

**Office of the Auditor General
Navajo Nation**

Request for Proposals

**Performance audit
of the
Navajo Housing Authority
Indian Housing Block Grant Funds**

January 2018

**OFFICE OF THE AUDITOR GENERAL
REQUEST FOR PROPOSALS
PERFORMANCE AUDIT**

The Navajo Nation Office of the Auditor General is requesting proposals from public accounting/auditing firms to perform a performance audit of the Navajo Housing Authority (NHA) Indian Housing Block Grant funds. The firm should have prior experience with audits of tribal housing authorities or organizations.

I. BACKGROUND INFORMATION

Navajo Housing Authority - NHA serves as the public housing authority for the Navajo Nation since 1963. NHA was organized and operates for the purposes of remedying unsafe and unsanitary housing conditions that are injurious to the public health, safety and morals; alleviating the acute shortage of decent, safe and sanitary dwellings for persons of low income; providing employment opportunities through the construction, reconstruction, improvement, extension, alteration or repair and operation of low income dwellings; and promoting economic growth and development activities within and near the Navajo Nation. The overall powers, duties and responsibilities of NHA are enumerated under Subchapter 5 of Title 6 Navajo Nation Code.

In 2003, the Navajo Nation Council formally designated NHA as the "Trially Designated Housing Entity" (TDHE) for the Navajo Nation. Accordingly, NHA receives Indian Housing Block Grants (IHBG) from the U.S. Department of Housing and Urban Development (HUD) under the federal Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA). Prior to 2003, NHA received NAHASDA assistance as the acting TDHE.

As the TDHE, NHA is responsible for the housing needs of the Navajo Nation that spans over 27,000 square miles. In 1998, NHA determined unmet housing needs of 22,000 homes; this figure increased to 34,000 homes by 2012. The overall primary beneficiary of the IHBG funds is the Navajo people. The Navajo Nation therefore has a responsibility of monitoring NHA's administration of IHBG resources as stipulated by NAHASDA.

NHA Funding - NHA receives an annual Indian Housing Block Grant based on a funding formula to address the housing needs of the Navajo Nation. Based on audited financial statements for fiscal years 2014 and 2015, NHA received total HUD grants of \$145,651,859 and \$129,021,609, respectively.

To meet its organizational objectives, NHA also awards NAHASDA program funds to sub-recipients. Based on the audited financial statements, NHA awarded funds to a total of 21 and 15 sub-recipients in 2014 and 2015 respectively.

NHA Board of Commissioners - The affairs of NHA are managed by a board of commissioners which comprises of five members. The members serve four-year staggered terms. Each member will hold office until his/her successor has been duly appointed.

According to their by-laws, the Board is responsible for appointing the Chief Executive Officer of NHA and directing the Chief Executive Officer in the day-to-day operations and management of housing projects. The Board also works with NHA to provide quarterly reports to the Office of the Navajo Nation President and to the Navajo Nation Council.

Concerns about NHA - The request for a performance audit was due to various concerns about the Navajo Housing Authority, namely 1) financial management of federal funds, 2) construction operations, 3) planning and management of housing projects, and 4) overall capacity and capability to meet the housing needs of the Navajo Nation. These concerns were raised by the U.S. Senate Committee on Indian Affairs, the Office of Senator John McCain, federal agencies such as HUD and the Government Accountability Office, and Navajo Nation leaders including Office of the President/Vice President, Office of the Speaker and the Navajo Nation Council.

The following are some specific issues raised by these concerned parties:

1. The disproportion between the amount of total IHBG funds received by NHA and what NHA has achieved with those funds over the past 10 years; NHA received over \$803 million and only built a total of 1,110 new homes which is far less than the goal of 34,000 homes needed for Navajo tribal members.
2. NHA's rapid spend-down of its unspent balance from nearly \$500 million in 2012 to \$238 million in 2017 but few new homes were constructed.
3. Allegations that NHA has used IHBG funds for non-eligible activities and did not effectively use the funds to meet the Navajo Nation's housing priorities.
4. NHA's problematic contract and project management practices that lead to costly housing projects due to numerous change orders that resulted in cost overruns and schedule delays, or outcomes that resulted in expenditure of IHBG funds that did not increase the number of housing units on the Navajo Nation.
5. Fines by HUD for housing development and construction projects that went defunct or did not materialize.
6. Poor planning and administration for the Bluestone Development, intended to construct 200 housing units, which involves a total investment of millions to date by NHA but project is currently at a standstill.
7. NHA procurement practices; staff not meeting NHA's procurement needs and activities.

II. PURPOSE AND SCOPE OF WORK

The purpose of the request for proposal is to obtain the services of public accounting/auditing firms to conduct a performance audit of the Navajo Housing Authority Indian Housing Block Grant funds. The performance audit is requested by the Navajo Nation to fulfill its monitoring responsibility and the audit is intended to evaluate the efficiency and effectiveness of NHA in using the IHBG funds to meet the housing needs of the Navajo people.

The performance audit shall include but not limited to the following steps:

1. Plan the engagement - Perform planning procedures including an assessment of NHA's powers, duties and responsibilities, and its activities. The planning procedures will include a review of applicable records, and inquiries with applicable NHA staff, past and present Board members, members of the Navajo Nation Council, Office of the Navajo Nation President/Vice President, and other stakeholders. The planning procedures shall include a risk assessment of all the issues/concerns identified from the audit request, interviews and review of records. Based on the risk assessment, determine the audit objectives and methodologies.
2. Develop an audit program/plan - Develop methodologies to meet the audit objectives. Prior to finalizing the audit program, discuss the program (comprising of audit objectives, procedures and hours to complete) with the Navajo Nation Auditor General to ensure all relevant concerns will be addressed.
3. Collect information for the audit - Perform procedures including but not limited to, examination of samples of transactions and reports, analytical analyses, observations and inquiries. Identify tools needed to efficiently and effectively collect the information.
4. Analyze the information - Organize the information collected in a manner that is conducive for analysis and facilitate proper interpretation of the analytical results. The analysis shall include dialogue with NHA to obtain ongoing feedback about the results.
5. Prepare the audit report - Provide a comprehensive report of the results of the audit including recommendations for improvements. The report shall present each audit finding based on the elements of a finding (criteria, condition, effect, cause and recommendation).
6. Present audit report - Present the final report to the Navajo Nation Council, and

address applicable questions/comments by the Council.

The audit will be performed in conformance with Generally Accepted Government Auditing Standards.

III. TERMS OF THE ENGAGEMENT

The audit scope will be fiscal year 2016 (October 1, 2015 – September 30, 2016) and fiscal year 2017 (October 1, 2016 – September 30, 2017). However, the scope of the audit could vary depending on the issues identified and the objectives developed for the audit. Any test work of expenses or transactions shall be on a sample basis as determined by a risk assessment of the issues, or an alternative approach as deemed necessary to meet the audit objectives.

The Office of the Auditor General anticipates an audit report that is completed by June 30, 2018.

The Navajo Nation Office of the Auditor General will provide the following information to the successful proposer:

1. Copy of Navajo Nation Code Title 6 Subchapter 5, which is the plan of operation for NHA.
2. NHA organizational chart and contact listing for NHA management and staff.
3. Any NHA policies and procedures applicable to its administration, operations, project management, contract management, financial management and compliance.
4. Any Navajo Nation laws, regulations, policies and procedures directly applicable to NHA.
5. List of appointed board members and contact information.
6. Copy of the most recent audited financial statements.

IV. GENERAL REQUIREMENTS

This procurement will be conducted in accordance with the Navajo Nation procurement laws and the Navajo Business Opportunity Act.

- A. Acceptance of Conditions Governing the Procurement
Offerors must indicate their acceptance of the conditions governing this procurement in the letter of transmittal.

- B. Incurring Cost
Any cost incurred by the offeror in preparation, transmittal, presentation or modification of any proposal or material submitted in response to this RFP shall be incurred solely by the offeror.
- C. Amended Proposals
An offeror may submit an amended proposal before the deadline for receipt of proposals. Such amended proposals must be complete replacements for a previously submitted proposal and must be clearly identified as such in the transmittal letter.
- D. Offerors' Right to Withdraw Proposal
Offerors will be allowed to withdraw their proposals at any time prior to the deadline for receipt of proposals. The offeror must submit a written withdrawal request addressed to the project manager.
- E. Questions
Any inquiries or requests regarding this procurement should be submitted in writing to the project manager for official responses. The offeror may contact the project manager verbally, however, verbal responses will be considered unofficial. The offeror may contact only the project manager or her designee for this project. Any inquiries and requests made to other employees of the Navajo Nation will not be considered for this procurement. Questions regarding this procurement will be accepted until 5:00 p.m. on the Friday prior to the proposal deadline.
- F. No Obligation
This procurement in no manner obligates the Navajo Nation or any of its agencies to the eventual rental, lease, purchase, etc., of any equipment, software or services offered until a valid purchase order is approved by the Navajo Nation Purchasing Director.
- G. Termination
This RFP may be canceled at any time, and any and all proposals may be rejected in whole or in part when the Office of the Auditor General determines that such action is in the best interest of the Navajo Nation.
- H. Sufficient Appropriation
Any contract awarded as a result of this RFP is contingent upon the appropriation of funds by the Navajo Nation Council. A contract award may be terminated or reduced in scope if sufficient appropriations or authorization do not exist. Such terminations will be effected with written notice to the contractor. The Office of the Auditor General's decision as to whether sufficient appropriation and authorizations are available will be accepted by the contractor as final.

- I. Legal Review
The Office of the Auditor General requires that all offerors agree to be bound by the general requirements contained in this RFP. Any offeror concerns must be promptly brought to the attention of the project manager.
- J. Governing Law
This procurement and any agreement with offerors that may result shall be governed by the laws of the Navajo Nation.
- K. Choice of Forum
The Courts of the Navajo Nation will have jurisdiction over any dispute that may rise out of this procurement and any agreement with the offeror.
- L. Terms and Conditions
The contents of the successful offeror's proposal will become contractual obligations if a purchase order is awarded. Failure of the successful offeror to accept these obligations may result in cancellation of the award. However, the Navajo Nation Office of the Auditor General reserves the right to negotiate with the successful offeror any additional provisions to those contained in this RFP.
- M. Right to Waive Minor Irregularities
The Office of the Auditor General reserves the right to waive minor irregularities. This right is at the sole discretion of the project manager.
- N. Ownership of Proposals
All documents submitted in response to this RFP shall become the property of the Navajo Nation and will not be returned to the offeror.

V. RESPONSIVE FORMAT AND ORGANIZATION

This section describes the format and organization of each response to the RFP. Failure to comply with these guidelines may result in the disqualification of the Proposal.

- A. Number of responses. Firms are to Submit only one (1) Proposal.
- B. Number of Copies. Offerors shall provide five (5) identical copies of their Proposal to the project manager. The proposals are to be bound and sealed. Proposals must be received no later than **February 2, 2018, 5:00 p.m. MST.**
- C. Proposal Format. All proposals must be typewritten on standard 8 ½ x 11 paper (larger paper is permissible for charts, spreadsheets, etc.) and placed within a binder with tabs delineating each section. The proposal shall not exceed 15 pages, 12 point font with one inch margin.

- D. Cost Proposal. The Cost Proposal must be in a SEALED ENVELOPE separate from the Technical Proposal marked "COST PROPOSAL-DO NOT OPEN". Only one (1) original sealed Cost Proposal is required. The cost proposal must consist of a complete and detailed list of professional fees/rates, and reimbursable expenses applicable to professional services. The 5% Navajo Sales Tax will be applied to all invoices for services rendered. The Cost Proposal should contain the following:
1. Professional Fees (Hourly Rates)
 2. Reimbursable travel expenses (meals, lodging, mileage or car rental)
 3. Total cost
- E. Proposal Organization. The Proposal must be organized and indexed in the following format and must contain, at a minimum all listed items in sequence indicated:
1. Letter of Transmittal
 2. Statement of Qualifications
 3. Proposed Approach
 4. Project Approach and Completion Date
- F. Proposal Non-conformance. Proposal deemed Non-Conforming by the selection committee in regard to format may be considered Non-Responsive and may result in disqualification of the Proposal.

VI. LETTER OF TRANSMITTAL

Each proposal must be accompanied by a letter of transmittal. The letter of transmittal MUST:

- A. Identify the submitting organization.
- B. Identify the name and title of the person authorized to contractually obligate the organization.
- C. Identify the name, title and telephone numbers of person authorized to negotiate on behalf of the organization.
- D. Identify the names, titles, and telephone numbers of persons to be contacted for clarification.
- E. Explicitly indicate acceptance of the conditions governing this procurement.
- F. Be signed by the person authorized to contractually obligate the organization and acknowledge receipt of any and all amendments to the RFP.

VII. PROPOSAL CONTENT

A. Technical Component:

To describe clearly that the accounting/auditing firm or other professional organization understands the work to be done, the proposer will:

1. Explain its approach to conducting a performance audit of the Navajo Housing Authority, including the methodology, nature, timing and extent of procedures to be performed.
2. Make a statement concerning the independence of the proposer, including direct and indirect financial interest, and the relationship of the proposed evaluation team to employees of the Office of the Auditor General and the Navajo Housing Authority staff as well to any members of the Board.

B. Management Component:

The proposer will furnish satisfactory evidence of capability to provide in a professional and a timely manner the services to meet this requirement:

1. Provide the name of the external quality control review organization of which the proposer is a member and the proposer's length of membership.
2. State whether the firm has received a peer review, if applicable, and whether, in the most recent review, an unqualified report was issued.
3. State whether the proposer is a national, regional or local public accounting/ auditing firm or professional services firm.
4. Provide evidence that the proposer has experience in performing audits of housing authorities, housing programs or similar organizations within state/local/tribal governments. List current and past clients along with the names and telephone numbers of contact persons and number of years of related professional services were provided.
5. Describe the proposed evaluation team, in terms of position in the firm.
6. List the names of staff member(s) who will direct the overall evaluation throughout the duration of the engagement as well as those staff members who will be responsible for planning, directing, and conducting substantial portions of the fieldwork or reporting on this engagement. Include the educational background of all staff members named and professional licenses held.
7. Describe the level of assistance that will be expected from the Navajo Nation Office of the Auditor General.

C. **Task/Activity Plan**

The proposer will specify budgeted hours, time lines and sequence for evaluation procedures, and names of staff to be assigned.

VIII. PROCEDURES FOR SUBMITTING PROPOSALS

A. **PROJECT MANAGER**

The project manager is responsible to execute this procurement. All proposals will be submitted to the project manager at one of the following addresses:

Mail: Elizabeth Begay, Auditor General
Navajo Nation Office of the Auditor General
P.O. Box 708
Window Rock, Arizona 86515
Telephone: (928) 871-6303
Fax: (928) 871-6054

Physical: Elizabeth Begay, Auditor General
Navajo Nation Office of the Auditor General
#7498 SW Morgan Blvd.
Window Rock, Arizona 86515

B. Proposals must be received by no later than **February 2, 2018 @ 5:00 p.m. MST.**

IX. ASSISTANCE TO PROPOSERS

Any person wishing to obtain additional information about the request for proposals may contact Ms. Rosita Yazzie, Administrative Assistant at (928) 871-6303/6304.

X. STATEMENT OF REQUIREMENTS

A. The preliminary draft of the report will be presented to the Navajo Nation Office of the Auditor General prior to submission of the final draft.

B. The successful firm will provide 10 copies of the written final report. Reports will be disseminated by the Office of the Auditor General to the Office of the President/Vice President, Office of the Speaker, Navajo Nation Council and the NHA Board of Commissioners.

C. The successful firm will provide a formal presentation of the final report to the

Navajo Nation Council.

Request for Taxpayer Identification Number and Certification

**Give Form to the
 requester. Do not
 send to the IRS.**

▶ Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type. See Specific Instructions on page 3.	<p>1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.</p> <hr/> <p>2 Business name/disregarded entity name, if different from above</p> <hr/> <p>3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.</p> <p><input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate</p> <p><input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____</p> <p>Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.</p> <p><input type="checkbox"/> Other (see instructions) ▶ _____</p>	<p>4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):</p> <p>Exempt payee code (if any) _____</p> <p>Exemption from FATCA reporting code (if any) _____</p> <p style="font-size: small;">(Applies to accounts maintained outside the U.S.)</p>
	<p>5 Address (number, street, and apt. or suite no.) See instructions.</p> <hr/> <p>6 City, state, and ZIP code</p> <hr/> <p>7 List account number(s) here (optional)</p>	<p>Requester's name and address (optional)</p> <hr/>

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number											
				-			-				
or											
Employer identification number											
				-							

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person ▶	Date ▶
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-DIV (dividends or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.

