for the Authority's tax credit properties |

***We have also provided a letter of reference from the Housing Authority of Baltimore City in the Appendix.**

| Name of Organization: Orlando Housing Authority, FL (MTW Agency) | |
|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| Client Contact | Mr. Michael Simmons, Chief Financial Officer Phone: 407-895-3300 / Email: michael.simmons@orl-oha.org |
| Period of Performance | 2016 to present |
| Scope of Contract | <ul style="list-style-type: none"> Financial statement audit Single Audit |

| Name of Organization: Housing Authority of the Birmingham District, AL | |
|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Client Contact | Ms. Carolyn Avington, Director of Finance and Administration Phone: 205-324-0641 / Email: cavington@habd.net |
| Period of Performance | 2014 to present |
| Scope of Contract | <ul style="list-style-type: none"> Financial statement audit for the Authority and its component units (one blended component unit and five other discrete component units) Single Audit |

| Name of Organization: Spartanburg Housing Authority, SC | |
|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Client Contact | Ms. Terril Bates, Executive Director Phone: 864-598-6000 / Email: tbates@shasc.org |
| Period of Performance | 2015 to present |
| Scope of Contract | <ul style="list-style-type: none"> Financial statement audit for the Authority and its component units (two discrete component units) Single Audit |

3. QUALITY CONTROL REVIEW REPORTS

a. Most Recent Peer Review Report

Our firm's commitment to quality is evidenced by our **stellar peer review record**. Our most recent peer review report is included below.

In all of the firm's peer reviews, conducted by an independent CPA firm, we have received unmodified reports without a letter of comment.

This accomplishment is achieved by a small percentage of CPA firms and speaks to the level of our commitment to providing quality audit and review services. Our commitment to quality is not limited to audit and attestation engagements. **Quality control is ingrained in all the services we provide.**

Briscoe, Burke & Grigsby LLP
CERTIFIED PUBLIC ACCOUNTANTS

System Review Report

August 12, 2015

To the Shareholders of
Rubino & Company, Chartered
 and the Peer Review Committee of the Maryland Association of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of **Rubino & Company, Chartered** (the firm) in effect for the year ended April 30, 2015. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory agencies, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included an engagement performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of **Rubino & Company, Chartered** in effect for the year ended April 30, 2015, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Rubino & Company, Chartered has received a peer review rating of *pass*.

Briscoe, Burke & Grigsby LLP

Certified Public Accountants

Members American Institute of Certified Public Accountants
 4120 East 51st Street Suite 100 Tulsa, Oklahoma 74135-3633 (918) 749-8337
www.bbgepa.com

b. Quality Assurance Reviews by the REAC Quality Assessment Subsystem

Rubino & Company has not had any quality assurance reviews by the REAC Quality Assessment Subsystem (QASS) conducted within the past three years. Furthermore, Rubino & Company has not been, and currently is not, the subject of a review by the QASS to determine the reliability of any audits and/or attestations of HUD-assisted multifamily projects and/or public housing agencies within the past three years.

c. Disciplinary Action

In the past three years, there has been no disciplinary action taken, nor are there any pending disciplinary actions against Rubino & Company with state regulatory bodies or professional organizations.

4. DEBARMENT

Rubino & Company is not debarred, suspended, or otherwise prohibited from practice by any Federal, State, or Local Agency.

5. INDEPENDENCE

Rubino & Company is independent of the HACSM as defined by the U.S. General Accounting Office's *Government Auditing Standards*, as amended.

We are not aware of any relationships or situations that might be viewed as a conflict. As such, we take every precaution to determine that there are not any real or perceived violations of independence. Our quality control procedures require us to review potential independence issues on the audit team and in our firm. whole. As part of drawing a conclusion as to our independence, we evaluate relationships with existing clients that might represent a conflict of interest for HACSM, or that would otherwise jeopardize our objectivity or independence.

6. NON-COLLUSIVE AFFIDAVIT

As requested, we have completed the *Non-Collusive Affidavit* (see following page).

NON-COLLUSIVE AFFIDAVIT

(To Be Executed By Proposer, Notarized and Submitted with the Proposal)

State of Maryland

County of Montgomery

The undersigned, being first duly sworn, deposes and says that he or she is a Shareholder, the party making the foregoing proposal, that such proposal is genuine and not collusive or sham; that said proposer has not colluded, conspired, connived or agreed, directly or indirectly, with any proposer or person, to put in a sham proposal or to refrain from submitting a proposal, and has not in any manner, directly or indirectly, sought by agreement or collusion, or communication or conference, with any person, to fix the proposal price of affiant or of any other proposer, or to fix any overhead, profit or cost element of said proposal price, or of that of any other proposer, or to secure any advantage against the Housing Authority of the County of San Mateo or any person interested in the proposed contract; and that all statements in said proposal are true.

Individual

Partner

J. Michael Stephens

Officer of Corporation

Subscribed and sworn to (or affirmed) before me on this 10th day of May, 20 17,
by J. Michael Stephens, personally known to me or proved to
me on the basis of satisfactory evidence to be the person(s) who appeared before me.

J. Michael Stephens

Signature

ELIZABETH M. CREWS
NOTARY PUBLIC - MARYLAND
PRINCE GEORGE'S COUNTY
MY COMMISSION EXPIRES
FEBRUARY 10, 2019

Elizabeth Crews

7. AUDIT ENGAGEMENT PLAN

a. Understanding of the Work to be Performed

Rubino & Company understands the scope of services outlined in *Section II. Scope of Services* of the RFP. HACSM requires an auditor to conduct independent annual audit services, in accordance with requirements of HUD and other mandatory HUD reporting throughout the year. In summary, we understand:

- The audit will include all required and necessary reviews, research, tests and worksheets needed to determine and report on both the financial condition and program compliance of HACSM under the programs it administers for HUD and its other programs.
- The audit will be conducted in accordance with the auditing standards generally accepted in the United States of America contained in the *Government Auditing Standards* issued by the Comptroller General of the United States and will meet all requirements set forth in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), or any successor issuance, or any HUD requirement, which are in effect as of the date of the audit on-site fieldwork.
- The Audit will include all necessary and required submissions and/or electronic transmissions to the County of San Mateo Controller's office, within 77 calendar days of the end of the fiscal year audited; HUD Field Office and HUD's Real Estate Assessment Center (REAC) through its Financial Assessment Subsystem (FASS), unaudited within two months and audited within nine months of the end of the fiscal year audited; and the Federal Audit Clearinghouse.

In addition, we understand the following additional auditor responsibilities:

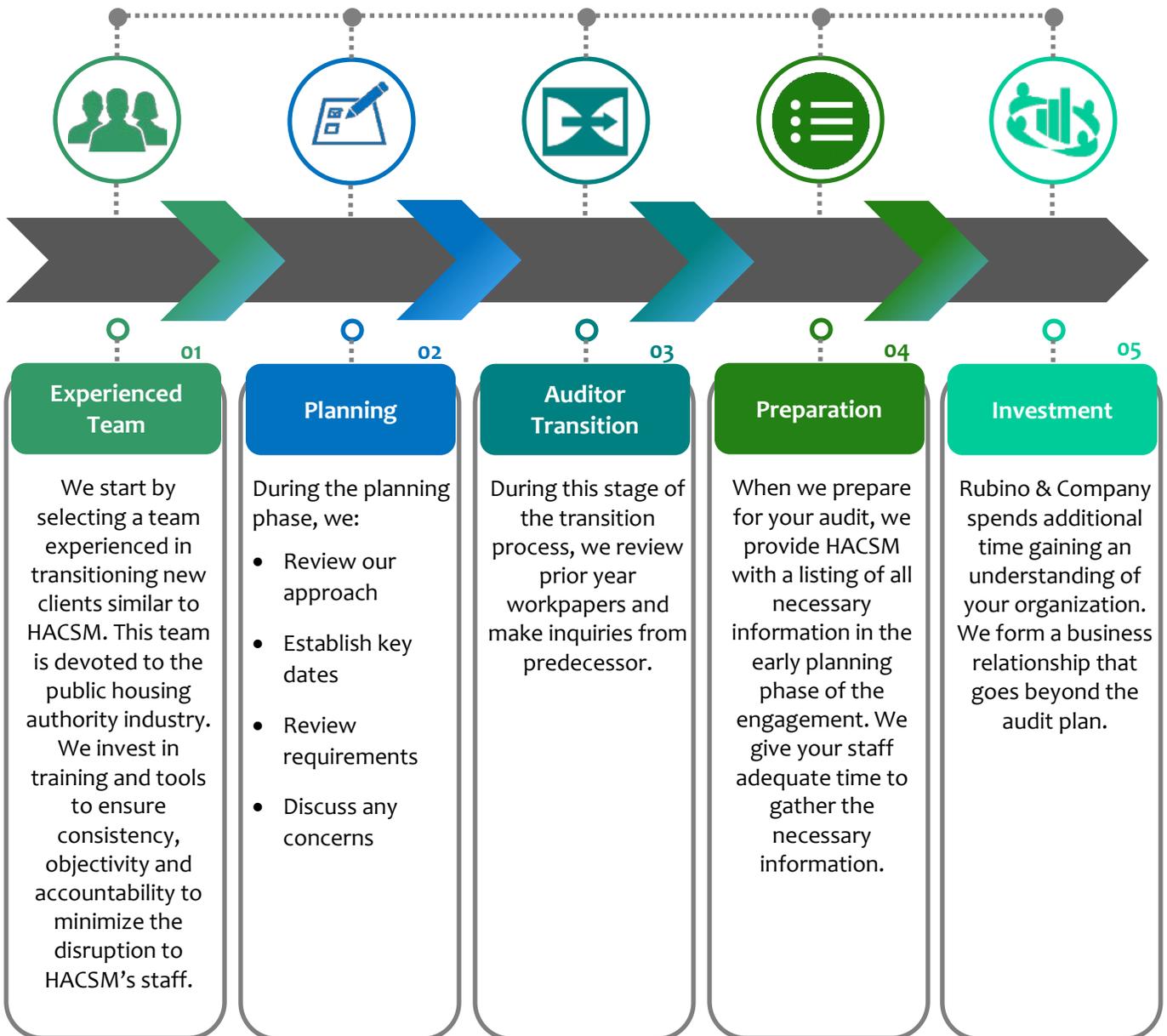
- Cost Certifications on the Schedules of Actual Modernization Cost for Capital Fund grants on an as needed basis (fees to be negotiated).
- Tax service for the submission of Not-For-Profit blended component unit (SAMCHAI, Inc.) Federal 990 and State 199 annual reporting (fees to be negotiated).
- Advice and periodic consultations to inform HACSM staff of pertinent changes in accounting rules and regulations resulting from new pronouncements from the Government Accounting Standards Board and the Financial Accounting Standards Board.
- Perform agreed upon procedures on an as-needed basis (fees to be negotiated).

Rubino & Company understands the services HACSM is requesting. They are similar to those we have provided to many other public housing authorities.

b. Transition Plan

We are aware of the complications clients face when changing accounting firms and realize that any change to the status quo can be stressful. Because of this, Rubino & Company works extremely hard to make the transition as smooth and painless as possible.

Our proven transition approach illustrated below effectively minimizes the impact of client transition issues:



Engaging service providers is an important strategic decision for your organization. If you make the choice to engage us, and the transition is executed thoughtfully, the result will truly benefit HACSM. By engaging Rubino & Company, HACSM will benefit from a “fresh look” at its business operations, information systems, and financial and risk management policies and procedures. We are confident that our public housing industry experience will bring HACSM new ideas, creative approaches, and fresh opportunities.

c. Plan Design

Through our overall approach when conducting the audit HACSM, you will receive the following benefits:

Benefits to HACSM:

Fresh look at the internal controls: HACSM will benefit from a “fresh look” at its business operations, information systems, and financial and risk management policies and procedures.

Close involvement of senior professionals: Having supervisory staff on-site and engaged reduces the amount of time HACSM’s staff have to spend with audit staff as our professionals understand the environment, programs, and operations, ensuring a smooth audit transition.



We provide efficient and effective audit services.

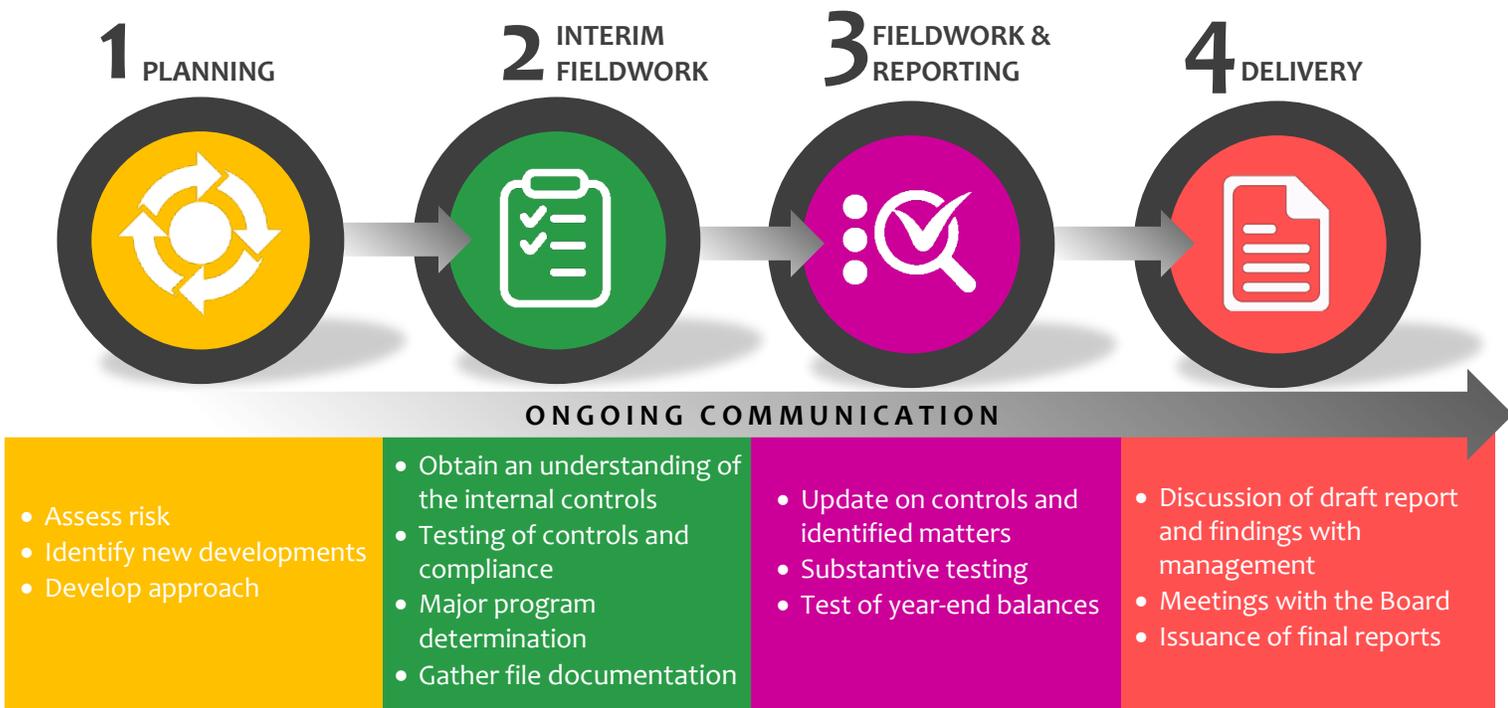
Tailored audit methodology: Rubino & Company has experience designing audit methodologies that address public housing authorities’ specific audit risks. Our team seamlessly integrates the HACSM’s processes into our overall audit approach.

Extensive Communication: Rubino & Company always communicates promptly on issues affecting the audit in planning meetings, site visits, exit conferences, and as they emerge during substantive testing. This promotes a successful engagement.

As you will see on the following pages, Rubino & Company utilizes a risk-based approach, which enables us to perform a more efficient and effective audit for HACSM. We place a strong emphasis on early, pre-audit planning, which facilitates a cost-effective, efficient audit that is delivered in a timely manner. As you assess our response, we hope you gain the confidence in our delivery of an efficient, thorough, collaborative, comprehensive, and quality audit, with guidance from the engagement shareholder, Mike Stephens.

d. Financial Statement Audit Plan

The purpose of our audit is to express our opinion on the financial statements. Our overall approach to the audit process centers on communication. We work very hard to work cooperatively with clients and are respectful of your time as we recognize that HACSM has priorities other than the audit process. We firmly believe that open communication throughout the process is the key to an efficient, effective, and timely audit. As you will see in the following diagram, we are committed to ongoing communication throughout each step of the audit process:



Planning

Rubino & Company places a heavy emphasis on planning as it is a key factor in providing an effective and efficient audit. We update our client participation schedules and discuss the timing with clients during audit planning meetings and entrance conferences.

Planning includes the following:

- Develop a comprehensive requested items list;
- Establish materiality thresholds;
- Document control procedures and policies by transaction type and for the overall entity. During this process, Rubino & Company personnel will conduct in-depth interviews with HACSM’s personnel responsible for the processing and approval of the various transactions;
- Assess fraud and significant risk levels for all audit areas;
- Establish audit approach and programs; and,
- Plan walkthroughs, observations or tests of internal controls for all significant audit areas. The extent of these procedures will be determined in connection with the overall planning of the approach to the audit.

Interim Audit Work

We will perform interim audit work in order to assess and document internal controls and organizational risks at an early stage of the audit process, which in turn, allows us to design audit procedures tailored to those risks. This work is usually performed over a one-week period. We will also gather relevant permanent file documentation during this time.

Fieldwork and Reporting

All the audit fieldwork will be performed by Rubino & Company staff. We anticipate that fieldwork will be performed over the course of one to two weeks. The fieldwork and reporting phases of the engagement will include the following procedures:

- Update planned control reliance based on the results of our internal control audit procedures;
- Select non-statistical samples and perform testing of the cash disbursement, payroll, and, as appropriate, other financial systems;
- Perform tests of revenue based on nature and source of support and revenue;
- Confirm relevant asset and liability balances;
- Perform extended audit procedures for support and receivables, while performing other procedures for other balances as we determine necessary;
- Prepare and post any proposed audit adjustments;
- Assess the pervasiveness of any exceptions noted during testing, determine whether any modifications to the audit plan were necessary, and document our findings;
- Obtain and test as necessary information to be included in the footnotes to the financial statements; and,
- Review the financial statements and footnotes; and draft internal control and audit communication letters.

Effective & Efficient Audit Process

Where you are strong, we rely on that strength. Where you may lack strength, we adapt our procedures and recommend specific remedies within the framework of overall cost-versus-benefit considerations that should temper every control decision.

Exit Conference

We will meet with HACSM's management and staff to review the financial statements and any findings at the conclusion of fieldwork.

Report Delivery/Meeting

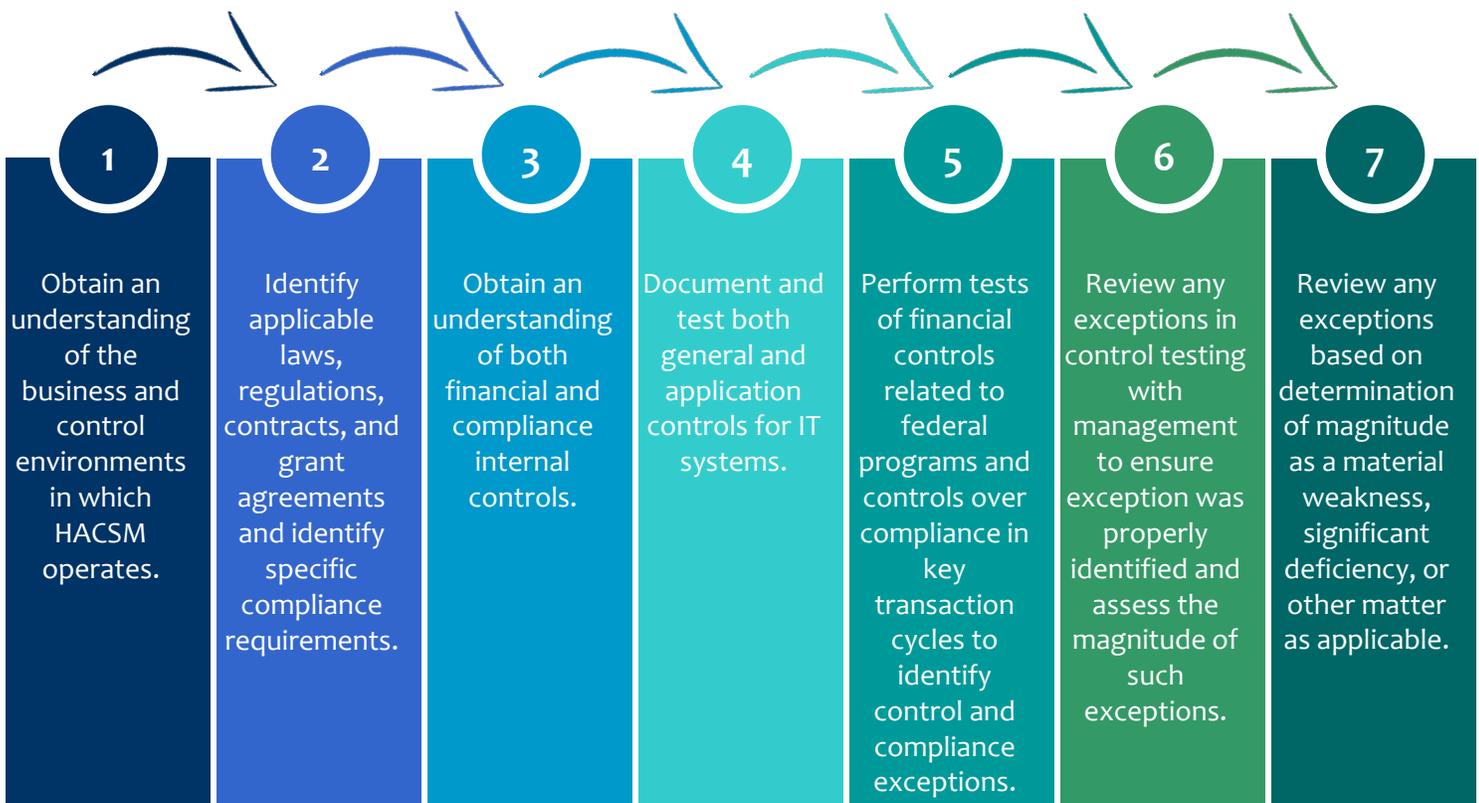
At the conclusion of the audit, after meeting with the staff, we will meet with HACSM's Management/Board of Directors to present the results of the audit and answer any questions related to our findings or the conduct of the audit engagement.

e. Compliance Audit Plan

We place a heavy emphasis on planning as it is the key factor in providing an effective and efficient audit. We update our client participation schedules and discuss the timing with clients during audit planning meetings and entrance conferences. The process begins with a review of your schedule of expenditures of federal awards and consideration of the requirements of the Uniform Guidance.

This is followed by an assessment of each federal program and the associated audit risks to determine which are major programs. Then, we perform further assessments of technology, materiality, internal controls, and the audit approach and design.

A single audit of HACSM would be expected to include the following steps:



f. Sampling Procedures

Our sampling methods and resulting sample sizes are in accordance with and result from guidance provided by the AICPA for both audits and single audits. Our sample sizes are directly related to the various risks (inherent and control) associated with the item being tested, confidence level to be obtained and overall materiality. Our sample sizes generally include up to 40 items for control and transactional testing or up to 60 items for single audit testing. The samples for substantive testing are highly dependent upon the balance of the account being tested and the materiality of the engagement.

We will utilize sampling methods where required and in accordance with the procedures as outlined by HACSM. The procedures determine where sampling is to be used and the sample sizes to be utilized. In selecting all samples, we will utilize random sampling methods to ensure that all items have an equal chance of being selected.

Because we work with agencies of all sizes, our method for drawing samples for compliance varies. Typically, we request reports to document the population (resident files, inspections, payroll listing, etc.) from which to select. We test these reports for completeness and then select the sample based on one of the methods described (haphazard, statistical, random, etc.) and request those documents. If HACSM has the capability, we use audit software to select samples directly from the system.

g. Utilization of Technology

One of Rubino & Company's advantages is access to advanced audit tools and technology. Throughout the audit, we will employ the use of technology to increase efficiency and effectiveness and in communicating with HACSM, including the following:

- We use an electronic portal for the transfer of sensitive documents. This portal allows for both the upload and download of data that is password protected and encrypted. This helps ensure that the integrity of the organization's data is protected. With identity theft on the rise, the portal gives you peace of mind knowing that the only person who can access your files is you and anyone you designate.
- We perform our audits using third party electronic audit work paper software package; Pro-System Fx Engagement. Fx Engagement is our "paperless" audit product. This product allows us to file and save all our audit workpapers in an electronic storage capacity; allowing Rubino & Company firm to save time and resources associated with maintaining and storing paper files. Fx Engagement also boasts a trial balance software program, which is utilized to produce financial statements, lead schedules and allows us to perform trend analysis utilizing our clients' trial balances.
- We utilize another third-party vendor software package, PPC Checkpoint Tools, for our audit programs, checklists, standard correspondence and accounting research tools. These tools have great time-saving functionalities and they integrate with our work processes; therefore, allowing us to bring our clients the highest possible value, quality, and consistency.
- When gaining an understanding of the HACSM's internal control structure, we conduct interviews to document your internal control structure. Our interviews include "walkthroughs" of your processes (both manual and automated). After conducting our interviews, we will use PPC Smart Practice Aids (a risk assessment/evaluation software product) to customize our audit programs and overall audit approach. Our audit will include confirming our understanding of the HACSM's environment, including internal control, sufficient to assess the risks of misstatements of the financial statements. However, an audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Nevertheless, during the audit, we will communicate to HACSM any internal control related matters that come to our attention.

- With our extensive experience with housing authorities, we are familiar with several housing specific software packages (Yardi, Elite, Tenmast, etc.) and with the client’s permission, have worked directly in these systems to make the audit process more efficient for both us and the client. Your engagement team has worked extensively with most housing specific software packages. Our expertise has included data conversions, support, implementation and training with these systems. The quality of our experience and understanding of housing specific software packages is evident in the many successful similar housing authority engagements we have completed, each with its own unique challenges.

h. Consideration of Pertinent Laws and Regulations

Because of our experience in the public sector, we are knowledgeable of many of the HUD regulations applicable to HACSM. In addition, through our risk assessment procedures, building of our permanent file documentation, and review of HACSM’s programs, we will identify applicable laws and regulations. Although not typical, if necessary, we may follow-up with outside organizations to determine if particular guidance is applicable to HACSM.

i. Engagement Timeline/Schedule

The following schedule indicates how the work will proceed under the contract. We will be flexible with our fieldwork schedule and will make adjustments to fit HACSM’s needs. We start every engagement with a mutually agreed-upon timeline. Using that timeline, we develop and commit to a customized plan to ensure there are no surprises along the way; and, at every step, we let you know where things stand.

| Significant Engagement Dates | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Milestone | Estimated Date |
| Planning meeting, contact with prior auditor, gain an understanding of the various programs, notification and coordination with HACSM, and preparation and review of initial Prepared by Client (PBC) list. | No later than one week after award |
| Risk assessment procedures, fraud risk procedures, sample selection, internal control documentation and testing, compliance testing, and confirmations | Complete no later than August 1st |
| Substantive testing including analytical review, transaction testing, confirmations, predictive tests, and testing of account balances | Start no later than August 20th and completed no later than August 31st |
| Review of any potential adjustments, initial draft of financial statements, and any other reports (management letter, agreed upon procedures, etc.) | No later than September 5th |
| Finalize reports based on management and Rubino & Company’s review processes and present to management and the Board, as requested | No later than September 15th |
| Submission to REAC and Federal Audit Clearinghouse | No later than October 15th |
| Provide tax forms for and file with the IRS | No later than the due date of the return (assumed to be November 15th) |

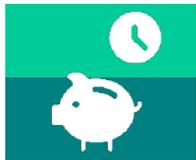
In addition to the above, we will have periodic progress meetings and/or reports based on HACSM’s needs determined at the planning meeting. These meetings/reports can be in a format most suitable to HACSM. Our experience is that these meetings are beneficial to ensure communication throughout the process and that

the audit stays on schedule. If we are awarded the contract, we are committed to performing the audit on time and in a manner, that meets or exceeds the scope of services described in your RFP.

We believe Rubino & Company has the organizational capacity necessary to successfully complete assigned audits:



We understand the unique operational and financial challenges faced by public housing authorities. Our experience allows us to provide you with innovative solutions that meet your need to produce timely and accurate financial reports. Serving similar public housing authorities allows us to compile the best practices and trends to share with HACSM.



We utilize a risk-based approach, which enables us to perform a more efficient and effective audit for HACSM. We place a strong emphasis on early, pre-audit planning, which facilitates a **cost-effective, efficient audit that is delivered in a timely manner.**



We believe in **continuous communication.** From the initial transition to Rubino & Company, to routine questions you may have about immediate issues of concern, and formal meetings you would like us to conduct, we will always be available to you when you need us. We will also proactively notify you about any emerging accounting, compliance, and regulatory matters or concerns.

8. CONCEPT OF MATERIALITY

Rubino & Company utilizes guidance from Practitioner's Publishing Company (PPC) for audit programs, forms, etc. The basis for materiality considerations are the size of the entity as measured in total assets or total revenue and then the consideration of risk factors. Risk factors can include history of audit adjustments, identified weaknesses in internal controls, nature of organizational activity, etc. While assessing materiality requires auditor judgment, the firm utilizes a consistent process in assessing its materiality thresholds for testing.

With respect to inclusion of findings, materiality is only one consideration for determining if a finding is to be reported or not. For example, an item requiring an audit adjustment may not be considered a finding based on the nature of the error, amount of the adjustment, etc. However, a compliance finding may be included in the audit report because it is a requirement of the particular program or activity it relates to.

When any exception is identified, we bring the issue to management to discuss why we believe it is an exception, determine if management has a compensating explanation or additional documentation, and discuss the impact the condition has on the financial statements and/or program compliance. Our goal is no surprises. We do not want even a draft report to reflect something that management is not already aware of. One of the reasons we perform the internal control and compliance testing first is to allow sufficient time to assess any potential issues.

9. COST PROPOSAL

a. Estimate of Staff Levels to be Utilized, Days Expected, and Hourly Rate

The following table provides an estimate of staff levels to be utilized, hours and days expected at each level, and their hourly rate.

| Staff to be Utilized | | | | | |
|-------------------------|------------------|-----------------|-----------------------|---------------------|-----------------|
| Level | Hours | Days | Standard Hourly Rates | Quoted Hourly Rates | Total |
| Partners | 30 hours | ~4 days | \$290 | \$240 | \$7,200 |
| Supervisory Audit Staff | 120 hours | ~15 days | \$135 | \$120 | \$14,400 |
| Audit Staff | 75 hours | ~10 days | \$120 | \$100 | \$7,500 |
| Total | 225 hours | ~29 days | - | - | \$29,100 |

b./c. Out-of-Pocket Expenses and Other Costs Associated with the Audit

Please note that **our fees include out-of-pocket expenses associated with the engagement**, such as travel, meals, lodging and all other out-of-pocket expenses. We understand that clients do not want fee surprises; our fee and billing practices reflect this understanding.

Furthermore, **our fees include our advice and periodic consultations to inform HACSM staff of pertinent changes in accounting rules and regulations** resulting from new pronouncements from the Government Accounting Standards Board and the Financial Accounting Standards Board.

d. Total Lump-Sum Audit Fee for the Engagement

The following table provides a lump-sum fee for the engagement for the 2017 audit and annual renewal fee for each subsequent year through Fiscal Year 2021:

| Total Audit Fees | | | | | |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Services | FY 2017 Fees | FY 2018 Fees | FY 2019 Fees | FY 2020 Fees | FY 2021 Fees |
| Audit Services | \$29,100 | \$30,000 | \$30,900 | \$31,800 | \$32,800 |

e. Other Fee Information

Per the RFP, we understand the fees for the following additional auditor responsibilities will be negotiated:

- Cost Certifications on the Schedules of Actual Modernization Cost for Capital Fund grants on an as-needed basis (fees to be negotiated).
- Tax service for the submission of Not-For-Profit blended component unit (SAMCHAI, Inc.) Federal 990 and State 199 annual reporting (fees to be negotiated).
- Perform agreed upon procedures on an as-needed basis (fees to be negotiated).

APPENDIX: LETTER OF REFERENCE



BALTIMORE HOUSING

STEPHANIE
RAWLINGS-BLAKE
Mayor

PAUL T. GRAZIANO
Executive Director, HABC
Commissioner, HCD

June 21, 2016

To Whom It May Concern:

I am writing to provide a reference for Rubino & Company, Chartered (Rubino & Company) in their desire to perform audit services. I am the Chief Financial Officer for the Housing Authority of Baltimore City (HABC) and work directly with Mike Stephens at Rubino & Company to oversee the audit services performed by Rubino & Company.

Rubino & Company's responsibilities for HABC include our annual external financial audit and single audit. Having worked with Mike Stephens for over 13 years, I am pleased to provide this letter as confirmation of his excellent work. I am very pleased with the depth of audit knowledge, as well as his level of commitment, availability and access.

I can recommend both Rubino & Company and Mike Stephens without reservation or qualification.

Please feel free to contact me at 410-396-8303 should you need to discuss this further.

Sincerely,

H. Rainbow Lin, CPA, CGMA
Chief Financial Officer

