



STATE OF TENNESSEE  
 TENNESSEE HOUSING DEVELOPMENT AGENCY

**REQUEST FOR QUALIFICATIONS # 31620-00708**  
**AMENDMENT 3**  
**THDA Covid Programs Audit Services**

**DATE:** October 12, 2022

**RFQ # 31620-00708 IS AMENDED AS FOLLOWS:**

- 1. This RFQ Schedule of Events updates and confirms scheduled RFQ dates.** Any event, time, or date containing revised or new text is highlighted.

EVENT		TIME (Central Time Zone)	DATE (all dates are State business days)
1.	RFQ Issued		September 12, 2022
2.	Disability Accommodation Request Deadline	2:00 p.m.	September 15, 2022
3.	Notice of Intent to Respond Deadline	2:00 p.m.	September 16, 2022
4.	Written "Questions & Comments" Deadline	2:00 p.m.	September 23, 2022
5.	State response to written "Questions & Comments"		October 12, 2022
6.	RFQ Technical Response Deadline	2:00 p.m.	October 21, 2022
7.	State Schedules respondent Oral Presentations (ONLY Respondents who pass Mandatory Requirements)		October 26, 2022
8.	Respondent Oral Presentations	8:00 a.m. - 4:30 p.m.	October 31- November 4, 2022
9.	RFQ Negotiations (if applicable)		November 8-10, 2022
10.	State Notice of Intent to Award Released and RFQ Files Opened for Public Inspection		November 14, 2022
11.	End of Open File Period	4:30 p.m.	November 21, 2022
12.	State sends contract to Contractor for signature		November 22, 2022
13.	Contractor Signature Deadline	2:00 p.m.	November 28, 2022

**2. State responses to questions and comments in the table below amend and clarify this RFQ.**

Any restatement of RFQ text in the Question/Comment column shall NOT be construed as a change in the actual wording of the RFQ document.

RFQ SECTION	PAGE #	QUESTION / COMMENT	STATE RESPONSE
1.1	2	Does THDA expect the audits to be performed under Generally Accepted Government Auditing Standards?	THDA Internal Audit operates under the International Standards for the Professional Practice of Internal Auditing (Red Book). An audit performed under Red book standards or an Agreed Upon Procedures report issued under Association of International Certified Professional Accountants (AICPA) guidelines are both acceptable.
1.1	2	How will recipients be selected for the review?	<p>The contractor will be provided with program data from which to select samples each quarter. In the past, THDA Internal Auditors reviewed a sample of files/transactions in each of the following areas:</p> <ul style="list-style-type: none"> <li>• Eligibility through Disbursement</li> <li>• Recertification</li> <li>• Denials</li> <li>• Appeals</li> <li>• Recapture</li> <li>• Program staff Quality control review of Payment Batches</li> <li>• Program staff Quality control review of Denials</li> </ul>
1.1	2	Does THDA possess all supporting documents needed for the audit or will the contractor be responsible for communicating directly with recipients to request and obtain documents?	Supporting documentation is located in the electronic system used to administer each program. Contractor auditors assigned to the audit will be provided read only access to the system.
		Will the contractor be responsible for creating the methodology to select recipients?	The contractor will be responsible for creating the methodology to select a sample of recipients
		Does THDA have an estimate of the number of recipients to be reviewed per quarter?	The sample should include a minimum of 5 files per area reviewed.

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C.3 b.	Pro Forma 3	May we include additional positions in our cost proposal outside of staff, director, and partner, such as subject matter expert?	Yes
Att. B	21	Reference is made to a "sample audit report of a COVID-19 Rent Relief Program and Homeowner Assistance Fund." Can THDA confirm if a template report will be acceptable?	Yes, a template report is acceptable.
1.1	2	Under what standards does the Agency plan the audit services to be performed? Would an Agreed Upon Procedures report issued under AICPA guidelines be acceptable?	THDA Internal Audit operates under the International Standards for the Professional Practice of Internal Auditing (Red Book). An audit performed under Red book standards or an Agreed Upon Procedures report issued under AICPA guidelines are both acceptable.
1.1	2	Does the Agency anticipate completing quarterly audits of all program payments each quarter, or does the Agency anticipate performing a risk analysis to determine the program payments to be audited?	<p>The contractor will be provided with program data from which to select samples each quarter. In the past, THDA Internal Auditors reviewed a sample of files/transactions in each of the following areas:</p> <ul style="list-style-type: none"> <li>• Eligibility through Disbursement</li> <li>• Recertification</li> <li>• Denials</li> <li>• Appeals</li> <li>• Recapture</li> <li>• Program staff Quality control review of Payment Batches</li> <li>• Program staff Quality control review of Denials</li> </ul> <p>The contractor will be responsible for creating the methodology to select a sample of recipients</p>
A.4.b.	Pro Forma 1	Does the agency envision an onsite visit component to verify the existence of rental properties and homes for which payments were made? If so, will all payment audits require onsite visits, or some portion thereof?	No onsite visits or inspections are expected. Documentation should be available in the electronic system and verifications made via publicly available information.
A.4.e	Pro Forma 2	In the instances where portions of the application are satisfied by "self-attestation" instead of third party documentation, will these statements	The US Department of Treasury allows self-attestation in some instances. Subsequent documentation will only be necessary if there appears to be

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		be sufficient, or will subsequent documentation be necessary to support the payment?	irregularities or fraud. If the contractor suspects fraud, the contractor will provide that information to THDA Internal Audit for further review.
		What is the overall volume of submitted and approved TNHAF and COVID-19 Rental Relief applications to date? Does THDA require a 100% review of all applications?	<p>TNHAF-Submitted to date 3,517 applications with 948 approved</p> <p>COVID-19 Rent Relief – Submitted to date 50,996 applications with 26,143 approved.</p> <p>THDA does not require a 100% review of applications.</p>
		Will the vendor be responsible for coordination with applicant for supplemental information or deal solely with existing contractors?	The vendor will not communicate with applicants. Should any communication with applicants be necessary, the contractor will refer this to THDA Internal Audit.
		How many applications are required to be included in each audit report?	<p>The contractor will be provided with program data from which to select samples each quarter. In the past, THDA Internal Auditors reviewed a sample of files/transactions in each of the following areas:</p> <ul style="list-style-type: none"> <li>• Eligibility through Disbursement</li> <li>• Recertification</li> <li>• Denials</li> <li>• Appeals</li> <li>• Recapture</li> <li>• Program staff Quality control review of Payment Batches</li> <li>• Program staff Quality control review of Denials</li> </ul> <p>The contractor will be responsible for creating the methodology to select a sample of recipients. The sample should include a minimum of 5 files per area reviewed.</p>
		The RFP asks for audit services, does THDA envision a full audit services or Quality Control (QC) monitoring services and reporting?	THDA does not envision a full audit services or Quality Control (QC) monitoring services and reporting. The RFQ is to review US Treasury funded programs which are time specific.
1.1		Section 1.1 states “vendor shall be qualified to perform quarterly audits of both program” – does the State mean quarterly monitoring under requirements of the Uniform Guidance	The term “audit” in the RFQ is not referring to the Uniform Guidance 2 CFR Part 200. THDA is requesting quarterly reviews to ensure the

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		2 CFR Part 200? (An “audit” requires significantly more work and follows different standards so we want to confirm what is required. Throughout document ‘audit’ is referenced, only identified the first section.)	programs are administered in accordance with US Treasury guidance.
Att. A - A.3	15	<p>Page 15, A.3 states “Provide documentation disclosing the amount of cash flows from operating activities for the Respondent’s most current operating period. Said documentation must indicate whether the cash flows are positive or negative, and, if the cash flows are negative for the most recent operating period, the documentation must include a detailed explanation of the factors contributing to the negative cash flows. “.</p> <p>Please find the following questions:</p> <p>a. Can the prior month be considered the “operating period”?</p> <p>b. Can an affirmative statement that the respondent has positive cashflows for the prior month be sufficient to meet this requirement?</p> <p>c. What “documentation” is being requested to meet this request?</p>	<p>The respondent can provide a copy of their most recent audited financial statements including a Statement of Cash Flows to meet this requirement.</p> <p>a. No, please use the prior year.</p> <p>b. The respondent can provide a copy of their most recent audited financial statements including a Statement of Cash Flows to meet this requirement.</p> <p>c. The respondent can provide a copy of their most recent audited financial statements including a Statement of Cash Flows to meet this requirement.</p>
C.3	Pro Forma 3	Section C.3 – Payment Methodology outlines a request for an hourly rate for Staff, Director, and Partner. Can we also provide an hourly rate for Senior Staff, Manager and Senior Manager which are additional levels in our firm? Or would you prefer we provide a blended rate at the 3 levels given in C.3	Yes. Blended rate is not necessary.
C.4.	Pro Forma 3	Section C.4 states no travel compensation/reimbursement. Does the State anticipate the work to be done remotely or on-site? If on-site, at what location?	There will be no onsite visits or inspections under this contract. Documentation should be available in the electronic system and verifications made via publicly available information.
3.4.5.		Section 3.4.5- prohibits the inclusion of the respondent’s own contract T&C. Will the State allow proposed exceptions/edits to the State’s T&C?	No, respondents shall not include any redlines or modifications to the Terms and Conditions of the pro forma.

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C.1.	Pro Forma 3	How much has the State budgeted for this work?	The State has budgeted One Million and Sixty-Five Thousand Dollars (\$1,065,000.00) for this contract.
		Has the State performed this work internally, hired a contractor or is this a new requirement? If this work has previously been contracted, which contractor has performed the work?	THDA Internal Audit staff is performing the work currently. THDA has not used a contractor for this work in the past.
		Is there a Go-DBE goal for this contract? If so, what is the percentage goal for this RFP?	There is no set specific GoDBE goal for this solicitation. The division may choose to contact a respondent in order to certify them for future opportunities. certify them for future opportunities.
4.9	10	Do the names of any expected subcontractors need to be submitted with our proposal?	Please see RFQ Attachment B – B.14 for requirements concerning subcontractors.
		Does the State have a target sample size that they would like to include in the quarterly audits of COVID-19 Rent Relief Program and TNHAF?	<p>The contractor will be provided with program data from which to select samples each quarter. In the past, THDA Internal Auditors reviewed a sample of files/transactions in each of the following areas:</p> <ul style="list-style-type: none"> <li>• Eligibility through Disbursement</li> <li>• Recertification</li> <li>• Denials</li> <li>• Appeals</li> <li>• Recapture</li> <li>• Program staff Quality control review of Payment Batches</li> <li>• Program staff Quality control review of Denials</li> </ul> <p>The contractor will be responsible for creating the methodology to select a sample of recipients. The sample should include a minimum of 5 files per area reviewed.</p>
		Is there a different anticipated sample size and population for review for applications which were denied and/or appealed? Or will those applications which were denied and/or appealed be included with the total sample of projects to be reviewed?	<p>The contractor will be provided with program data from which to select samples each quarter. In the past, THDA Internal Auditors reviewed a sample of files/transactions in each of the following areas:</p> <ul style="list-style-type: none"> <li>• Eligibility through Disbursement</li> <li>• Recertification</li> <li>• Denials</li> <li>• Appeals</li> </ul>

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			<ul style="list-style-type: none"> <li>• Recapture</li> <li>• Program staff Quality control review of Payment Batches</li> <li>• Program staff Quality control review of Denials</li> </ul> <p>The contractor will be responsible for creating the methodology to select a sample of recipients. The sample should include a minimum of 5 files per area reviewed.</p>
		Does the State want to include denials, recaptures, or other areas in the quarterly audits?	Yes
		Does the State expect COVID-19 Rent Relief Program and TNHAF programs to continue at their current program volume?	<p>TNHAF – Yes</p> <p>COVID-19 Rent Relief Program – No. THDA estimates funding for this program may be fully expended around June 2023</p>
		Will quarterly audits be limited to only post-payment disbursements, or will pre-payment also be reviewed as part of the larger population?	Post-payment disbursements are only reviewed at this time.
		What is the estimated quarterly number of TNHAF applications processed and dollars disbursed?	<p>TNHAF applications processed were approximately 800 per quarter. We have disbursed or scheduled to disburse \$10,775,783 TNHAF to date. Approximately \$2 million of that was disbursed in the pilot. The balance was disbursed in the first three quarters of the full roll out (approximately \$2.9 million per quarter). THDA expects disbursements to increase now that the number of servicers participating has doubled.</p>
		What type of reports will be issued? Audit, Examination, or AUP?	<p>THDA Internal Audit operates under the International Standards for the Professional Practice of Internal Auditing (Red Book). An audit performed under Red book standards or an Agreed Upon Procedures report issued under AICPA guidelines are both acceptable.</p>
		Given the nature of the work and the paperless working environment, is any	<p>There will be no onsite visits or inspections under this contract. Documentation should be available in</p>

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		of the work able to be performed remotely?	the electronic system and verifications made via publicly available information.
		Are there any certified diversity business enterprise firm requirements on this contract?	There are no GoDBE requirements for this solicitation.
		How will the Reference Questionnaires be factored into THDA's evaluation process?	References will be reviewed to insure that the respondent has a positive working history with, and the support of previous clients

3. **RFQ Amendment Effective Date.** The revisions set forth herein shall be effective upon release. All other terms and conditions of this RFQ not expressly amended herein shall remain in full force and effect.