REQUEST FOR PROPOSAL
AND STATEMENT OF QUALIFICATIONS
FOR AUDIT SERVICES

PART I PROCUREMENT INFORMATION

A. Cumberland Green Cooperative will accept proposals with Statements of Qualifications from Certified Public Accounting Firms for the Cooperatives annual audit services for a three (3) year contract term to include the years ending December 31, 2002, through December 31, 2004. Interested firms should submit five (8) copies of their proposal in the format described below to:

CUMBERLAND GREEN COOPERATIVE
Richard Berendson
President
1796 Cumberland Green
Unit 456
St Charles, Illinois 60174

The initial contract period shall be that of three (3) years, encompassing three (3) annual audits in accordance to the terms and conditions within these specifications, contracts and Cumberland Green Cooperative Procurement Policy.

B. Technical information regarding the accounting system may be obtained from Mr. Dale Janke, Resident Manager, (630) 584-5150.

C. Cumberland Green Cooperative reserves the right to reject any or all proposals and to select the firm which in its judgment, best meets the needs of the Cooperative. The Cooperative further reserves the right to terminate the contract with proper notice.

D. The selection process contemplated by this request for proposals will result in the selection of a firm to audit The Cooperative.

E. The Audit working papers shall be retained by the Auditor for five years. The working papers shall be made available to the Cooperative should the need arise during that time.

PART II AUDIT OBJECTIVES AND SCOPE OF SERVICES

A. The objective of the audit is to provide an opinion on the financial statements taken as a whole. The audit must meet accounting policies in accordance with Government Auditing Standards, the Illinois Housing Development Authority Financial Reporting and Audit Guidelines of Mortgagors of Multifamily Housing Developments and the consolidated Audit Guide for Audits of HUD Programs issues by the U. S. Department of Housing and Urban Development.

B. The audit will be a financial and program compliance audit with a report on the Cooperative’s internal control over financial reporting and on test of it’s compliance with certain provisions of laws, regulations, contracts and grants.

C. The audit fieldwork should be completed by January 31st of each year. The statements must be ready for publication by February 28th of the calendar year following the audit year.

D. The examination of the Cooperative's financial records must be made in accordance with generally accepted accounting principles (GAAP), and governmental auditing standards.

E. Accompanying the financial statements, the Auditor will submit a Management Letter of Comments and Recommendations, if applicable, for improvement of program and financial management per the Auditor's opinion after examining the Cooperative’s systems.

F. The Auditor shall submit an audit report which shall comply with the applicable reporting standards. Twenty copies of each report shall be made. Each audit report shall contain at least the following:

1. An index.

2. The auditor's reports on:

   a. The annual financial statements and any supplementary data within the scope of the audit.

   b. The auditor's study and evaluation of the entity's system of internal accounting control and, where applicable, pertinent other control systems. The auditor's report shall identify those systems established, those systems evaluated, those systems not evaluated and also shall disclose any material control deficiencies coming to the auditor's attention.

   c. Compliance matters which may have a material effect on the financial statements reported upon. The auditor's report shall include statements of positive assurance based on all items tested and negative assurance on items not tested.

d. Any other disclosures or expressions of opinion required by previously referenced federal guidelines.

e. Additional activities, if any, required to be included within the scope of the annual financial audit and required to be included in the audit reports.

3. a. statement that the audit was made in accordance with generally accepted government auditing standards as well as all applicable laws and provisions.

G. An exit conference with the Resident Manager and staff will be conducted by the auditor in charge. At the exit conference findings and recommendations regarding compliance and internal control shall be discussed. The Manager or a designee shall have the opportunity to respond, orally or in writing, to the findings. Any such written responses shall be included in the audit report.

H. The Auditor shall give a overview and answers any questions at the Cooperatives March Board of directors meeting.

PART III THE COOPERATIVE ACCOUNTING SYSTEM

A. TYPE OF GOVERNMENT

The Cumberland Green Cooperative (the "Cooperative") was organized in 1972 under the Illinois General Not-For-Profit Corporation Act for the purpose of providing housing for persons of low to moderate income on a mutual ownership basis, in the manner and for the purposes provided in Section 236 of Title II of the National Housing Act, as amended. Cumberland Green Cooperative is located in St. Charles, Illinois, and consists of 204 housing units.

B. COMPONENT ORGANIZATIONS AND FUNDS

1. The Cooperative receives approximately $1,800,000 from rent collection of which is used to fund the organization. An average of 6 full-time staff receive bi-weekly payroll. The Cooperative maintains approximately 1 checking account and 9 investment accounts.

2. Expenditures are controlled in accordance with written policies and procedures. The FY'02 operating budget is approximately $1,800,000. The Cooperative expects that its budget will continue to increase over the next fiscal years.

3. Accounting records consist of an automated general ledger, system and source documents (vouchers, deposits, journal entries, canceled checks) located in the Cooperatives Finance Department.

4. The books are normally closed for the fiscal year by the second week of January as per HUD Regulations.

PART IV <u>ASSISTANCE AVAILABLE TO THE AUDITOR</u>

A. The Finance Department Staff will prepare the General ledger and Subsidiary Ledger Trial Balances during the audit period. Additional supporting schedules where appropriate will be prepared to assist the audit process. Staff will be available to answer questions and to locate documents as needed.

B. Copy machines will be made available at no charge, but the auditors will be expected to provide the labor to make any necessary copies.

C. Work area is available.

D. Prior audit reports and management letters are available for the Auditor to examine. No major audit findings from previous years are open.

E. The Resident Manager will act as the liaison for auditors in arranging for the delivery of files and records and in providing supporting documentation as needed.

PART V <u>INFORMATION TO BE INCLUDED IN THE PROPOSAL</u>

In order to facilitate the evaluation of the proposals, it is requested that the required information be arranged in the following format:

SECTION I

INDIVIDUAL AUDIT STAFF TECHNICAL QUALIFICATIONS

1. Describe the experience in government audits of each senior and higher level person assigned to the audit, including years on each job and their position while on each audit. Indicate the percentage of the time the senior will be on-site.
2. Describe the relevant educational background of each individual to be assigned to the audit. This should include volunteer work, seminars and courses attended within the past three years.
3. Describe experience of assigned individuals in auditing programs, activities, and functions funded by U.S. Department of HUD. Indicate training and familiarity of staff in auditing HUD Funded programs.
4. Describe any specialized skills, training, or background in public finance by assigned individuals. This may include participation in State or National professional organizations, speaker or instructor roles in conferences or seminars, or authorship of articles and books.

SECTION II

AUDIT ORGANIZATION/LOCAL OFFICE TECHNICAL QUALIFICATIONS

1. State whether your audit organization is national, regional, or local. Describe the organization, size, and structure or your firm.
2. State the address of the local office which will be conducting the audit.
3. Affirm that your audit organization is properly licensed for public practice as a certified public accountant or a public accountant. Affirm that your organization meets the independence requirements of <u>Standards for Audit of Governmental organizations, Programs, Activities and Functions</u>, published by the U.S. GAO or any subsequent amendments or superseding revisions.
4. Indicate the number of people by level within the local office that will handle the audit. Indicate which other audits this staff will be working on concurrently. State your policy on notification of changes in key personnel. Also, indicate the overall supervision to be exercised over the audit team by the firm's management.
5. Provide a list of the local office's current and prior government audit clients indicating the type(s) of services performed and the number of years served for each. Indicate your experience in auditing entities which are similar in size and complexity to BCHA.

6 .Indicate the local office's experience in providing additional services to government clients by listing the name of each government, the type(s) of services performed, and the year(s) of engagement.

SECTION III

AUDIT APPROACH

Describe your technical approach to the audit. Describe your understanding of the work to be performed and indicate time estimates for the audit.

SECTION IV

CLIENT REFERENCE

List the names, addresses, and phone numbers of government audit client references.

SECTION V

OTHER INFORMATION

Include any other information which may be helpful to the Selection Committee in evaluating your firm's qualifications, including peer reviews within the past three years and any disciplinary action received within the past three years. Also, describe any regulatory action taken by any oversight body against the proposing audit organization or local office.

SECTION VI

AUDIT FEE

Indicate your fee for this engagement.