



## Berkeley Housing Authority

1947 Center St., 5<sup>th</sup> Floor, Berkeley, CA 94704  
Telephone: (510) 981 5470 Fax: (510) 981 5480

*Office of the Executive Director*

Item 7C  
NEW BUSINESS  
February 20, 2025

To: Honorable Chairperson and  
Members of the Housing Authority Board

From: James Williams, Executive Director

SUBJECT: Financial Audit and Tax Return Services Contract with Harshwal & Company LLC

### RECOMMENDATION

Approve a resolution authorizing the Acting Executive Director to execute a three-year contract with Harshwal & Co., LLC as the Financial Audit and Tax Return Services provider for Berkeley Housing Authority (BHA) and Affordable Housing Berkeley, Inc. (AHB) for Fiscal Years ending June 30, 2025, June 30, 2026 and June 30, 2027, with two one-year options to renew for Fiscal Years ending June 30, 2028 and June 30, 2029, for a not to exceed cost of \$69,355 for the initial three years and \$52,205 in total for the two-one-year options, totaling five years including the optional years.

### BACKGROUND

The Housing Authority is required to have an independent audit of its financial reports on an annual basis. The audit report for the Federal Programs, Section 8 Housing Choice voucher, Moderate Rehabilitation Program Mainstream and Emergency Housing Voucher, is due to the U.S. Department of Housing and Urban Development (HUD) nine months after the close of the fiscal year. Since BHA is a June 30 housing authority, the submission is due by March 31<sup>st</sup> of the subsequent fiscal year.

Recently, BHA established its non-profit affiliate and development instrumentality, Affordable Housing Berkeley, Inc. AHB is a discreet component unit of BHA as defined by HUD, sharing the same June 30 fiscal year end as BHA. Annual tax return for AHB will need to be completed and filed by December 31<sup>st</sup>.

Novogradac & Co., LLC provided the recent audits of the Berkeley Housing Authority's financial statements and performed their exit conference on February 6, 2025 upon the completion of the FY2023-2024 audit engagement.

On October 31, 2024, the Executive Director issued a Request for Proposal (RFP) for Independent Audit and Tax Return services for BHA and AHB for a three-year contract covering fiscal years ending June 30, 2025, June 30, 2026 and June 30, 2027, with an option for two-one-year contracts for fiscal years ending June 30, 2028 and June 30, 2029.

An ad was posted and disseminated by NAHRO and Hills Legals/Bay Area News Group. Staff evaluated proposals from three local reputable audit firms most appeared to be minority or women-owned.

In line with US Department of Housing and Urban Development (HUD) to have an annual audit of its comprehensive annual financial reports and the procurement process for public agencies, a review panel, was assembled to evaluate the proposals according to guidelines established in the RFP. The top firm was interviewed on January 31, 2025.

### RECOMMENDATION

The Harshwal firm has audited and is currently auditing housing authority clients. The firms demonstrated knowledge and experience in auditing HUD's Section 8 program and the Affordable Housing Berkeley, Inc.

Harshwal & Company, LLP was founded fifteen (15) years ago and is a locally established firm of CPAs, offering auditing, accounting, management consulting, IT services, and other specialized services to various clients. Our client base consists of housing authorities, not-for-profit organizations, special districts, school districts, state and local governments, and tribes and tribal governments throughout the United States. Our commitment to our clients has provided our firm with continued growth and success at developing and maintaining strong professional relationships. Our engagement team also has extensive experience in auditing and reviewing financial statements and has received GFOA and CSMFO awards.

After a thorough review and evaluation of the proposals, it was the recommendation by the selection committee to award the contract to Harshwal & Co., LLC. Time is of the essence, as Finance staff will need to meet with the newly selected firm so that the audit of the FYE 2025 audit engagement can get underway for the current fiscal year.

### FINANCIAL IMPACTS OF RECOMMENDATION

Funds are budgeted annually for audit services expenditures in the appropriate audit expense line, \$22,000 for FYE 2025; \$23,100 for FYE 2026, \$24,255 FYE 2027; \$25,465 FYE 2028, and \$26,740 FYE 2029 (last two fiscal years optional) totaling \$121,560.00.

### CONTACT PERSON

Jesy Yturralde, Finance Manager, 981-5488  
James Williams, Executive Director, 981-5485

Attachments:

1. Resolution

BERKELEY HOUSING AUTHORITY  
Resolution 25-03

AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A THREE-YEAR CONTRACT WITH HARSHWAL AND CO. AS THE FINANCIAL AUDIT AND TAX RETURN SERVICE PROVIDER FOR BERKELEY HOUSING AUTHORITY AND AFFORDABLE HOUSING BERKELEY YEARS ENDING JUNE 30, 2025, JUNE 30, 2026 AND JUNE 30, 2027, WITH TWO ONE-YEAR OPTIONS TO RENEW FOR FISCAL YEARS ENDING JUNE 30, 2028 AND JUNE 30, 2029 FOR A NOT TO EXCEED COST OF \$69,355 FOR THE INITIAL THREE YEARS AND \$52,205 FOR THE TWO-ONE-YEAR OPTIONS.

WHEREAS, the Berkeley Housing Authority is required by the US Department of Housing and Urban Development (HUD) to have an annual audit of its comprehensive annual financial reports; and

WHEREAS, on October 31st 2024, the Berkeley Housing Authority Executive Director issued a Request for Proposal for Financial Audit and Tax Return Services for Berkeley Housing Authority (BHA) and Affordable Housing Berkeley (AHB) for Fiscal Years ending June 30, 2025, June 2026 and June 30, 2027 with two-one-year options to renew for Fiscal Years ending June 30, 2028 and June 30, 2029; and

WHEREAS, three reputable CPA firms responded to our RFP by the designated timeline; and

WHEREAS, the Berkeley Housing Authority convened a panel of the PHA selection committee, to review and rate the proposals according to defined criteria and conduct an interview of the key staff of the top accounting firms; and

WHEREAS, Harshwal and Co., LLC, scored the highest of the responsive bidders; and

NOW, THEREFORE BE IT RESOLVED that the Executive Director is authorized to execute a three-year contract with two one-year options with Harshwal and Co. to provide the Berkeley Housing Authority and Affordable Housing Berkeley, Inc. with Financial Audit and Tax Return Services, with contract authority of \$22,000 for FYE 24-25; \$23,100 for FYE 25-26, \$24,255 FYE 26-27; \$25,465 FYE 27-28, and \$26,740 FYE 28-29 (last two fiscal years optional) for a not to exceed cost of \$69,355 for the initial three years and \$52,205 for the two options years, totaling \$121,560.00.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on February 20, 2025 by the following vote:

Ayes:

Noes:

Absent:

Attest: \_\_\_\_\_

James Williams, Secretary