

## **Questions and Answers to RFP for Audit and Tax Services**

### 1. Federal Programs and Single Audit

- Has BRHP identified any anticipated changes to federal programs or funding sources during the contract term?

**No.**

- Are there additional federal or state programs expected to become subject to Uniform Guidance audit requirements?

***BRHP may seek additional funding opportunities that could be subject to Uniform Guidance Audit Requirements.***

- Can BRHP provide further detail regarding the status of the repeat finding (2024-001), including remediation progress and current controls in place?

***Details of past audits will be provided only to the recipient selected for auditing and tax preparation services.***

- Are there any recent HUD monitoring reviews, desk reviews, or compliance examinations not reflected in the audit reports?

***HUD and HABC compliance reviews are possible in any given calendar year, and if additional services for those purposes were required, BRHP would consult the auditor.***

### 2. Internal Control Environment

- Can BRHP provide prior management letters and internal control recommendations issued in connection with recent audits?

***Details of past audits will be provided only to the recipient selected for auditing and tax preparation services.***

- What control enhancements have been implemented to address:
  - HUD reporting timeliness (PIC submission)
  - Tenant file documentation and compliance requirements?

***Details of past audits will be provided only to the recipient selected for auditing and tax preparation services.***

100 North Charles Street, 2<sup>nd</sup> floor  
Baltimore, Maryland 21201

- Does BRHP maintain an internal compliance or monitoring function over federal programs?

***Yes. BRHP maintains internal compliance and monitoring processes over its federal programs to help ensure compliance with applicable federal regulations, grant requirements, and internal policies and procedures.***

### 3. Revenue Recognition and Grant Compliance

- What processes are in place to track and evaluate conditional grant barriers to revenue recognition?

***BRHP maintains processes and internal controls to monitor conditional grant requirements and evaluate the timing of revenue recognition in accordance with applicable accounting standards and grant agreements. The Finance Department reviews grant agreements to identify key conditions, eligibility requirements, allowable expenditures, performance milestones, and reporting obligations associated with each funding source. Grant activity is monitored through ongoing budget-to-actual reviews, expenditure tracking, reconciliations, and communication with program staff to assess whether qualifying conditions have been substantially met prior to recognizing revenue.***

- How does management ensure proper classification between conditional vs. unconditional funding?

***Management ensures the proper classification between conditional and unconditional funding through a review process that includes evaluating grant agreements, award letters, contracts, and donor communications in accordance with applicable nonprofit accounting standards. The Finance Department reviews funding arrangements to identify whether barriers to entitlement exist and whether a right of return or release provision is included, which are key indicators in determining whether funding is conditional.***

- Are there any grant agreements with complex performance-based conditions, claw backs, or funding contingencies?

***No.***

100 North Charles Street, 2<sup>nd</sup> floor  
Baltimore, Maryland 21201

- What controls govern the recognition and release of donor-restricted net assets?

***BRHP maintains internal controls and review procedures to ensure the proper recognition, tracking, and release of donor-restricted net assets in accordance with applicable nonprofit accounting standards and donor/grantor requirements. Funding agreements, donor communications, and grant award documents are reviewed by management and the Finance Department to identify the existence and nature of donor-imposed restrictions, including purpose restrictions and time restrictions. The Finance Department performs ongoing monitoring of restricted expenditures through budget-to-actual reviews, grant tracking, reconciliations, and coordination with program staff to confirm that restricted funds are used in accordance with donor intent and grant requirements. Releases from restriction are recorded only after the applicable purpose or time restrictions have been satisfied.***

#### 4. Housing Assistance Payments (HAP) Program

- Describe the end-to-end process and controls over HAP eligibility, approval, and payment:

***BRHP issues an annual [Administrative Plan](#) that governs the administration of the Baltimore Housing Mobility Program. HUD Form 50058 is the record for tracking all changes that result in payments or retractions. BRHP utilizes Yardi as our CRM for all client and landlord files. Once eligibility and required documentation are verified, Housing Assistance Payment amounts are calculated in accordance with program rules and the Administrative Plan. Calculations are reviewed and approved through established internal review and authorization procedures to ensure accuracy and compliance prior to payment processing.***

- How does BRHP ensure completeness and accuracy of HAP transactions recorded in Yardi vs. the general ledger?

***The Finance Department perform reconciliation at least yearly to ensure Yardi and the general ledger are in sync.***

- How are prepaid HAP balances validated and reconciled at year-end?

***BRHP validates and reconciles prepaid Housing Assistance Payment (HAP) balances every month and at year-end through a structured close and***

100 North Charles Street, 2<sup>nd</sup> floor  
Baltimore, Maryland 21201

***reconciliation process designed to ensure completeness, accuracy, and proper financial statement presentation.***

- What procedures exist to ensure timely and accurate HUD reporting (including PIC submissions)?

***PIC submissions are made on a weekly basis and within the 60-day threshold by designated BRHP staff and an internal SOP details that submission process.***

#### 5. Accounts Receivable and Allowance

- How is the allowance for doubtful accounts (including tenant security deposits) estimated and reviewed?

***BRHP estimates and reviews the allowance for doubtful accounts, including tenant security deposits funded through Abell funds, through a structured reconciliation and estimation process supported by system-level controls and management review. At year end, the Finance Department reconciles the security deposit master listing maintained in SharePoint to records in the IES accounting system. This reconciliation ensures completeness and consistency between operational tracking data and the general ledger. Any variances identified between the two sources are investigated and resolved prior to finalizing the analysis. Once the SharePoint master list and IES records are fully aligned, the reconciled master listing is used as the basis for estimating the allowance for doubtful accounts. Management applies an estimation methodology based on historical experience, including calculating the percentage of security deposits that have not been collected or are deemed at risk of non-collection.***

- Can BRHP provide aging reports and historical collection trends?

***These reports will be shared with the selected auditor as a result of this RFP.***

- What portion of receivables relates to government vs. non-government sources?

***Over 90% of our receivables are related to government sources.***

#### 6. Information Technology Environment

- Are there automated interfaces between Intuit Enterprise Suite, Yardi Voyager, and ADP payroll systems?

***No.***

100 North Charles Street, 2<sup>nd</sup> floor  
Baltimore, Maryland 21201

- How are data transfers and reconciliations controlled and validated?

**N/A**

- Have SOC 1 reports or equivalent control validations been obtained and reviewed for key service providers?

**No.**

- What are the user access and change management controls over financial systems?

***User access and change management controls are overseen and administered directly by the Director of Finance. Only finance staff members have access to modules they are responsible for.***

#### 7. Cash, Liquidity, and Financing

- What internal controls govern:
  - Cash disbursements
  - Bank reconciliations
  - Wire and ACH transactions

***BRHP maintains a strong internal control environment with:  
Segregation of duties across Finance and Program staff System-based controls in Yardi, IES, and PNC PINACLE  
Multi-step approval workflows for payments  
Regular reconciliations and quality control reviews  
Strong documentation requirements (HUD 50058, invoices, eligibility files)***

- How is the line of credit monitored and authorized?

***BRHP monitors and authorizes its line of credit through established governance, financial oversight, and banking controls designed to ensure proper approval, appropriate use, and ongoing tracking of outstanding balances. Any access to or utilization of the line of credit requires authorization in accordance with BRHP's banking resolutions and internal approval policies. Authorized signatories, as designated by the Board of Directors and maintained with the financial institution, are responsible for approving any draws or transactions related to the line of credit. This ensures that access is limited to approved personnel and consistent with Board-approved authority levels. On***

100 North Charles Street, 2<sup>nd</sup> floor  
Baltimore, Maryland 21201

***an ongoing basis, the Finance Department monitors the line of credit activity through regular review of bank statements, cash flow analysis, and reconciliation of outstanding balances within the general ledger. Utilization of the line of credit is tracked as part of the organization's broader cash management and treasury function to ensure appropriate liquidity management and timely repayment.***

- Are there any restrictions placed on cash balances due to federal or donor funding requirements?

***Yes. Some of our funds such as HAP and grants, can only be spent on certain expenses like rent payments and mobility counseling.***

#### 8. Lease Accounting and Long-Term Obligations

- What processes support ASC 842 lease accounting (including calculation of ROU assets and liabilities)?

***BRHP applies ASC 842 by identifying all lease agreements, reviewing key terms, and calculating the Right-of-Use (ROU) asset and corresponding lease liability based on the present value of future lease payments. These calculations are supported by lease agreements and maintained in a centralized lease schedule. The Finance Department records and amortizes the ROU asset and lease liability in the general ledger and ensures accuracy through regular reconciliations, review of lease schedules, and verification of lease-related journal entries during the year-end close process. Any lease modifications or changes are updated promptly to ensure the accounting records remain complete and compliant.***

- Are there any anticipated new leases, renewals, or modifications during the audit period?

***Possibly, BRHP may expand its office in the downtown area.***

- How are discount rates and lease assumptions determined and reviewed?

***BRHP determines lease assumptions based on executed lease agreements, including lease term, renewal options, and payment terms. Discount rates are based on the rate implicit in the lease when available, or otherwise on BRHP's incremental borrowing rate. All assumptions and calculations supporting ASC***

100 North Charles Street, 2<sup>nd</sup> floor  
Baltimore, Maryland 21201

***842 lease accounting are documented in a centralized lease schedule and reviewed by Finance management. These are periodically updated for lease changes and reconciled to the general ledger to ensure accuracy, consistency, and compliance.***

## 9. Staffing and Operational Considerations

- What has been the recent turnover in key finance and program roles, particularly related to HAP and compliance functions?

***BRHP's finance team consists of 5 staff, and the immediate prior director was in the role for 11 years until retirement, with little turnover otherwise. BRHP's Housing Mobility team is led by a director that has been with the organization for 12 years and supported by a 7-person supervisory team with an average of 3.5 years of experience with the organization.***

- What processes ensure continuity of operations during staffing transitions?

***BRHP benefits from a managerial team with significant institutional knowledge. SOPs related to Finance and Housing Mobility functions are maintained on a shared drive. HUD-HCV related trainings are offered to all levels of staff and required for Housing Mobility Associates. Staff are cross-trained and there is redundancy in functions. When given sufficient notice of a departure, new hires can train with the person in the role they are stepping into, and transition memos guide areas of focus.***

- Are there any known capacity constraints that may affect audit readiness or compliance timelines?

***Audit results must be presented by the auditor and adopted by the BRHP Board of Directors by 3<sup>rd</sup> and 4<sup>th</sup> weeks in April for submission to the Housing Authority of Baltimore City before the end of that month.***

## 10. Audit Readiness and Timeline

- Has BRHP historically met the 120-day reporting requirement following fiscal year-end?

**Yes**

100 North Charles Street, 2<sup>nd</sup> floor  
Baltimore, Maryland 21201

- What is the expected timing and completeness of PBC schedules?

***BRHP prepares Prepared-by-Client (PBC) schedules as part of a structured year-end close and audit preparation process coordinated by the Finance Department. The expected timing for delivery of PBC schedules is aligned with the audit timeline and generally follows completion of the preliminary year-end financial statements.***

- Are there any known timing challenges related to federal reporting or close processes?

**No**

- What level of internal audit support is expected during fieldwork?

***BRHP provides strong internal support during audit fieldwork through its Finance Department, which serves as the primary audit liaison. Staff are available to provide timely access to financial records, reconciliations, grant documentation, and system reports from IES, as well as to respond to auditor questions and support walkthroughs of key processes. Management coordinates Prepared-by-Client (PBC) requests, ensures documentation is complete and organized and assists in resolving follow-up items or discrepancies. Overall, BRHP maintains a responsive and collaborative approach to support efficient audit completion.***

#### 11. Governance and Oversight

- What is the composition and level of financial expertise within the Audit and Finance Committees?

***The Audit Committee is comprised of Finance Committee members, and they have deep familiarity with BRHP's housing mobility program, HUD, and the annual audit process. Members have professional backgrounds in banking and finance, operations, fair housing, and nonprofit management.***

- What are BRHP's expectations regarding:
  - Frequency of communication
  - Interim updates
  - Audit committee presentations

100 North Charles Street, 2<sup>nd</sup> floor  
Baltimore, Maryland 21201

***BRHP expects clear, timely, and proactive communication throughout the audit process to ensure efficient coordination, minimize delays, and support transparency with leadership and governance stakeholders. BRHP expects regular communication between the audit team and Finance Department throughout fieldwork, typically on a daily/weekly basis as needed during peak audit activity. This includes ongoing coordination regarding PBC requests, clarification of audit items, and resolution of outstanding questions. BRHP expects periodic interim updates during the audit process, particularly on the status of fieldwork, outstanding items, emerging issues, and any potential audit adjustments or control matters. These updates help ensure management is informed in real time and can address issues promptly to avoid delays in audit completion. BRHP expects the external auditor to present key audit results to the Audit Committee, including audit scope, significant findings (if any), internal control observations, and final financial statement and compliance results.***

- How many bound/hard copies of draft/final reports will be needed for all committee members and Board members?

***Up to 30 copies for board members and staff.***

## 12. Funding Concentration and Strategic Risk

- Given the significant reliance on HUD funding (approximately 99%), what contingency planning exists for funding reductions or regulatory changes?

***BRHP maintains a line of credit and reserve funding to assist with limited delays or loss of federal funding and has the ability to scale back the number of households assisted in accordance with funding levels.***

- Are there any key performance metrics (e.g., leasing benchmarks) that directly impact funding levels?

***Funding levels are determined by HUD based on congressionally appropriated funds, local voucher utilization rates and per unit costs submitted to the Voucher Management System, and national inflation and proration factors.***

100 North Charles Street, 2<sup>nd</sup> floor  
Baltimore, Maryland 21201

13. Is it a firm requirement for a firm to be a PCAOB?

***The audit is required to be performed in accordance with PCAOB standards.***

14. Is the RFP for one year or multiple years?

***Contract terms would be negotiated with the auditor selected, but BRHP is open to a multi-year engagement.***

15. Are tenant files stored electronically, or will this testing need to be performed in person?

***Electronically but on-site field work is welcomed.***