



NEW MEXICO
FINANCE AUTHORITY

**QUESTIONS & ANSWERS TO
REQUEST FOR PROPOSALS**

External Audit Services

DATE RFP ISSUED: April 1, 2025

DATE OF ANSWERS: April 9, 2025

Question 1: What were the fees for the prior year's audits?

Answer: **FY 2024 - \$132,214; FY 2023 - \$131,720; FY 2022 – \$128,371**

Question 2: How many hours did the prior audit firm propose for each service in their previous proposal?

Answer: **We only considered amount quotations per section, Financial Statements and Federal Programs**

Question 3: What do you like about your current auditing experience? What do you wish you could change about your current auditing experience?

Answer: **The auditor is immediately familiar with our multi-fund structure and with banking practices and regulations and with bond issuance operations**

Question 4: Is there anything specifically that you are looking for in a potential new professional services firm?

Answer: **Expertise in lending, bond issuance and related state and federal regulations. Also, ability to start audit process right away**

Question 5: What engagement process would the NMFA like to improve?

Answer: **No area in particular is in need of significant improvement. We have honed the audit process to a 75-day exercise**

Question 6: Are the audits conducted remotely, using a hybrid model, or in-person full-time? Is the NMFA open to audits performed remotely?

Answer: **Hybrid, most testing done remotely, with scheduled onsite visits**

Question 7: Can you provide the number of auditors and the time periods of when interim and final fieldwork were performed?

Answer: **Manager, Lead and 2 staff auditors. Internal control testing June, Single Audit July, FS audit July through August, final auditing procedures and**

ACFR complete 1st week of September for exit conference with Board of Directors late-September

Question 8: Have there been recent changes in key personnel in any of the department's accounting/finance functions or are there changes known for the future (retirements)?

Answer: **No changes in Finance key personnel, with no known changes anticipated for FY 25 Audit**

Question 9: Does the NMFA expect any significant changes in the accounting system or other systems relevant to financial reporting during the contract term?

Answer: **FY 25 will be in current accounting system (MIP). NMFA is currently in the initial stages of acquiring new platforms for accounting (including PR), HR & Benefits, and Loan Servicing.**

Question 10: Is the majority of supporting documentation maintained electronically (e.g. PDF), such as checks, vendor invoices, cash receipts, timecards, personnel files?

Answer: **Almost all the supporting documentation is maintained electronically**

Question 11: Does the NMFA use service organizations? Examples include payroll processors, workers' compensation or medical claims processors, hosted data centers, cloud service providers, and managed security providers. If so, approximately how many and for which transaction cycles?

Answer: **Paychex for HR & PR processing**

Question 12: Are there any significant changes in operations expected for the contract term?

Answer: **Growth but no new significant procedures. New programs as authorized and funded through state legislation and increased funding of existing programs.**

Question 13: How many adjusting entries were there in the prior year? And if applicable, what was the nature of those adjusting entries?

Answer: **None**

Question 14: Do you allow auditor's read-only access to your financial accounting system?

Answer: **Not at this time**

Question 15: Does NMFA expect any additional federal grant programs?

Answer: **No, current federal programs are: Drinking Water State Revolving Loan Fund including DW Lead Service Replacement and Emerging Contaminants (combined for FS presentation), New Mexico Growth Fund, SSBCI 2.0 Capital Access and SSBCI 2.0 Loan Participation**

Question 16: What general ledger system does NMFA use for accounting and financial reporting?

Answer: **MIP (Community Brands)**

Question 17: What loan management system does NMFA use?

Answer: **EnAble (Technology Partnership Group, Inc.)**

Question 18: Regarding Item III.C.1.3 on page 9 of the RFP would a certificate of insurance provide evidence of appropriate professional liability insurance?

Answer: **If the certificate reflects the coverages of the policy**

Question 19: Appendix A States: This Proposal is a firm and irrevocable offer for a period of 180 days from submission and Page 6 Section II. C. 7.0 states Responses to this RFP, including proposal prices, will be considered binding for ninety (90) calendar days after the due date for receipt of proposals. Is it one or the other or both? If it is 180 days, is that calendar days?

Answer: **Forgive the discrepancy, it should be 180 calendar days. That said, the NMFA would hope to enter into a contract very shortly after completion of procurement**

Question 20: Have there been any major changes from FY 2024 that need to be considered when scoping the work to be performed? New Funds / Grant Programs?

Answer:

No major changes from FY 2024. Legislature appropriated funds for 1 new program in FY 2025

Question 21: We noticed in the discussion that there is construction on a new building that was expected to be completed in January 2025; what was the estimated total amount capitalized related to the completed construction?

Answer:

Total is \$16.1 million, including land, renovation costs, furniture & fixtures, and IT related capital expenditures.

Question 22: Could you provide a high-level overview of the investments held? For example, how many brokers are utilized, etc.? We'd like to make sure we're properly scoping the testing procedures/time.

Answer:

Investment of Trust funds is held in 1 institution. NMFA Invests mainly in US Treasury and US Agency securities. All portfolios are invested using laddered approaches with bonds maturing at dates when cash is projected to be needed. Money market accounts are used for short-term cash needs. Typically, bonds are held to maturity. Currently we are using 6 Broker Dealers with additional 5 that are approved but not currently using.

Question 23: Due to the current environment with changes in information systems, can you provide some details about the various programs/applications used in financial reporting so that we can more accurately estimate efficiencies for testing procedures?

- a. Does the entity have any software that affects the financial statements that is custom developed or significant modifications to the off-the-shelf product?
- b. Does the entity utilize crypto-currency, blockchain, or other emerging technologies?
- c. Has there been a data breach in the past 12 months?
- d. Have there been any significant changes/new applications utilized in the IT system for FY 2025?
- e. Is the entity primarily paperless (i.e., the entity does not retain original source documentation)?

Answer:

- a. Current loan servicing software (EnABLE) is off-the-shelf with customizations.
 - b. No
 - c. No
 - d. No significant changes to or new applications
 - e. Converting to primarily paperless, the process is expected to be completed prior to implementation of new applications in the next 12-18 months
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