



REQUEST FOR PROPOSALS

EXTERNAL AUDIT SERVICES

DATE ISSUED: April 23, 2021

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I. INTRODUCTION

A. PURPOSE

The New Mexico Finance Authority (“Finance Authority”) hereby requests a multi-year proposal from qualified firms (“Offerors”) to perform annual external audits and help prepare a Consolidated Annual Financial Report (CAFR) as more specifically outlined in Section I(C) of this Request for Proposal.

B. BACKGROUND

The Finance Authority was created by the New Mexico State Legislature in 1992 to finance infrastructure projects for the state’s counties and cities and certain departments of state government. The objective was to provide low-cost financing for borrowers who might not otherwise be able to access the tax-exempt bond market on a cost-effective basis. The 1992 statute created the Public Projects Revolving Fund (“PPRF”) as the vehicle to accomplish this financing objective. This statute also authorized the Finance Authority to issue tax-exempt PPRF bonds to obtain the funds it loans to New Mexico governmental entities and designated part of the Governmental Gross Receipts tax as a source of funding for Finance Authority operations and to serve as a credit enhancement for the Finance Authority’s bonds. With an operating budget of \$8.8 million and a total staff of 42 highly skilled professionals, the Finance Authority today is the leading facilitator of public capital project financing in the state. It manages a total portfolio of more than \$1.5 billion that includes loans in almost every county and Indian reservation in the state covering a wide spectrum of projects, from traditional infrastructure to innovative economic development initiatives.

In addition to the PPRF, the Finance Authority administers and manages ten other financing programs, including bond programs for the New Mexico Department of Transportation totaling \$1.26 billion. The Finance Authority also acts as staff and the funding entity for Water Trust Board projects and Colonias Infrastructure Board Projects. The Finance Authority also administers loans, receives funding from federal programs like the Drinking Water Program for distribution to accepted applicants, invests funds, and monitors project financing and repayment until the end of their term.

The Authority is governed by a Board of Directors consisting of a Chairman and ten additional Board Members. The Chief Executive Officer (CEO) is appointed by the Board and is responsible to the Board for administration of the Authority’s affairs. The Board oversees the Finance Authority’s business through several sub-committees, which debate and recommend items going before the Board. The Audit Committee is the sub-committee that vets the Finance Authority’s financial reports and audits and hosts both the entrance and exit audit conferences as part of the annual audit process.

C. SCOPE OF PROCUREMENT

The services required to be provided to the Finance Authority under a contract awarded pursuant to this Request for Proposals (“RFP”) shall be in accord with the Scope of Work specified in the standard “State of New Mexico Audit Contract,” a copy of which appears as Appendix C.

In order for offerors to better understand the breadth of the Finance Authority’s financial statements, the Finance Authority encourages offerors to review its FY 2020 audit by clicking this link to the New Mexico Office of the State Auditor: [Comprehensive Annual Financial Report](#).

Additionally, a listing of Finance Authority programs can be found at its website, nmfinance.com. The Finance Authority added three programs from FY2020 to FY2021, namely Small Business Recovery Loan Program, Small Business Recovery Grant Program and Local Economic Development Act Fund.

D. QUALIFICATIONS OF OFFEROR

Offerors must meet the following qualifications:

- 1.0 Be on the New Mexico State Auditor’s list of approved firms.
- 2.0 Have a minimum of five years of experience in providing external audit services as an organization.
- 3.0 Be independent and not have any appearance of conflict of interest.
- 4.0 Have experience auditing and preparing CAFRs for large and highly complex financial entities like the Finance Authority.
- 5.0 Be familiar with all applicable statutes and regulations applicable to the management of funds for New Mexico governmental entities, including the Audit Rule.
- 6.0 Be familiar with the requirements and standards for obtaining the Government Finance Officer Association’s (GFOA) *Certificate of Achievement for Excellence in Financial Reporting*.
- 7.0 Be appropriately licensed to provide the requested services in the State of New Mexico.
- 8.0 Be appropriately certified to perform Single Audits (A-1-33) for Federal Programs.
- 9.0 Maintain adequate liability insurance coverage.

E. PROCUREMENT MANAGER

The Finance Authority has designated a Procurement Manager responsible for the conduct of this procurement whose name, address, and telephone number are listed below:

Oscar Rodriguez, Chief Financial Officer
 New Mexico Finance Authority
 207 Shelby Street
 Santa Fe, NM 87501
 Telephone: (505) 992-9641; Facsimile: (505) 984-1454
 Email: orodriguez@nmfa.net

This procurement is being conducted in accordance with and subject to the requirements of the Finance Authority’s Procurement Policy (“Procurement Policy”). A copy of the Procurement Policy is available for inspection or review at the Finance Authority’s offices or by request to the Procurement Manager.

Except as part of any interview that may be conducted as part of the evaluation process, until the award is made and notice given to all Offerors, no employee, agent, or representative of an Offeror shall discuss the RFP or make available or discuss an Offeror's proposal with an officer, member, employee, agent, or representative of the Finance Authority.

Until the award is made and notice given to all Offerors, the Finance Authority will not disclose the contents of any proposal with an Offeror or potential Offeror so as to make the contents of any offer available to competing or potential Offerors.

II. CONDITIONS GOVERNING THE PROCUREMENT

This section of the RFP contains the anticipated schedule for the procurement, describes the major procurement events, and specifies general requirements for the procurement.

A. SEQUENCE OF EVENTS

The Procurement Manager anticipates the following schedule, which is subject to change:

Action	Responsibility	Date
1. Issuance of RFP	Finance Authority	4/23/21
2. Deadline to Submit Written Questions	Offerors	4/28/21
3. Response to Written Questions/RFP Amendments	Finance Authority	4/29/21
4. Submission of Proposals	Offerors	5/7/21
5. Review of Proposals	Evaluation Committee	5/10/21 through 5/14/21

6. Selection and Recommendation to Committees and Finance Authority Board	Evaluation Committee	5/17/21 through 5/21/21
7. Board Approval	Finance Authority	5/27/21
8. Protest Deadline		15 days after award

B. EXPLANATION OF EVENTS

The following paragraphs describe the activities listed in the sequence of events shown in Section II, Paragraph A.

1.0 Issuance of RFP. This RFP is being issued by the Finance Authority on the date indicated in the Sequence of Events. Potential Offerors may be directly provided with a copy of the RFP by the Procurement Manager or may obtain a copy by visiting the Finance Authority’s website at nmfinance.com.

At any time prior to the execution of a contract, an RFP may be cancelled or any or all proposals may be rejected in whole or in part when it is determined by the Finance Authority in its sole discretion, to be in the best interests of the Finance Authority.

2.0 Deadline to Submit Written Questions. Potential Offerors may submit written questions concerning this RFP until the close of business on date indicated in the Sequence of Events. All questions must be submitted in writing **VIA EMAIL to the Procurement Manager.**

3.0 Response to Written Questions/RFP Amendments. The Finance Authority will make the questions and the Finance Authority’s responses available via its website at nmfinance.com on the date indicated in the Sequence of Events.

4.0 Submission of Proposal. Offeror proposals, including Appendix A, “Letter of Transmittal”, must be received for review and evaluation by the Procurement Manager **VIA EMAIL NO LATER THAN 1:00 PM MOUNTAIN DAYLIGHT TIME ON the date indicated in the Sequence of Events.** Proposals must be emailed to the Procurement Manager at the address listed in this RFP. Proposals received after this deadline will not be accepted. The date and time of receipt will be recorded on each proposal.

A public log will be kept of the names of all Offeror organizations that submitted proposals. The contents of any proposal shall not be disclosed prior to contract award or cancellation of the RFP.

5.0 Review of Proposals. Proposals will be distributed to members of the Evaluation Committee for review on May 10 through May 14, 2021.

The review of proposals will be performed by the Finance Authority's Evaluation Committee. During this time the Procurement Manager may, on behalf of the Evaluation Committee, initiate discussions with Offerors who submit responsive or potentially responsive proposals for the purpose of clarifying aspects of the proposals, but proposals may be accepted and evaluated without such discussion. Discussions **shall not** be initiated by the Offerors.

- 6.0 Selection of Finalists. The Evaluation Committee will select, and the Procurement Manager will notify the finalist Offerors. Only finalists will be invited to participate in the subsequent steps of the procurement.
- 7.0 Oral Presentations. Finalist Offerors may be required to present their proposals to the Evaluation Committee and stand for questions. The Procurement Manager will schedule the time for each finalist Offeror's presentation. All Offeror presentations will be held by Zoom or other applicable video conferencing platform. Offerors should be prepared to explain their understanding of this procurement and be prepared to answer questions. The Procurement Manager may limit the length of time given to each finalist Offeror for the oral presentation.
- 8.0 Best and Final Offers from Finalists. Finalist Offerors may be asked to submit revisions to their proposals for the purpose of obtaining Best and Final Offers. Best and Final Offers may be clarified and amended at the finalist Offerors' oral presentations.
- 9.0 Selection of Contractor(s). The Evaluation Committee will select, and the Procurement Manager will notify the selected contractor(s).
- 10.0 Recommendation to Committees and Board. The Evaluation Committee will present its decision regarding the selected contractor(s) to the appropriate Finance Authority Committees and Board for final approval.

The contract shall be awarded to the Offeror(s) whose proposals are determined to be most advantageous, taking into consideration the evaluation factors set forth in the RFP and in accordance with the Finance Authority's Procurement Policy. The most advantageous proposals may or may not have received the most points.

- 11.0 Contract Award(s). Upon approval by the Finance Authority Board the contract will be deemed awarded.

The Finance Authority will provide written notice of the award to all Offerors following the date of the award.

- 12.0 Protest Deadline. Any protest by an Offeror must be in conformance with the Procurement Policy. Protests must be submitted in writing to the Finance Authority's Contracts Committee within fifteen (15) calendar days of the award. Protests must include the name and address of the protester and the RFP number, and state with particularity the basis for the protest and the facts relied upon, including appropriate supporting exhibits. It must also

specify the ruling requested from the Finance Authority. Protests must be delivered to the Procurement Manager for distribution to the Contracts Committee.

Protests received after this deadline will not be accepted.

C. GENERAL REQUIREMENTS

This procurement will be conducted in accordance with the Finance Authority's Procurement Policy and the following general requirements.

- 1.0 Acceptance of Conditions Governing the Procurement. Offerors must indicate their acceptance of the Conditions Governing the Procurement section of this RFP in their Letter of Transmittal which is attached hereto as Appendix "A". Failure to submit the Letter of Transmittal will disqualify the Offeror from consideration by the Evaluation Committee. Submission of a proposal shall be deemed to constitute acceptance of the requirements outlined in the RFP.
- 2.0 Incurring Cost. Any cost incurred by the Offeror in preparation, transmittal or presentation of any proposal or material submitted in response to this RFP shall be borne solely by the Offeror.
- 3.0 Prime Contractor Responsibility. Any contract that may result from this RFP shall specify that the prime contractor is solely responsible for fulfillment of the contract with the Finance Authority. The Finance Authority will make contract payments only to the prime contractor.
- 4.0 Subcontractors. Use or potential use of subcontractors for services must be clearly explained in the Offeror's proposal, and subcontractors must be identified by name, to the extent known at the time of submission of the proposal. Qualifications of any known proposed subcontractor must be included in the submission. In the event the name of a subcontractor is not known at the time of the proposal, the Offeror shall describe in detail, the nature of the services that might be obtained from a subcontractor and the required qualifications to be used in identifying a subcontractor. The prime contractor shall be wholly responsible for the performance of all services, whether or not subcontractors are used.
- 5.0 Amended Proposals. An Offeror may submit an amended proposal before the deadline for receipt of proposals. Such amended proposal must be a complete replacement for a previously submitted proposal and must be clearly identified as such in the transmittal letter. Any amended proposal and materials must be submitted by email as a pdf to the Procurement Manager.
- 6.0 Offeror's Rights to Withdraw Proposal. An Offeror will be allowed to withdraw a proposal at any time prior to the deadline for receipt of proposals. The Offeror must submit a written withdrawal request signed by the Offeror's duly authorized representative addressed to the Procurement Manager.

- 7.0 Proposal Offer Firm. Responses to this RFP, including proposal prices, will be considered firm and binding for ninety (90) calendar days after the due date for receipt of proposals.
- 8.0 Disclosure of Proposal Contents. The proposals will be kept confidential until a contract is awarded by the Finance Authority or the Procurement is terminated. At that time, all proposals and documents pertaining to the proposals will be open to the public in accordance with applicable law.

The Offeror hereby acknowledges that the Finance Authority is subject to state laws, including, without limitation, the Inspection of Public Records Act, Section 14-2-1 through 14-2-12 NMSA 1978, which provides generally that all records relating to a public business are open to public inspection and copying unless exempted under the Inspection of Public Records Act, and the Open Meetings Act, Section 10-15-1 through 10-15-4 NMSA 1978, which provides generally for open meetings for public deliberative bodies. Neither the Offeror nor any related entity shall make any claim against the Finance Authority if it makes available to the public any document, report, or other information the Finance Authority received from the Offeror or any related entity which was made public by the Finance Authority pursuant to the Inspection of Public Records Act or the Open Meetings Act, as permitted by law.

The Finance Authority acknowledges that an Offeror may desire to protect proprietary or confidential information from disclosure under certain circumstances when reasonable. Proprietary or confidential data shall be readily separable from the proposal in order to facilitate eventual public inspection of the non-confidential portion of the proposal and an Offeror **must** make a written request to keep such information confidential *at the time of submission of a proposal*.

Confidential data is normally restricted to confidential financial information concerning the Offeror's organization and data that qualifies as a trade secret in accordance with the Uniform Trade Secrets Act, Sections 57-3A-1 to 57-3A-7 NMSA 1978. The price of products offered or the cost of services proposed shall not be designated or treated as proprietary or confidential information.

If a request is received for disclosure of information for which an Offeror has made a written request for confidentiality, the Finance Authority shall examine the Offeror's request and make a determination that specifies which portions of the proposal should be disclosed.

The Finance Authority may endeavor to contact the Offeror before releasing any information, but in no event will the Finance Authority be under any obligation to either contact the Offeror or refuse to disclose information permitted to be disclosed by New Mexico law. In addition, the Offeror agrees to fully release, waive, and hold the Finance Authority and its employees and officers harmless from any liability or costs associated with the release of any information.

- 9.0 No Obligation. This procurement does not obligate the Finance Authority to the eventual purchase of any professional services offered.
- 10.0 Termination. This RFP may be canceled at any time and any and all proposals may be rejected in whole or in part when the Finance Authority determines, in its sole discretion, such action to be in the best interest of the Finance Authority.
- 11.0 Sufficient Funding. Any contract awarded as a result of this RFP process may be terminated if sufficient budget, funding or authorizations do not exist. The Finance Authority's decision as to whether sufficient budget, funding or authorizations are available will be accepted by the contractor as final.
- 12.0 Governing Law. This procurement and any agreement with Offerors that may result shall be governed by the laws of the State of New Mexico.
- 13.0 Basis for Proposal. Only information supplied by the Finance Authority in writing through the Procurement Manager or in this RFP should be used as the basis for the preparation of Offeror proposals.
- 14.0 Contract Terms and Conditions. The contract between the Finance Authority and any contractor shall be in substantially the format and contain the terms and conditions included in the sample contract attached hereto as Appendix C. By submitting a response to this RFP, the Offeror accepts and agrees to be bound by the terms and conditions outlined in the sample contract and shall not negotiate such terms.
- 15.0 Offeror Qualifications. The Evaluation Committee may make such investigations as necessary to determine the ability of the Offeror to adhere to the requirements specified within this RFP. The Evaluation Committee will, in its sole discretion, reject the proposal of any Offeror who it determines is not a responsible Offeror or fails to submit a responsive offer.
- 16.0 Right to Waive Minor Irregularities. The Evaluation Committee also reserves the right to waive any mandatory requirement provided that all of the otherwise responsive proposals failed to meet the same mandatory requirement and the failure to do so does not otherwise materially affect the procurement. This right is in the sole discretion of the Evaluation Committee.
- 17.0 Change in Contractor Representatives. The Finance Authority reserves the right to require a change in contractor representatives if the assigned representatives are not, in the opinion of the Finance Authority, meeting its needs adequately.
- 18.0 Finance Authority's Rights. The Finance Authority reserves the right to accept all or a portion of an Offeror's proposal.

- 19.0 Ownership of Proposals. All documents submitted in response to the RFP shall be retained in the procurement file in electronic format and will become the property of the Finance Authority.

III. RESPONSE FORMAT AND ORGANIZATION

A. NUMBER OF RESPONSES

Each Offeror may submit only one proposal.

B. NUMBER OF COPIES

Offerors shall electronically submit all proposals via pdf to the Procurement Manager on or before the closing date and time for receipt of proposals.

C. PROPOSAL FORMAT AND CONTENTS

All proposals must include the following:

1.0 Proposal Organization

- 1.1 The Letter of Transmittal Form, which shall be considered an integral part of the proposal, **shall** be signed by the responsible individual(s) who is (are) authorized to bind the Offeror contractually. The Offeror shall utilize the Letter of Transmittal Form, attached hereto as Appendix A, for completion of this requirement.

Among other requirements, the Letter of Transmittal Form **shall** include the name, address, and phone number of the Offeror and a statement from the Offeror agreeing to provide all the services in the Scope of Procurement and adhere to all requirements, specifications, terms and contract provisions set forth in this RFP and any attachments or amendments to the RFP.

- 1.2 The proposal **must** supply names and resumes of key personnel to be assigned to the performance of the responsibilities contemplated by the RFP. Resumes describing the qualifications of all professional personnel, excluding support staff, to be utilized in the performance of this agreement, including all subcontractors who have been identified, must show, at a minimum, the person's name, education, position, and total years and types of experience relevant to the performance of the agreement.
- 1.3 The proposal must outline how the Offeror meets the minimum qualifications set out in Section I(D) of the RFP.
- 1.4 The Offeror must submit evidence of appropriate professional liability insurance that will be in force at the inception of the contract and must agree to maintain such

coverage throughout the term of any agreement. Such insurance must be in an amount reasonable for a firm of Contractor's size and financial condition, and shall cover the Offeror, its employees, agents, representatives and subcontractors.

- 1.5 The response must include a detailed description of Offeror's knowledge and experience with respect to the services to be provided, including those specific to the Finance Authority (e.g., allowance for loan and lease loss methodologies, etc.).
- 1.6 The Offeror must submit a minimum of three (3) references for the Offeror's work with other public entities or financial institutions. References should include, at a minimum, the individual's title, organization, the nature of the individual's work with the Offeror, email address and telephone number.
- 1.7 The response must include a specific description of the Offeror's proposal for the delivery of the professional services contemplated by this RFP. This proposal must include a specific audit approach and project plan as set forth below and, a discussion of the manner in which the personnel will be made available to provide the services and such other information as the Offeror reasonably believes necessary to explain its proposal for meeting the needs of the Finance Authority. The materials must include the following:
 - 1.7.1 Milestone chart for project plan to include tasks to be performed, time frame, proposed staff member for each task. The Finance Authority is implementing quarterly closings, and as such, Offeror's milestone chart should specify work that will be accomplished prior to the end of the fiscal year and work that will be accomplished following the end of the fiscal year.
 - 1.7.2 For the work plan, reference should be made to necessary sources of information such as the Finance Authority's budget and related materials, organization charts, manuals and programs, and financial and other management information systems.
 - 1.7.3 Level of staff and number of hours to be assigned to each proposed segment of the engagement.
 - 1.7.4 Approach to be taken to plan the audit.
 - 1.7.5 Type and extent of the information systems review of internal controls.
 - 1.7.6 Approach to be taken to gain and document an understanding of the Finance Authority's internal controls.
 - 1.7.7 Approach to be taken to test Finance Authority's internal controls.
 - 1.7.8 Approach to be taken to perform a single audit in accordance with the OMB Circular A-133 and test of internal controls.

- 1.7.9 Approach to be taken to perform substantive testwork.
- 1.7.10 Approach to be taken to perform testwork of cash, investments, derivatives, loans receivable, bonds payable, refunding of bond issues, defeased bonds, and escrow accounts established for refunding and defeasances.
- 1.7.11 Type and extent of analytical procedures to be used in the engagement.
- 1.7.12 Approach to be taken to draw audit samples.
- 1.7.13 Approach to be taken to ensure the high-quality control for the field work, analysis, and final product submission.
- 1.7.14 Approach to be taken to complete the audit and deliver the CAFR at the exit conference prior to delivery of the audit report to the New Mexico State Auditor.
- 1.7.15 Approach to be taken to complete the Single Audit (A-133) of the Drinking Water Program funded by the US Environmental Protection Agency (EPA) and deliver the final report at the exit conference prior to delivery of the audit report to the New Mexico State Auditor.
- 1.7.16 Approach to ensure timely exit conference with the Finance Authority's Audit Committee.
- 1.7.17 Approach to be taken to address and follow-up in the findings and recommendations resulting from any forensic, special or investigation report issued by the New Mexico State Auditor or any state, federal or other oversight agency.
- 1.8 The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the Finance Authority.
- 1.9 Other relevant information which the Finance Authority may request in evaluating the Offeror's ability to provide external audit services to the Finance Authority.
- 1.10 The Offeror must provide a list and description of any legal action, administrative proceeding, disciplinary action or complaint, whether formal or informal, initiated or made in connection with the professional services of the Offeror, its personnel and each of its subcontractors in the prior five years by any person or entity, including any professional association, state or federal board or commission, or other regulatory body. The list and description shall include the current status or final disposition of each such action.

- 1.11 A statement disclosing (i) any current or proposed business transaction between the Offeror and any member, officer or employee of the Finance Authority; and (ii) any other conflict or potential conflict which may reasonably give rise to a claim of conflict of interest.
- 1.12 A statement disclosing whether the Offeror is registered with the Public Company Accounting Oversight Board and, if so, the results of its two most recent inspections. Offeror should also disclose whether it submits to AICPA or other third-party peer reviews, descriptions of the type and scope of such reviews, and the results of the two most recent reviews.
- 1.13 Detailed responses to the Questionnaire attached hereto as Appendix B.

2.0 Fee and Cost Schedule

- 2.1 Fees. The specific fees for the Offeror's services must be included in the proposal, not to exceed the Offeror's standard fee schedule. The fee, if appropriate, shall either be properly detailed and broken down by hourly rates for each potential individual to provide services pursuant to any contract, or provide sufficient detail in the case of a flat fee proposal so that the services to be provided can be properly analyzed. The Offeror shall, if appropriate, also provide a not to exceed cost for each year of any resulting contract. **The Finance Authority is requesting Offerors to provide yearly fee proposals for each of the next 3 fiscal years.**
- 2.2 Reimbursement of Costs. The proposal shall provide detailed information concerning any expenses for which the Offeror proposes to be reimbursed in addition to the fee. If the Offeror proposes to be reimbursed for travel expenses, reimbursement shall be subject to the Finance Authority's per diem and reimbursement policies as set forth in the Procurement Policy. An invoice for services provided and reimbursable expenses incurred, if any, must be presented before any payment under the contract shall be made.
- 2.3 Subcontracting. *Any fee of a subcontractor will be paid solely by the Contractor.* The Finance Authority will not pay a subcontractor separately. In addition to the compensation, the Offeror shall be reimbursed for New Mexico gross receipts taxes paid to the New Mexico Taxation and Revenue Department, if applicable.

IV. EVALUATION

The following is a summary of items for which Offerors can be awarded evaluation points. These weighted factors shall be used in the evaluation of the individual Offeror responses.

A. EVALUATION POINT TABLE/SUMMARY:

	Possible Points
1. Relevant experience auditing and preparing CAFRs for similarly large and complex entities.	15
2. Qualifications of individuals who will be assigned to audit to the Finance Authority.	15
3. Experience with New Mexico statutes and regulations and Federal Single Audit (OMB A-133) regulations and procedures affecting public	15
4. Knowledge of applicable professional standards and results of third-party reviews.	15
5. Knowledge of the New Mexico Finance Authority.	5
6. Fee proposal.	15
7. Experience auditing financial services-oriented operations.	10
8. Quality of the audit work plan leading to an early submission to OSA.	10
Total Points	<u>100</u>

B. EVALUATION FACTORS

The award of a contract shall be made to the responsible Offeror(s) whose proposal is most advantageous to the Finance Authority taking into consideration the above weighted evaluation factors. **Please note**, however, that a serious deficiency in any one criterion may be grounds for rejection and that the listing of cost as an evaluation factor does not require the Finance Authority to select the Offeror who submits the lowest cost proposal. The Finance Authority shall, in its sole discretion, have the right to obtain, from any and all sources, information concerning an Offeror which is deemed pertinent to the RFP and to consider such information in the evaluation of the Offeror's proposal.

1.0 Relevant Experience: 15 points

1.1 Offeror’s qualifications and experience and if applicable those of any subcontractor of Offeror in the preparation of annual audits for similar entities.

1.2 Knowledge of sophisticated and complex programs.

1.3 Presentation skill in both technical and non-technical terms.

2.0 Qualifications of Personnel: 15 points

Qualifications and experience of those staff members proposed to perform work and execute the audit plan.

3.0 Experience with law/procedures: 15 points

Knowledge of federal, state and local laws governing Finance Authority transactions and in particular the Audit Rule.

- 4.0 Knowledge of Professional Standards: 15 points
- 4.1 Organizational independence, knowledge and adherence to governing standards of practice.
 - 4.2 Knowledge of GFOA's requirements and standards for obtaining the *Certificate of Achievement in Excellence in Financial Reporting*.
 - 4.3 Membership and certification by relevant national and international auditing and financial reporting professional associations.
 - 4.4 Positive results and improvement efforts resultant from third party reviews of audit systems, engagement, quality control or CPE program reviews.
- 5.0 Knowledge of Finance Authority: 5 points
- Knowledge of relevant Finance Authority programs, procedures and processes.
- 6.0 Fee Proposal: 15 points
- 7.0 Experience auditing financial services-oriented operations: 10 points
- Successful experience by the firm and individuals who will be assigned to the engagement auditing operations that are primarily oriented to provide financial services like those provided by the Finance Authority.
- 8.0 Work plan leading to an early submission to OSA: 10 points
- 8.1 Thoroughness and clarity in describing the steps, sequence, and logic of the work plan.
 - 8.2 Process for ensuring a high standard of quality control for the final draft of the CAFR.
 - 8.3 Understanding the importance of and requirements for the exit conference with the Audit Committee.
 - 8.4 Early launch of field work and submission of final product to OSA.

C. EVALUATION PROCESS

- 1.0 All Offeror proposals will be reviewed for compliance with the mandatory requirements stated within the RFP. Proposals deemed non-responsive will be eliminated from further consideration.
- 2.0 The Procurement Manager may contact the Offeror for clarification of the response as specified in Section II(B)(5.0).

- 3.0 The Evaluation Committee may use other sources of information to perform the evaluation as specified in Section IV(B).
- 4.0 Responsive proposals will be evaluated utilizing the factors outlined in Section IV(A) that have been assigned a point value in order to assist the Evaluation Committee in selecting an Offeror(s) most advantageous to the Finance Authority. The responsive Offeror(s) whose proposal is most advantageous to the Finance Authority, taking into consideration the evaluation factors in Section IV, will be recommended for contract award.

APPENDIX A

**EXTERNAL AUDIT SERVICES
LETTER OF TRANSMITTAL FORM**

In acknowledgement of its intent to respond to this Request for Proposal the undersigned makes the following representations as required by the RFP.

OFFEROR: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

PRIMARY CONTACT: _____

PHONE NO.: (____) _____ FAX NO.: (____) _____

E-MAIL ADDRESS: _____

FEDERAL EMPLOYER ID#: _____

The aforementioned firm and its authorized representatives hereby confirm and acknowledge:

1. This Proposal is a firm and irrevocable offer for a period of 180 days from submission.
2. The Offeror is willing to perform all of the services as outlined in the RFP.
3. The Offeror is able to provide all of the services as outlined in the RFP beginning on _____.
4. The Offeror accepts all terms and conditions as outlined in the RFP.
5. The Offeror agrees to the terms and conditions outlined in the sample contract, Appendix C to this RFP.
6. The following material is considered by the Offeror to be trade secret information:

7. The Offeror hereby acknowledges that the Finance Authority is subject to the Inspection of Public Records Act, (NMSA 1978 Ch. 14, Article 2) and the Offeror hereby indemnifies and agrees to hold the Finance Authority harmless for the release of any information, including information deemed confidential commercial information by the Offeror, if the Finance Authority reasonably believes the Finance Authority is permitted to release such information in accordance with law.
8. The Offeror hereby certifies that the undersigned is authorized to contractually bind the Offeror:

By submission of this cover letter, the Offeror hereby certifies that the above are true and correct statements.

Name: _____

Title: _____

Signature: _____

APPENDIX B

EXTERNAL AUDIT SERVICES QUESTIONNAIRE

1. Firm Background and Direction:
 - a. Provide a short history of the company, highlighting your most important milestones.
 - b. Describe your future growth plans.
 - c. Briefly outline your succession plans to ensure continuity of the firm and completion of the engagement with the Finance Authority.

2. Firm Structure:
 - a. What is your firm's legal business structure?
 - i. If owned by another firm, what percentage of the parent company's revenue does your firm contribute? Please indicate how the percentage of revenue has changed over the life of the arrangement or the last 10 years.
 - ii. Include any affiliated companies, joint ventures, and other entities that contribute in some way to your firm's investment or operational management.
 - iii. List all firm owners, whether they are individuals, employees, or partnerships and percentage ownership held by each.
 - iv. Please provide an organizational chart.
 - b. Describe any material developments in your organization (changes in ownership, personnel, business, etc.) over the past five years in detail.
 - c. Are there any structural or financial changes contemplated in the next year (e.g., ownership, merger and acquisitions, products, etc.)? If yes, please explain.

3. Is the firm registered with any state or federal regulatory agency?
 - a. State whether, during the last five years, any regulatory agency has conducted an audit or review of the firm.
 - b. If such an audit or review was conducted, what were the findings?
 - c. Is there any pending or threatened litigation against the firm or any of its officers, directors, principles or investment personnel? If so, please explain.

- d. Is there any pending or threatened regulatory action, or any past regulatory action, against the firm or any of its officers, directors, principles or investment personnel? If so, please explain.
4. Insurance
 - a. Has your firm ever made a claim against its fiduciary liability or errors and omissions or similar insurance policy? If so, please explain.
 - b. Has the firm or any of the key principals, including any board or Manager members, ever been denied coverage for errors and omissions, directors and officers, or fiduciary liability insurance? If so, please provide a detailed explanation of the reasons given by the carrier(s) for such denial.
5. Office Locations
 - a. How many offices does your firm maintain?
 - b. If more than one office, identify the locations, number of employees, and describe the functions performed at each location.
 - c. What is the primary location whereby the services will be provided?
6. Provide a list of other public and quasi-public entities your firm will be engaged with at the same time it will be auditing the Finance Authority

APPENDIX C

NM STATE AUDIT CONTRACT

Contract No. [FILLABLE]

STATE OF NEW MEXICO AUDIT CONTRACT

[FILLABLE]

hereinafter referred to as the "Agency," and

[FILLABLE]

hereinafter referred to as the "Contractor," agree:

As required by the Audit Rule, NMAC Section 2.2.2.1 et seq., Contractor agrees to, and shall, inform the Agency of any restriction placed on Contractor by the Office of the State Auditor pursuant to NMAC Section 2.2.2.8, and whether the Contractor is eligible to enter into this Contract despite the restriction.

1. SCOPE OF WORK (Include in Paragraph 2.5 any expansion of scope)

A. The Contractor shall conduct a financial and compliance audit of the Agency for Fiscal Year [FILLABLE] in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Audit Act and the Audit Rule (NMAC Section 2.2.2.1 et seq.).

2. DELIVERY AND REPRODUCTION

A. In order to meet the delivery terms of this Contract, the Contractor shall deliver the following documents to the State Auditor on or before the deadline set forth for the Agency in NMAC Section 2.2.2.9:

- (1) an organized, bound and paginated hard copy of the Agency's audit report for review;
- (2) a copy of the signed management representation letter provided to the IPA by the Agency as required by AU-C 580; and
- (3) a copy of the completed State Auditor Report Review Guide available at www.osanm.org;

B. Reports postmarked by the Agency's due date will be considered received by the due date for purposes of NMAC Section 2.2.2.9. Unfinished or excessively deficient reports will not satisfy this requirement; such reports will be rejected and returned to the Contractor and the State Auditor

may take action in accordance with NMAC Section 2.2.2.13. If the State Auditor does not receive copies of the management representation letter and the completed Report Review Guide with the audit report or prior to submittal of the audit report, the State Auditor will not consider the report submitted to the State Auditor.

C. As soon as the Contractor becomes aware that circumstances exist that will make the Agency's audit report late, the Contractor shall immediately provide written notification of the situation to the State Auditor. The notification shall include an explanation regarding why the audit report will be late, when the IPA expects to submit the report and a concurring signature by the Agency.

D. Pursuant to NMAC Section 2.2.2.10, the Contractor shall prepare a written and dated engagement letter that identifies the specific responsibilities of the Contractor and the Agency.

E. After its review of the audit report pursuant to NMAC Section 2.2.2.13, the State Auditor shall authorize the Contractor to print and submit the final audit report. Within five business days after the date of the authorization to print and submit the final audit report, the Contractor shall provide the State Auditor an electronic version of the audit report, in PDF format, and the electronic copy of the Excel version of the Summary of Findings Form, Vendor Schedule, Fund Balances, and any GASB 77 data (if applicable). After the State Auditor officially releases the audit report by issuance of a release letter, the Contractor shall deliver [FILLABLE] copies of the audit report to the Agency. The Agency or Contractor shall ensure that every member of the Agency's governing authority shall receive a copy of the report.

F. The Agency, upon delivery of its audit report, shall submit to the Federal Audit Clearinghouse (FAC) the completed data collection form and the reporting package described in § 200.512 of Uniform Guidance for Federal Agencies. The submission is required to be made within 30 calendar days of receipt of the auditor's report, or nine months after the end of the audit period.

3. COMPENSATION

A. The total amount payable by the Agency to the Contractor under this Contract shall not exceed [FILLABLE] plus applicable gross receipts tax.

B. Contractor agrees not to, and shall not, perform any services in furtherance of this Contract prior to approval by the State Auditor. Contractor acknowledges and agrees that it will not be entitled to payment or compensation for any services performed by Contractor pursuant to this Contract prior to approval by the State Auditor.

C. Total Compensation will consist of the following:

SERVICES	AMOUNTS
(1) Financial statement audit	[FILLABLE]
(2) Federal single audit (add CARES single audit)	[FILLABLE]
(3) Financial statement preparation	[FILLABLE]

(4) Other nonaudit services, such as depreciation schedule updates	[FILLABLE]
(5) Other (i.e., foundations or component units, specifically identified)	[FILLABLE]

Total Compensation = [FILLABLE] plus applicable gross receipts tax

D. The Agency shall pay the Contractor the New Mexico gross receipts tax levied on the amounts payable under this Contract and invoiced by the Contractor. Payment is subject to availability of funds pursuant to the Appropriations paragraph set forth below.

E. The State Auditor may authorize progress payments to the Contractor by the Agency; provided that the authorization is based upon evidence of the percentage of audit work completed as of the date of the request for partial payment. Progress payments up to 70% do not require State Auditor approval, provided that the Agency certifies receipt of services. The Agency must monitor audit progress and make progress payments only up to the percentage that the audit is completed prior to making such payment. Progress payments of 70% or more, but less than or equal to 90% require State Auditor approval after being approved by the Agency. If requested by the State Auditor, the Agency shall provide a copy of the approved progress billing. The State Auditor may allow only the first 50% of progress payments to be made without State Auditor approval if the Contractor's previous audits were submitted after the due date and payment for services rendered by the Contractor shall not be made until a determination and written finding is made by the State Auditor in the release letter that the audit has been made in accordance with the provisions of this Contract and applicable rules of the State Auditor.

4. TERM

Unless terminated pursuant to Paragraphs 5 and 9, this Contract shall terminate one calendar year after the latest date on which it is signed.

5. TERMINATION, BREACH AND REMEDIES

A. This Contract may be terminated:

(1) By either party without cause, upon written notice delivered to the other party and the State Auditor at least ten (10) days prior to the intended date of termination.

(2) By either party, immediately upon written notice delivered to the other party and the State Auditor, if a material breach of any of the terms of this Contract occurs. Unjustified failure to deliver the report in accordance with this Contract shall constitute a material breach of this Contract.

(3) By the Agency pursuant to Paragraph 19, immediately upon written notice to the Contractor and the State Auditor.

(4) By the State Auditor, immediately upon written notice to the Contractor and the Agency after determining that the audit has been unduly delayed, or for any other reason.

B. By termination, neither party may nullify obligations already incurred for performance or failure to perform prior to the date of termination. If the Agency or the State Auditor terminates this Contract, the Contractor shall be entitled to compensation for work performed prior to termination in the amount of earned, but not yet paid, progress payments, if any, that the State Auditor has authorized to the extent required by Paragraph 3(E). If the Contractor terminates this Contract for any reason other than Agency's breach of this Contract, the Contractor shall repay to the Agency the full amount of any progress payments for work performed under the terms of this Contract.

C. Pursuant to NMAC Section 2.2.2.8, the State Auditor may disqualify the Contractor from eligibility to contract for audit services with the State of New Mexico if the Contractor knowingly makes false statements, false assurances or false disclosures under this Contract. The State Auditor on behalf of the Agency or the Agency may bring a civil action for damages or any other relief against a Contractor for a material breach of this Contract.

D. THE REMEDIES HEREIN ARE NOT EXCLUSIVE, AND NOTHING IN THIS SECTION 5 WAIVES OTHER LEGAL RIGHTS AND REMEDIES OF THE PARTY.

6. STATUS OF CONTRACTOR

The Contractor and its agents and employees are independent contractor performing professional services for the Agency and are not employees of the Agency. The Contractor and its agents and employees shall not accrue leave, retirement, insurance, bonding, use of state vehicles or any other benefits afforded to employees of the Agency as a result of this Contract. The Contractor agrees not to purport to bind the State of New Mexico to any obligation not assumed under this Contract unless the Contractor has express written authority to do so and then only within the strict limits of that authority.

7. ASSIGNMENT

The Contractor shall not assign or transfer any interest in this Contract or assign any claims for money due or to become due under this Contract.

8. SUBCONTRACTING

The Contractor shall not subcontract any portion of the services to be performed under this Contract without the prior written approval of the Agency and the State Auditor. An agreement between the Contractor and a subcontractor to subcontract any portion of the services under this Contract shall be completed on a form prescribed by the State Auditor. The agreement shall be an amendment to this Contract and shall specify the portion of the audit services to be performed by the subcontractor, how the responsibility for the audit will be shared between the Contractor and the subcontractor, the party responsible for signing the audit report and the method by which the subcontractor will be paid. Pursuant to NMAC Section 2.2.2.8, the Contractor may subcontract

only with independent public accounting firms that are on the State Auditor's List of Approved Firms, and that are not otherwise restricted by the Office from entering into such a contract.

9. RECORDS

The Contractor shall maintain detailed time records that indicate the date, time, and nature of services rendered during the term of this Contract. The Contractor shall retain the records for a period of at least five (5) years after the date of final payment under this contract. The records shall be subject to inspection by the Agency or the State Auditor. The Agency or the State Auditor may audit billings both before and after payment. Payment under this Contract shall not foreclose the right of the Agency or the State Auditor on behalf of the Agency to recover excessive or illegal payments.

10. RELEASE

The Contractor, upon receiving final payment of the amounts due under the Contract, releases the State Auditor, the Agency, their respective officers and employees and the State of New Mexico from all liabilities, claims and obligations whatsoever arising from or under this Contract. This paragraph does not release the Contractor from any liability, claim, or obligations whatsoever arising from or under this Contract.

11. CONFIDENTIALITY

All information provided to or developed by the Contractor from any source whatsoever in the performance of this Contract shall be kept confidential and shall not be made available to any individual or organization by the Contractor except in accordance with this Contract or applicable standards, without the prior written approval of the Agency and the State Auditor.

12. PRODUCT OF SERVICES; COPYRIGHT AND REPORT USE

Nothing developed or produced, in whole or in part, by the Contractor under this Contract shall be the subject of an application for copyright by or on behalf of the Contractor. The Agency and the State Auditor may post the audited financial statement on their respective websites once it is publicly released by the State Auditor. For District Courts and District Attorneys only, the contractor agrees that the Financial Control Division of the Department of Finance and Administration (DFA) is free to use the audited financial statements in the statewide Comprehensive Annual Financial Report (CAFR) and that the Contractor's audit report may be relied upon during the audit of the statewide CAFR, if applicable. However, DFA should not provide to any third party, other than the CAFR auditor, the District Courts' or District Attorneys' draft audit reports or their opinion letters or findings.

13. CONFLICT OF INTEREST

The Contractor represents and warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Contract. Each of the Contractor and the Agency certifies that it has

followed the requirements of the Governmental Conduct Act, Section 10-16-1, et seq., NMSA 1978, regarding contracting with a public officer, state employee or former state employee, as required by the applicable professional standards.

14. INDEPENDENCE

The Contractor represents and warrants its personal, external and organizational independence from the Agency in accordance with the *Government Auditing Standards 2011 Revision*, issued by the Comptroller General of the United States, and NMAC Section 2.2.2.8. The Contractor shall immediately notify the State Auditor and the Agency in writing if any impairment to the Contractor's independence occurs or may occur during the period of this Contract.

15. AMENDMENT

This Contract shall not be altered, changed or amended except by prior written agreement of the parties and with the prior written approval of the State Auditor. Any amendments to this Contract shall comply with the Procurement Code, Sections 13-1-28 through 13-1-199, NMSA 1978.

16. MERGER

This Contract supersedes all of the agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Contract. Contractor and Agency shall enter into and execute an engagement letter pursuant to NMAC Section 2.2.2.10, consistent with Generally Accepted Auditing Standards (GAAS) and Government Auditing Standards (GAGAS). The engagement letter and any associated documentation included with or referenced in the engagement letter shall not be interpreted to amend this Contract. Conflicts between the engagement letter and this Contract are governed by this Contract, and shall be resolved accordingly.

17. APPLICABLE LAW

The laws of the State of New Mexico shall govern this Contract. By execution of this Contract, Contractor irrevocably consents to the exclusive personal jurisdiction of the courts of the State of New Mexico over any and all lawsuits arising from or related to this Contract.

18. AGENCY BOOKS AND RECORDS

The Agency is responsible for maintaining control of all books and records at all times and the Contractor shall not remove any books and records from the Agency's possession for any reason.

19. APPROPRIATIONS

The terms of this Contract are contingent upon sufficient appropriations and authorization being made by the legislature or the Agency's governing body for the performance of this Contract. If

sufficient appropriations and authorization are not made by the legislature or the Agency's governing body, this Contract shall terminate upon written notice being given by the Agency to the Contractor. The Agency's decision as to whether sufficient appropriations are available shall be accepted by the Contractor and shall be final. This section of the Contract does not supersede the Agency's requirement to have an annual audit pursuant to Section 12-6-3(A) NMSA 1978.

20. PENALTIES FOR VIOLATION OF LAW

The Procurement Code, Sections 13-1-28 through 13-1-199, NMSA 1978 imposes civil and criminal penalties for its violation. In addition, the New Mexico criminal statutes impose felony penalties for bribes, gratuities and kickbacks.

21. EQUAL OPPORTUNITY COMPLIANCE

The Contractor shall abide by all federal and state laws, rules and regulations, and executive orders of the Governor of the State of New Mexico pertaining to equal employment opportunity. In accordance with all such laws, rules, regulations and orders, the Contractor assures that no person in the United States shall, on the grounds of race, age, religion, sex, national origin, ancestry, sex, physical or mental handicap or chronic medical condition, spousal affiliation, sexual orientation or gender identity be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed under this Contract. If the Contractor is found to be in compliance with these requirements during the life of this Contract, the Contractor shall take appropriate steps to correct these deficiencies.

22. WORKING PAPERS

A. The Contractor shall retain its working papers of the Agency's audit conducted pursuant to this Contract for a period of at least five (5) years after the date shown on the opinion letter of the audit report, or longer if requested by the federal cognizant agency for audit, oversight agency for audit, pass through-entity or the State Auditor. The State Auditor shall have access to the working papers at the State Auditor's discretion. When requested by the State Auditor, the Contractor shall deliver the original or clear, legible copies of all working papers to the requesting entity.

B. The Contractor shall follow the guidance of AU-C 210 A.27 to A.31 and AU-C 510 .A3 to A11 in communications with the predecessor auditor and to obtain information from the predecessor auditor's audit documentation.

23. DESIGNATED ON-SITE STAFF

The Contractor's on-site individual auditor responsible for supervision of work and completion of the audit is [FILLABLE]. The Contractor shall notify the Agency and the State Auditor in writing of any changes in staff assigned to perform the audit.

24. **INVALID TERM OR CONDITION**

If any term or condition of this Contract shall be held invalid or unenforceable, the remainder of this Contract shall not be affected.

25. **OTHER PROVISIONS**

[FILLABLE]

DRAFT

SIGNATURE PAGE

This Contract is made effective as of the date of the latest signature.

AGENCY

[FILLABLE]

PRINTED NAME:

SIGNATURE:

TITLE:

DATE:

CONTRACTOR

[FILLABLE]

PRINTED NAME:

SIGNATURE:

TITLE:

DATE:

State Auditor Contract No.

[FISCAL YEAR]-[AGENCY NUMBER]

DRAFT