

**REGULATION AND LICENSING DEPARTMENT
ADMINISTRATIVE SERVICES DIVISION**

REQUEST FOR PROPOSALS (RFP)

AUDIT SERVICES



RFP#

14 420 1101 000009

Release Date

May 7, 2014

Response Due Date

May 19, 2014

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I. INTRODUCTION

A. PURPOSE OF THIS REQUEST FOR PROPOSALS

The purpose of the Request for Proposal (RFP) issued by the State of New Mexico Regulation and Licensing Department (RLD) is to solicit sealed proposals from qualified Independent Public Accountant (IPA) firms either singly or in partnership with other qualified individuals or firms to:

1. Assist in the preparation and audit of RLD's financial statements for the fiscal year ending June 30, 2014, in accordance with generally accepted auditing standards and rules issued by the New Mexico Office of the State Auditor specifically NMAC 2.2.2 Audit Rule 2014 [Requirements for Contracting and Conducting Audits of Agencies].
2. Provide a multi-year proposal to provide audit services, not to exceed a term of **three (3) years** including all extensions and renewals. The successful IPA will be awarded a multi-year contract with an initial one-year (FY14) contract, with the option to extend for two successive one-year terms (FY15 & FY16) at the same price, terms and conditions as stated on the original proposal.

Respondents are required to provide a brief summary of their audit approach and include a preliminary plan (i.e., a schedule) that outlines the list of items and deliverables for the proposal. The approach and preliminary plan should focus on the completion of RLD's FY14 audit on or before the December 15, 2014 deadline.

RLD reserves the option to renew the initial contract for two additional fiscal years pursuant to Section 13-1-150 NMSA 1978 and NMAC 2.2.2 Audit Rule 2014. Exercising the option to extend must be by mutual agreement of the parties to the contract and with the approval of the State Auditor. In the event that either of the parties to the contract elects not to extend, or the State Auditor disapproves the recommendation for renewal, RLD shall solicit competitive sealed proposals and contract for audit services in accordance with the Procurement Code (13-1-1 to 13-1-199 NMSA 1978); Department of Finance and Administration (DFA) Rule 2.40.2 NMAC, *Governing the Approval of Contracts for the Purchase of Professional Services* and NMAC 2.2.2. Audit Rule.

The State Audit Rule 2014 is posted at www.saonm.org; the DFA Rule is posted at http://www.nmdfa.state.nm.us/Contracts_Review_Bureau.aspx; and the Procurement Code is posted at <http://www.conwaygreene.com/nmsu/lpext.dll?f=templates&fn=main-h.htm&2.0>.

Only firms that are qualified and in good standing with the Office of the State Auditor are requested to submit proposals. The audit must be performed in accordance with auditing standards generally accepted in the United States of America (GAAP), OMB-Circular A-133, and Requirements for Contracting and Conducting Governmental Audits (2.2.2 NMAC).

RLD is required under the State Auditor Rule 2.2.2 NMAC to request for proposal for audit services. The scope of work shall consist of preparing and auditing the Department's GAAP financial statements for the fiscal year ending June 30, 2014, as stated in the State of New Mexico Office of the State Auditor Audit Rule 2014 [NMAC 2.2.2] requirements.

Pursuant to the Audit Act, Section 12-6-3 (A) NMSA 1978:

“The financial affairs of every agency shall be thoroughly examined and audited each year by the state auditor, personnel of the state auditor’s office designated by the state auditor or by independent auditors approved by the state auditor. The comprehensive annual financial report for the state shall be thoroughly examined and audited each year by the state auditor, personnel of the state auditor’s office designated by the state auditor or independent auditors approved by the state auditor. The audits shall be conducted in accordance with generally accepted auditing standards and rules issued by the state auditor.”

During the evaluation process, RLD reserves the right, where it may serve RLD’s best interest to request additional information or clarification from offerors, or to allow corrections of errors or omissions. At the direction of RLD, offerors submitting proposals may be requested to make oral presentations as part of the evaluation process.

RLD reserves the right to retain all proposals submitted, and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the offeror of the conditions contained in this request for proposals and in the Requirements for Contracting and Conducting Audits of State Agencies pursuant to State Auditor Rule 2.2.2 NMAC, unless otherwise clearly and specifically noted in the proposal submitted and confirmed in the contract between RLD and the offeror selected.

B. BACKGROUND INFORMATION

The Regulation and Licensing Act (Laws of 1983, Chapter 297, Section 19 through 30) created the State of New Mexico Regulation and Licensing Department (RLD) July 1, 1983. The Act provided that the administration of professional and occupational licensing functions of the executive branch of state government may be consolidated under the supervision of RLD upon executive order issued by the Governor. This consolidation was completed during the fiscal year ended June 30, 1987.

The financial operations of RLD are located in Santa Fe, New Mexico with field offices in Albuquerque and Las Cruces. RLD’s Fiscal Year 2014 operating budget is approximately \$24.4 million and 300 employees.

The mission of RLD is to enforce applicable laws, rules, regulations and codes and administer them in a manner that affects a balanced approach to public safety, financial welfare and the development of the regulated industries. RLD consists of the Office of the Superintendent and seven divisions as follows: (1) Administrative Services Division; (2) Construction Industries Division; (3) Manufactured Housing Division; (4) Financial Institutions Division; (5) Securities Division; (6) Alcohol and Gaming Division; and (7) the Boards and Commissions Division.

The Administrative Services Division (ASD) primarily provides fiscal, personnel and management information system support for the Department. ASD also serves and acts as liaison between the Department and the Department of Finance and Administration, the General Services Department, State Personnel; the State Auditor, the Office of the State Treasurer, Records and Archives and other general control agencies to ensure compliance with state laws and regulations.

The Administrative Services Division is located on the third floor of the Toney Anaya Building, 2550 Cerrillos Road, Santa Fe, NM 87505.

The boards and commissions section of RLD provides administrative and financial services to 30 boards and commissions. Each of the boards and commissions has RLD employees assigned as staff

who are responsible for licensing individuals and for maintaining licensing files containing historical, continuing education and disciplinary information on each licensee. These records are maintained to help insure the public of the basic credentials and reliability of licensees. Records are made available to the public pursuant to Inspection of Public Records Requests. Additionally, the staff is responsible for the daily execution of board operations, including all licensing and examination functions, preparing minutes of boards meetings, responding to public inquiries, and coordinating actions with appropriate officials and agencies. All board administrators work cooperatively with ASD and a designated fiscal staff person to review and monitor the boards and commissions financial statements. Complaints filed with the various boards are handled by a Compliance Section within the Division that has been organized to help provide investigative services for all boards. Annual inspections are performed on drug distribution outlets, pharmacies, cosmetology salons, barber shops, funeral homes and real estate offices, for example, in order to ensure compliance with statutes, regulations and minimum standards of sanitation, where applicable.

The Construction Industries Division (CID) administers examinations, licensing, certification, regulation, inspections and supervision of individuals and businesses engaged in contracting and construction industries. The Division is required to “promote the general welfare of the people of New Mexico by providing for the protection of life and property by adopting and enforcing codes and standards for construction, alteration, installation, connection, demolition and repair work” pursuant to NMSA 1978, Section 60-13-1.1. CID also administers the Employee Leasing and Carnival Ride Acts pursuant to NMSA 1978, § 60-13A-1 and § 57-25-1, respectively.

The Manufactured Housing Division (MHD) supervises and regulates the manufactured housing industry within the state, with the exception of manufactured units used for commercial purposes. The Construction Industries Division regulates commercial units. The governing statutes for MHD are found in the Manufactured Housing Act, NMSA 1978, §60-14-1 through 60-14-20. The purpose of the Act is “to insure the purchasers and users of manufactured homes the essential conditions of health and safety which are their right and to provide that the business practices of the industry are fair and orderly among the members of the industry with due regard to the ultimate consumers in this important area of human shelter.”

The Financial Institutions Division (FID) is responsible for administering the statutory requirements of the Banking Act, the Trust Company Act, Collection Agency Regulatory Act, the endowed Care Cemetery Act, the New Mexico Small Loan Act, the Mortgage Loan Company and Broker Act, the Credit Union Regulatory Act, the Motor Vehicles Sales Finance Company Act, the Escrow Company Act, the Negotiable Check, Drafts and Money Order Act, the Retail Installment Sales Act, and the Savings and Loan Act. The Division provides general supervision of all state-chartered financial institutions and regulated industries, with a primary focus to ensure the existence of safe and sound financial practices within the regulated entities.

The Securities Division is responsible for administering the New Mexico Securities Act of 1986 and the Model State Commodity Code. Pursuant to those laws the Division registers securities offerings, licenses securities sales representatives, broker-dealers, investment advisers and investment adviser representatives, and takes administrative and civil enforcement action when necessary. The division also administers the New Mexico Securities Education and Training Fund, which is funded by administrative assessments levied against companies or individuals found to have violated the Securities Act.

The Alcohol and Gaming Division is the licensing and regulatory authority for the Liquor Control Act. It is the policy of the Liquor Control Act that the sale, service, and public consumption of alcoholic beverages in the state shall be licensed, regulated and controlled so as to protect the public health, safety and morals of every community in the state. The Division is responsible for prosecuting all civil administrative citations issued by the New Mexico Department of Public Safety Special Investigations Division. The liquor control section of the Division is funded by an appropriation from the State of New Mexico General Fund. All fees from licenses, citations, and other administrative charges are deposited directly to the State of New Mexico General Fund.

C. SUMMARY SCOPE OF WORK

The audit shall be conducted in accordance with government auditing standards including compliance with pertinent State Statutes, Rules and Regulations, and the provisions of OMB Circulars A-87, A-133, Audit Rule 2014 – Requirements for Contracting and Conducting Audits of Agencies (2.2.2 NMAC), and all other applicable pronouncements listed in 2.2.2 NMAC.

The contract shall begin on July 1, 2014 or as soon as possible thereafter and shall be in effect for one (1) year from the date of award. The term of the contract shall be for one year with the option to extend for a one year term at the same price, terms and conditions as was stated in the original multi-year proposal. Exercising such option to extend must be by mutual agreement of the parties to the contract and RLD reserves the right to conduct discussions with responsible offerors who submit acceptable or potentially acceptable proposals in accordance with the requirements of 1.4.1 NMAC.

This RFP shall not be modified in any way except by written amendment. Offerors shall acknowledge receipt of any and all amendments in writing.

D. SCOPE OF PROCUREMENT

The scope of procurement is to establish a professional service contract with a qualified offeror to perform audit services. The term of the contract shall be one year with the option to extend for an additional one year term at the same price, terms and conditions as stated in the original proposal. Therefore, a multi-year proposal is requested to provide services for not only fiscal year 2014 but also to include 2015. In no case will the contract(s), including all renewals or extensions thereof, exceed a total of two (2) years in duration.

The audit shall be conducted in accordance with government auditing standards including compliance with pertinent State Statutes, Rules and Regulations, and the provisions of OMB Circulars A-87, A-133, Audit Rule 2014 – Requirements for Contracting and Conducting Audits of Agencies (2.2.2 NMAC), and all other applicable pronouncements listed in 2.2.2 NMAC.

The contract shall begin on July 1, 2014 or as soon as possible thereafter and shall be in effect for one (1) year from the date of award. The term of the contract shall be for one year with the option to extend for a one year term at the same price, terms and conditions as was stated in the original multi-year proposal. Exercising such option to extend must be by mutual agreement of the parties to the contract and RLD reserves the right to conduct discussions with responsible offerors who submit acceptable or potentially acceptable proposals in accordance with the requirements of 1.4.1 NMAC.

This RFP shall not be modified in any way except by written amendment. Offerors shall acknowledge receipt of any and all amendments in writing.

PLEASE NOTE:

- If this is a procurement that will result in a statewide price agreement, that agreement is available to all executive agencies and other political subdivisions of the State of New Mexico.
- If this is a procurement that will result in a contractual agreement between two parties, the procurement may ONLY be used by those two parties exclusively.

E. PROCUREMENT MANAGER

1. The Regulation and Licensing Department (RLD) has assigned a Procurement Manager who is responsible for the conduct of this procurement whose name, address, telephone number and e-mail address are listed below:

Name:	Fernando C. Fernandez, Procurement Manager
Address:	Regulation and Licensing Department Administrative Services Division Toney Anaya Building 2550 Cerrillos Road Santa Fe, NM 87505
Telephone:	(505) 476-4515
Email:	fernando.fernandez@state.nm.us

2. All deliveries of responses via express carrier must be addressed as follows:

Name:	Fernando C. Fernandez, Procurement Manager
Reference RFP Name:	Audit Services RFP # 14 420 1101 000009
Address:	Regulation and Licensing Department Administrative Services Division Toney Anaya Building, 3 rd Floor 2550 Cerrillos Road Santa Fe, NM 87505

3. **Any inquiries or requests** regarding this procurement should be submitted, in writing, to the Procurement Manager. Offerors may contact ONLY the Procurement Manager regarding this procurement. Other state employees or Evaluation Committee members do not have the authority to respond on behalf of the SPD. **Protests of the solicitation or award must be delivered by mail to the Protest Manager.** As A Protest Manager has been named in this Request for Proposals, pursuant to NMSA 1978, § 13-1-172, ONLY protests delivered directly to the Protest Manager in writing and in a timely fashion will be considered to have been submitted properly and in accordance with statute, rule and this Request for Proposals. Emailed protests will not be considered.

F. DEFINITION OF TERMINOLOGY

This section contains definitions of terms used throughout this procurement document, including appropriate abbreviations:

“Agency” means the Regulation and Licensing Department.

“Award” means the final execution of the contract document.

“Close of Business” means 5:00 PM Mountain Standard or Daylight Time, whichever is in use at that time.

“Contract” means any agreement for the procurement of items of tangible personal property, services or construction.

“Contractor” means any business having a contract with a state agency or local public body.

“Department” means, for the purposes of administering this RFP and associated proposals, the Regulation and Licensing Department.

“Determination” means the written documentation of a decision of a procurement officer including findings of fact required to support a decision. A determination becomes part of the procurement file to which it pertains.

“Desirable” – the terms "may", "can", "should", "preferably", or "prefers" identify a desirable or discretionary item or factor.

"DFA" means the Department of Finance and Administration for the State of New Mexico.

“Evaluation Committee” means a body appointed to perform the evaluation of Offerors’ proposals.

“Evaluation Committee Report” means a report prepared by the Procurement Manager and the Evaluation Committee for contract award. It will contain written determinations resulting from the procurement.

“Finalist” means an Offeror who meets all the mandatory specifications of this Request for Proposals and whose score on evaluation factors is sufficiently high to merit further consideration by the Evaluation Committee.

“Mandatory” – the terms "must", "shall", "will", "is required", or "are required", identify a mandatory item or factor. Failure to meet a mandatory item or factor will result in the rejection of the Offeror’s proposal.

“Offeror” is any person, corporation, or partnership who chooses to submit a proposal.

“Price Agreement” means a definite quantity contract or indefinite quantity contract which requires the contractor to furnish items of tangible personal property, services or construction to a state agency or a local public body which issues a purchase order, if the purchase order is within the quantity limitations of the contract, if any.

“Procurement Manager” means any person or designee authorized by a state agency or local public body to enter into or administer contracts and make written determinations with respect thereto.

“Procuring Agency” means all State of New Mexico agencies, commissions, institutions, political subdivisions and local public bodies allowed by law to entertain procurements.

“Project” means a temporary process undertaken to solve a well-defined goal or objective with clearly defined start and end times, a set of clearly defined tasks, and a budget. The project terminates once the project scope is achieved and project acceptance is given by the project executive sponsor.

“RLD” means the Regulation and Licensing Department.

“Request for Proposals (RFP)” means all documents, including those attached or incorporated by reference, used for soliciting proposals.

“Responsible Offeror” means an Offeror who submits a responsive proposal and who has furnished, when required, information and data to prove that his financial resources, production or service facilities, personnel, service reputation and experience are adequate to make satisfactory delivery of the services, or items of tangible personal property described in the proposal.

“Responsive Offer” or means an offer which conforms in all material respects to the requirements set forth in the request for proposals. Material respects of a request for proposals include, but are not limited to price, quality, quantity or delivery requirements.

“SPD” means State Purchasing Division of the New Mexico State General Services Department.

“Staff” means any individual who is a full-time, part-time, or an independently contracted employee with the Offeror’s company.

“State (the State)” means the State of New Mexico.

“State Agency” means the New Mexico Regulation and Licensing Department.

“State Purchasing Agent” means the director of the purchasing division of the general services department.

“Superintendent” means the Superintendent of Regulation and Licensing Department.

G. PROCUREMENT LIBRARY

A procurement library has been established. Offerors are encouraged to review the material contained in the Procurement Library by selecting the link provided in the electronic version of this document through your own internet connection or by contacting the Procurement Manager and scheduling an appointment. The library contains information listed below:

- Procurement Regulations and Request for Proposal – RFP instructions:
<http://www.rld.state.nm.us/>
- The Audit Act, NMSA 1978, Section 12-6-12
- NMAC 2.2.2.1 Requirements for Contracting and Conducting Audits of Agencies
- Office of the State Auditor's web site and can be accessed at www.saonm.org

II. CONDITIONS GOVERNING THE PROCUREMENT

This section of the RFP contains the schedule, description and conditions governing the procurement.

A. SEQUENCE OF EVENTS

The Procurement Manager will make every effort to adhere to the following schedule:

Action	Responsible Party	Due Dates Sample Time Frames
1. Issue RFP	Agency	May 7, 2014
2. Distribution List	Agency	May 13, 2014 3:00 pm
3. Deadline to submit Questions	Potential Offerors	May 15, 2014
4. Response to Written Questions	Procurement Manager	May 16, 2014
5. Submission of Proposal	Potential Offerors	May 19, 2014 3:00 pm
6. Reference Questionnaire	Potential Offerors	May 19, 2014
7. Proposal Evaluation	Evaluation Committee	May 21, 2014
8. Submission to DFA of Recommended IPA	Agency	May 22, 2014
9. DFA Approval	DFA	May 23, 2014
10. Submission to Office of State Auditor (OSA) of Recommended IPA	Agency	June 2, 2014
11. OSA Approval	OSA	June 16, 2014
12. Finalize Contractual Agreements	Agency/Finalist	June 20, 2014
13. Contract Awards	Agency	June 25, 2014
14. Protest Deadline	Offerors	July 10, 2014

B. EXPLANATION OF EVENTS

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

1. Issuance of RFP

This RFP is being issued by the Agency as indicated in the sequence of events.

2. Distribution List Response Due

Potential Offerors should hand deliver, return by facsimile or registered or certified mail the "Acknowledgement of Receipt of Request for Proposals Form" that accompanies this document, APPENDIX A, to have their organization placed on the procurement distribution list. The form should be signed by an authorized representative of the organization, dated and returned to the Procurement Manager by 3:00 pm Mountain Daylight Time (MDT) as indicated in the sequence of events.

The procurement distribution list will be used for the distribution of written responses to questions. Failure to return the Acknowledgement of Receipt form shall constitute a presumption of receipt and rejection of the RFP, and the potential Offeror's organization name shall not appear on the distribution list.

3. Deadline to Submit Written Questions

Potential Offerors may submit written questions to the Procurement Manager as to the intent or clarity of this RFP until 3:00 pm MDT as indicated in the sequence of events. All written questions must be addressed to the Procurement Manager as declared in Section I, Paragraph D.

4. Response to Written Questions

Written responses to written questions will be distributed as indicated in the sequence of events to all potential Offerors whose organization name appears on the procurement distribution list. An e-mail copy will be sent to all Offeror's that provide Acknowledgement of Receipt Forms described in II.B.2 before the deadline. Additional copies will be posted to: <http://www.rld.state.nm.us/>

5. Submission of Proposal

ALL OFFEROR PROPOSALS MUST BE RECEIVED FOR REVIEW AND EVALUATION BY THE PROCUREMENT MANAGER OR DESIGNEE NO LATER THAN 3:00 PM MOUNTAIN STANDARD TIME/DAYLIGHTTIME ON **May 19, 2014**. Proposals received after this deadline will not be accepted. The date and time of receipt will be recorded on each proposal.

Proposals must be addressed and delivered to the Procurement Manager at the address listed in Section I, Paragraph D2. Proposals must be sealed and labeled on the outside of the package to clearly indicate that they are in response to the Audit Services RFP # 14 420 1101 000009. Proposals submitted by facsimile, will not be accepted.

A public log will be kept of the names of all Offeror organizations that submitted proposals. Pursuant to Section 13-1-116 NMSA 1978, the contents of proposals shall not be disclosed to competing potential Offerors during the negotiation process. The negotiation process is deemed to be in effect until the contract is awarded pursuant to this Request for Proposals. Awarded in this context means the final required state agency signature on the contract(s) resulting from the procurement has been obtained.

6. Reference Questionnaire

Offeror's must submit three (3) external State of New Mexico Department references from clients who have received similar services to those proposed by the Offeror. See Appendix G. Response from Reference Questionnaires should be received by the date as indicated in the sequence of events. It is the responsibility of the Offeror's to identify and send out the Reference Questionnaires with enough time for a timely response by the deadline.

7. Proposal Evaluation

An Evaluation Committee will perform the evaluation of proposals. This process will take place as indicated in the sequence of events, depending upon the number of proposals received. During this time, the Procurement Manager may initiate discussions with Offerors who submit responsive or potentially responsive proposals for the purpose of clarifying aspects of the proposals. However, proposals may be accepted and evaluated without such discussion. Discussions SHALL NOT be initiated by the Offerors.

8. Submission of Recommended IPA Selection to DFA

In accordance with Executive Order 2012-004 Executive Agencies must submit their recommendation of the IPA selected for the audit services contract prior to providing such recommendation to the Office of the State Auditor. The New Mexico Regulation and Licensing Department is an Executive Agency.

9. DFA Approval

This is the expected approval date by the Department of Finance & Administration for the recommended IPA to perform audit services as listed in this RFP.

10. Submission of Recommended IPA Selection to OSA

The RLD will submit the selected IPA to the Office of the State Auditor for approval as soon as Evaluation Committee determines a finalist.

11. OSA Approval

This is the expected approval date by the Office of the State Auditor for the recommended IPA to perform audit services as listed in this RFP. The RLD will address concerns, if any, with the Office of State Auditor for approval of IPA.

12. Finalize Contractual Agreement

Any Contractual agreement(s) resulting from this RFP will be finalized with the most advantageous Offeror(s) as per schedule Section II. A., Sequence of Events or as soon thereafter as possible. This date is subject to change at the discretion of the Agency Procurement Manager. In the event mutually agreeable terms cannot be reached with the apparent most advantageous Offeror in the time specified, the State reserves the right to finalize a contractual agreement with the next most advantageous Offeror(s) without undertaking a new procurement process.

13. Contract Award

After review of the Evaluation Committee Report and the signed contractual agreement, the Agency Procurement Manager will award as per the schedule in Section II. A., Sequence of Events or as soon as possible thereafter. This date is subject to change at the discretion of Agency Procurement Manager.

The contract shall be awarded to the Offeror whose proposal is most advantageous to the State of New Mexico and the New Mexico Regulation and Licensing Department taking into consideration the evaluation factors set forth in this RFP. The most advantageous proposal may or may not have received the most points. The award is subject to appropriate RLD and State approval.

14. Protest Deadline

Any protest by an Offeror must be timely and in conformance with Section 13-1-172 NMSA 1978 and applicable procurement regulations. The 15 calendar day protest period shall begin on the day following the award of the contract and will end at 5:00 pm Mountain Standard Time/Daylight Time on the 15th day. Protests must be written and must include the name and address of the protestor and the request for proposal number. It must also contain a statement of the grounds for protest including appropriate supporting exhibits and it must specify the ruling requested from the party listed below. The protest must be delivered to:

Robert "Mike" Unthank, Superintendent
Regulation and Licensing Department
Toney Anaya Building – 3rd Floor
2550 Cerrillos Road
Santa Fe, NM 87505

Protests received after the deadline will not be accepted.

C. GENERAL REQUIREMENTS

1. Acceptance of Conditions Governing the Procurement

Potential Offerors must indicate their acceptance of the Conditions Governing the Procurement section in the letter of transmittal. Submission of a proposal constitutes acceptance of the Evaluation Factors contained in Section V of this RFP.

2. Incurring Cost

Any cost incurred by the potential Offeror in preparation, transmittal, and/or presentation of any proposal or material submitted in response to this RFP shall be borne solely by the Offeror. Any cost incurred by the Offeror for set up and demonstration of the proposed equipment and/or system shall be borne solely by the Offeror.

3. Prime Contractor Responsibility

Any contractual agreement that may result from this RFP shall specify that the prime contractor is solely responsible for fulfillment of all requirements of the contractual agreement with a state agency which may derive from this RFP. The state agency entering into a contractual agreement with a vendor will make payments to only the prime contractor.

4. Subcontractors/Consent

The use of subcontractors is allowed. The prime contractor shall be wholly responsible for the entire performance of the contractual agreement whether or not subcontractors are used. Additionally, the prime contractor must receive approval, in writing, from the agency awarding any resultant contract, before any subcontractor is used during the term of this agreement.

5. 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. The Agency personnel will not merge, collate, or assemble proposal materials.

6. Offeror's Rights 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 Procurement Manager and signed by the Offeror's duly authorized representative.

The approval or denial of withdrawal requests received after the deadline for receipt of the proposals is governed by the applicable procurement regulations.

7. Proposal Offer Firm

Responses to this RFP, including proposal prices for services, will be considered firm for one hundred twenty (120) days after the due date for receipt of proposals or ninety (90) days after the due date for the receipt of a best and final offer, if the Offeror is invited or required to submit one.

8. Disclosure of Proposal Contents

- a. Proposals will be kept confidential until negotiations and the award are completed by the Agency. At that time, all proposals and documents pertaining to the proposals will be open to the public, except for material that is clearly marked proprietary or confidential. The Procurement Manager will not disclose or make public any pages of a proposal on which the potential Offeror has stamped or imprinted "proprietary" or "confidential" subject to the following requirements:
- b. 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.
- c. Confidential data is restricted to:
 - i. confidential financial information concerning the Offeror's organization;
 - ii. 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.
 - iii. PLEASE NOTE: The price of products offered or the cost of services proposed **shall not be designated** as proprietary or confidential information.

If a request is received for disclosure of data for which an Offeror has made a written request for confidentiality, the State Purchasing Division or the Agency shall examine the Offeror's request and make a written determination that specifies which portions of the proposal should be disclosed. Unless the Offeror takes legal action to prevent the disclosure, the proposal will be so disclosed. The proposal shall be open to public inspection subject to any continuing prohibition on the disclosure of confidential data.

9. No Obligation

This RFP in no manner obligates the State of New Mexico or any of its Agencies to the use of any Offeror's services until a valid written contract is awarded and approved by appropriate authorities.

10. Termination

This RFP may be canceled at any time and any and all proposals may be rejected in whole or in part when the agency determines such action to be in the best interest of the State of New Mexico.

11. Sufficient Appropriation

Any contract awarded as a result of this RFP process may be terminated if sufficient appropriations or authorizations do not exist. Such terminations will be effected by sending written notice to the contractor. The Agency's decision as to whether sufficient appropriations and authorizations are available will be accepted by the contractor as final.

12. Legal Review

The Agency requires that all Offerors agree to be bound by the General Requirements contained in this RFP. Any Offeror's concerns must be promptly submitted in writing to the attention of the Procurement Manager.

13. Governing Law

This RFP and any agreement with an Offeror which may result from this procurement shall be governed by the laws of the State of New Mexico.

14. Basis for Proposal

Only information supplied, in writing, by the Agency through the Procurement Manager or in this RFP should be used as the basis for the preparation of Offeror proposals.

15. Contract Terms and Conditions

The contract between an agency and a contractor will follow the format specified by the Agency and contain the terms and conditions set forth in the Sample Contract Appendix C. However, the contracting agency reserves the right to negotiate provisions in addition to those contained in this RFP (Sample Contract) with any Offeror. The contents of this RFP, as revised and/or supplemented, and the successful Offeror's proposal will be incorporated into and become part of any resultant contract.

The Agency discourages exceptions from the contract terms and conditions as set forth in the RFP Sample Contract. Such exceptions may cause a proposal to be rejected as nonresponsive when, in the sole judgment of the Agency (and its evaluation team), the proposal appears to be conditioned on the exception, or correction of what is deemed to be a deficiency, or an unacceptable exception is proposed which would require a substantial proposal rewrite to correct.

Should an Offeror object to any of the terms and conditions as set forth in the RFP Sample Contract (APPENDIX C) strongly enough to propose alternate terms and conditions in spite of the above, the Offeror must propose **specific** alternative language. The Agency may or may not accept the alternative language. General references to the Offeror's terms and conditions or attempts at complete substitutions of the Sample Contract are not acceptable to the Agency and will result in disqualification of the Offeror's proposal.

Offerors must provide a brief discussion of the purpose and impact, if any, of each proposed change followed by the specific proposed alternate wording.

16. Offeror's Terms and Conditions

Offerors must submit with the proposal a complete set of any additional terms and conditions they expect to have included in a contract negotiated with the Agency.

17. Contract Deviations

Any additional terms and conditions, which may be the subject of negotiation, will be discussed only between the Agency and the Offeror selected and shall not be deemed an opportunity to amend the Offeror's proposal.

18. Offeror Qualifications

The Evaluation Committee may make such investigations as necessary to determine the ability of the potential Offeror to adhere to the requirements specified within this RFP. The Evaluation Committee will reject the proposal of any potential Offeror who is not a Responsible Offeror or fails to submit a responsive offer as defined in Sections 13-1-83 and 13-1-85 NMSA 1978.

19. Right to Waive Minor Irregularities

The Evaluation Committee reserves the right to waive minor irregularities. The Evaluation Committee also reserves the right to waive mandatory requirements provided that all of the

otherwise responsive proposals failed to meet the same mandatory requirements and the failure to do so does not otherwise materially affect the procurement. This right is at the sole discretion of the Evaluation Committee.

20. Change in Contractor Representatives

The Agency reserves the right to require a change in contractor representatives if the assigned representative(s) is (are) not, in the opinion of the Agency, adequately meeting the needs of the Agency.

21. Notice of Penalties

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

22. Invoices

All invoices must be addressed to and approved by the CFO of the Department (no exceptions). All invoices shall be certified with original signature by the signature authority of the Audit Firm.

23. Agency Rights

The Agency in agreement with the Evaluation Committee reserves the right to accept all or a portion of a potential Offeror's proposal.

24. Right to Publish

Throughout the duration of this procurement process and contract term, Offerors and contractors must secure from the agency written approval prior to the release of any information that pertains to the potential work or activities covered by this procurement and/or agency contracts deriving from this procurement. Failure to adhere to this requirement may result in disqualification of the Offeror's proposal or removal from the contract.

25. Ownership of Proposals

All documents submitted in response to the RFP shall become property of the State of New Mexico.

26. Confidentiality

Any confidential information provided to, or developed by, the contractor in the performance of the contract resulting from this RFP shall be kept confidential and shall not be made available to any individual or organization by the contractor without the prior written approval of the Agency.

The Contractor(s) agrees to protect the confidentiality of all confidential information and not to publish or disclose such information to any third party without the Procuring Agency's written permission.

27. Electronic mail address required

A large part of the communication regarding this procurement will be conducted by electronic mail (e-mail). Offeror must have a valid e-mail address to receive this correspondence. (See also Section II.B.5, Response to Written Questions).

28. Use of Electronic Versions of this RFP

This RFP is being made available by electronic means. In the event of conflict between a version of the RFP in the Offeror's possession and the version maintained by the agency, the Offeror acknowledges that the version maintained by the agency shall govern. Please refer to: <http://www.rld.state.nm.us/>

29. New Mexico Employees Health Coverage

a. If the Offeror has, or grows to, six (6) or more employees who work, or who are expected to work, an average of at least 20 hours per week over a six (6) month period during the term of the contract, Offeror must agree to have in place, and agree to maintain for the term of the contract, health insurance for those employees if the expected annual value in the aggregate of any and all contracts between Contractor and the State exceed \$250,000 dollars.

b. Offeror must agree to maintain a record of the number of employees who have (a) accepted health insurance; (b) decline health insurance due to other health insurance coverage already in place; or (c) decline health insurance for other reasons. These records are subject to review and audit by a representative of the state.

c. Offeror must agree to advise all employees of the availability of State publicly financed health care coverage programs by providing each employee with, as a minimum, the following web site link to additional information <http://www.insurenewmexico.state.nm.us/>.

d. For Indefinite Quantity, Indefinite Delivery contracts (price agreements without specific limitations on quantity and providing for an indeterminate number of orders to be placed against it); these requirements shall apply the first day of the second month after the Offeror reports combined sales (from state and, if applicable, from local public bodies if from a state price agreement) of \$250,000.

30. Campaign Contribution Disclosure Form

Offeror must complete, sign, and return the Campaign Contribution Disclosure Form, APPENDIX B, as a part of their proposal. This requirement applies regardless whether a covered contribution was made or not made for the positions of Governor and Lieutenant Governor or other identified official. Failure to complete and return the signed unaltered form will result in disqualification.

31. Pay Equity Reporting Requirements

a. If the Offeror has ten (10) or more employees OR eight (8) or more employees in the same job classification, Offeror must complete and submit the required reporting form (PE10-249) if they are awarded a contract. Out-of-state Contractors that have no facilities and no employees working in New Mexico are exempt if the contract is directly with the out-of-state contractor and fulfilled directly by the out-of-state contractor, and not passed through a local vendor.

b. For contracts that extend beyond one (1) calendar year, or are extended beyond one (1) calendar year, Offeror must also agree to complete and submit the required form annually within thirty (30) calendar days of the annual bid or proposal submittal anniversary date and, if more than 180 days has elapsed since submittal of the last report, at the completion of the contract.

c. Should Offeror not meet the size requirement for reporting at contract award but subsequently grows such that they meet or exceed the size requirement for reporting, Offeror must agree to provide the required report within ninety (90) calendar days of meeting or exceeding the size requirement.

d. Offeror must also agree to levy these reporting requirements on any subcontractor(s) performing more than 10% of the dollar value of this contract if said subcontractor(s) meets, or grows to meet, the stated employee size thresholds during the term of the contract. Offeror must further agree that, should one or more subcontractor not meet the size requirement for reporting at contract award but subsequently grows such that they meet or exceed the size requirement for reporting, offer will submit the required report, for each such subcontractor, within ninety (90) calendar days of that subcontractor meeting or exceeding the size requirement.

32. Disclosure Regarding Responsibility

- a. Any prospective Contractor and any of its Principals who enter into a contract greater than sixty thousand dollars (\$60,000.00) with any state agency or local public body for professional services, tangible personal property, services or construction agrees to disclose whether the Contractor, or any principal of the Contractor's company:
 1. is presently debarred, suspended, proposed for debarment, or declared ineligible for award of contract by any federal entity, state agency or local public body;
 2. has within a three-year period preceding this offer, been convicted in a criminal matter or had a civil judgment rendered against them for:
 - a. the commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state or local) contract or subcontract;
 - b. violation of Federal or state antitrust statutes related to the submission of offers; or
 - c. the commission in any federal or state jurisdiction of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, violation of Federal criminal tax law, or receiving stolen property;
 3. is presently indicted for, or otherwise criminally or civilly charged by any (federal state or local) government entity with the commission of any of the offenses enumerated in paragraph A of this disclosure;
 4. has, preceding this offer, been notified of any delinquent Federal or state taxes in an amount that exceeds \$3,000.00 of which the liability remains unsatisfied. Taxes are considered delinquent if the following criteria apply.
 - a. The tax liability is finally determined. The liability is finally determined if it has been assessed. A liability is not finally determined if there is a pending administrative or judicial challenge. In the case of a judicial challenge of the liability, the liability is not finally determined until all judicial appeal rights have been exhausted.
 - b. The taxpayer is delinquent in making payment. A taxpayer is delinquent if the taxpayer has failed to pay the tax liability when full payment was due and required. A taxpayer is not delinquent in cases where enforced collection action is precluded.

- c. Have within a three year period preceding this offer, had one or more contracts terminated for default by any federal or state agency or local public body.
- b. Principal, for the purpose of this disclosure, means an officer, director, owner, partner, or a person having primary management or supervisory responsibilities within a business entity or related entities.
- c. The Contractor shall provide immediate written notice to the Procurement Manager or other party to this Agreement if, at any time during the term of this Agreement, the Contractor learns that the Contractor's disclosure was at any time erroneous or became erroneous by reason of changed circumstances.
- d. A disclosure that any of the items in this requirement exist will not necessarily result in termination of this Agreement. However, the disclosure will be considered in the determination of the Contractor's responsibility and ability to perform under this Agreement. Failure of the Contractor to furnish a disclosure or provide additional information as requested will be grounds for immediate termination of this Agreement pursuant to the conditions set forth in Paragraph 7 of this Agreement.
- e. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the disclosure required by this document. The knowledge and information of a Contractor is not required to exceed that which is the normally possessed by a prudent person in the ordinary course of business dealings.
- f. The disclosure requirement provided is a material representation of fact upon which reliance was placed when making an award and is a continuing material representation of the facts during the term of this Agreement. If during the performance of the contract, the Contractor is indicted for or otherwise criminally or civilly charged by any government entity (federal, state or local) with commission of any offenses named in this document the Contractor must provide immediate written notice to the Procurement Manager or other party to this Agreement. If it is later determined that the Contractor knowingly rendered an erroneous disclosure, in addition to other remedies available to the Government, the State Purchasing Agent or Central Purchasing Officer may terminate the involved contract for cause. Still further the State Purchasing Agent or Central Purchasing Officer may suspend or debar the Contractor from eligibility for future solicitations until such time as the matter is resolved to the satisfaction of the State Purchasing Agent or Central Purchasing Officer.

33. Conflict of Interest; Governmental Conduct Act.

The Offeror 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 or services required under the Agreement. The Offeror certifies requirements of the Governmental Conduct Act, Sections 10-16-1 through 10-16-18, NMSA 1978, regarding contracting with a public officer or state employee or former state employee have been followed. (Appendix I)

III. RESPONSE FORMAT AND ORGANIZATION

A. NUMBER OF RESPONSES

Offerors shall submit only one proposal of the items stated in “B” below in response to this RFP.

B. NUMBER OF COPIES

Offerors shall deliver:

- Binder 1 one (1) original and three (3) identical hardcopies of their proposal; Original and all copies shall be in separate labeled binders; all confidential information in the proposal shall be clearly identified and easily segregated from the rest of the proposal.
- Binder 2 one (1) original, and three (3) copies of Cost proposal; Original and all copies shall be in separate labeled binders.

C. PROPOSAL FORMAT

All proposals must be submitted as follows:

Typewritten on standard 8 ½ x 11 inch paper (larger paper is permissible for charts, spreadsheets, etc.) and placed within binders with tabs delineating each section.

1. Proposal Content and Organization

Direct reference to pre-prepared or promotional material may be used if referenced and clearly marked. Promotional material should be minimal. The proposal must be organized and indexed in the following format and must contain, at a minimum, all listed items in the sequence indicated.

Proposal (Binder 1):

- a) Signed Letter of Transmittal
- b) Table of Contents
- c) Proposal Summary
- d) Response to Mandatory Specifications (*except cost information which shall be included in Cost Proposal/Binder 2 only*)
- e) Signed Campaign Contribution Form
- f) Response to Agency Terms and Conditions
- g) Offeror’s Signed Employee Health Coverage Form
- h) Signed Affidavit pursuant to Governmental Conduct Act (If applicable)
- i) Resident Vendor or Resident Veteran Certificate (If applicable)
- j) Resident Veterans Preference Certification (If applicable)
- k) Other Supporting Material (Optional)

Cost Proposal (Binder 2):

- a) Completed Cost Response Form

Within each section of the proposal, Offerors should address the items in the order in which they appear in this RFP. All forms provided in this RFP must be thoroughly completed and included in the appropriate section of the proposal. All discussion of proposed costs, rates or expenses must occur only in Binder #2 on the cost response form.

The proposal summary may be included by potential Offerors to provide the Evaluation Committee with an overview of the proposal; however, this material will not be used in the evaluation process unless specifically referenced from other portions of the Offeror's proposal.

Any proposal that does not adhere to the requirements of Section III.B, Response Format and Organization, may be deemed non-responsive and rejected on that basis.

2. Letter of Transmittal

Offeror's proposal must be accompanied by the Letter of Transmittal Form located in APPENDIX F which must be completed and signed by an individual person authorized to obligate the company. The letter of transmittal MUST:

1. Identify the submitting business entity.
2. Identify the name, title, telephone, and e-mail address of the person authorized by the Offeror organization to contractually obligate the business entity providing the Offer.
3. Identify the name, title, telephone, and e-mail address of the person authorized to negotiate the contract on behalf of the organization (if different than (2) above).
4. Identify the names, titles, telephone, and e-mail addresses of persons to be contacted for clarification/questions regarding proposal content.
5. Identify sub-contractors (if any) anticipated to be utilized in the performance of any resultant contract award.
6. Describe the relationship with any other entity which will be used in the performance of this awarded contract.
7. Identify the following with a check mark and signature where required:
 - a. Explicitly indicate acceptance of the Conditions Governing the Procurement stated in Section II. C.1;
 - b. Acceptance of Section V of this RFP; and
 - c. Acknowledge receipt of any and all amendments to this RFP.
8. Be signed by the person identified in para 2 above.

IV. SPECIFICATIONS

Offerors should respond in the form of a thorough narrative to each specification, unless otherwise instructed. The narratives, including required supporting materials will be evaluated and awarded points accordingly.

A. DETAILED SCOPE OF WORK

The initial scope of work shall consist of the financial affairs of the Department being thoroughly examined and audited each year by independent auditors approved by the NM State Auditor. The contract shall begin no later than August 1, 2014. The final draft of the contract deliverables are to be completed no later than December 15, 2014. The contract shall be in effect for one (1) year from the date of the award. The term of the contract shall have the option to be extended by the parties for

two successive one-year terms at the same price, terms and conditions as stated in the original proposal. Exercising such option to extend must be by mutual agreement of the parties to the contract and with the approval of the State Auditor and the Department of Finance and Administration.

To be included:

- a. Financial Statement Audit
 - b. GASB Statement 61, 62, 63 implementation
 - c. GASB Statement 65, 66, 67, 68 implementation
 - d. Financial Statement Preparation
 - e. Perform additional work required by Generally Accepted Auditing Standards to obtain the necessary understanding of the SHARE (Statewide Human Resource, Accounting, and Management Reporting system) internal controls and to test those controls.
1. The Audit shall be conducted in accordance with auditing standards generally accepted in the United States of America, government auditing standards including pertinent State Statutes, Rules and Regulations, and the provisions of OMB Circulars A-87, A-133, and State Rule 2.2.2 NMAC (*Requirements for Contracting and Conducting Governmental Audits*).
 2. Supplemental Information (SI), if applicable, consisting of:
 - A. individual fund budget comparison schedules if separately issued financial statements are not available when a legally adopted budget exists for a fund.
 3. The contractor shall conduct a financial and compliance audit of the following applicable statements and schedules of the Agency:
 - A. The level of planning materiality required by the State Auditor is at the individual fund level. The scope of the audit includes the following statements and schedules, which the auditor is required to audit and give an opinion on B, C, D, E, F, and G.
 - B. Basic Financial Statements consisting of the government-wide financial statements, fund financial statements, budgetary comparison statements for the general fund and major special revenue funds when the budget information is available on the same fund structure basis as the GAAP fund structure; and the notes to the financial statements.
 - C. Required supplemental information (RSI), if applicable, consisting of budgetary comparison schedules for the general fund and major special revenue fund data presented on a fund, organization, or program structure basis because the budgetary information is not available on the GAAP fund structure basis for those funds (*GASB Statement No. 41, Budgetary Comparison Schedules - Perspective Differences an amendment of GASB Statement No. 34*) must be audited and included in the auditor's opinion (AAG-SLV 14.53).
 - D. The auditor must audit the following supplemental information, if applicable, and include it in the auditor's opinion:
 1. combining financial statements;

2. individual fund budget comparison statements for remaining funds that have a legally adopted budget (including major funds other than general fund and special revenue funds, nonmajor governmental funds, and proprietary funds) that did not appear as basic financial statement budget comparisons for the general fund or major special revenue funds, or as RSI as described above.
- E. The contractor should apply certain limited procedures to the following RSI (if applicable) and report deficiencies in, or the omission of, required information in accordance with the requirements of SAS AU 558.06:
1. The Management Discussion and Analysis (MD&A);
 2. RSI data required by Statements 25 and 27 regarding pension plans administered by defined benefit pension plans; and
 3. Schedules derived from asset management systems (GASB 34 paragraphs 132 to 133).
- F. Further, the Audit work shall include:
1. Internal Control related to financial statements and major programs to gain an understanding of the SHARE internal controls and to test those controls.
 2. Report on the fairness of the presentation of the schedule of expenditures of federal awards.
 3. Single Audit requirements of federal funds and grants requirements (not applicable to RLD).
 4. Reports on compliance with laws, regulations and the provisions of contracts or grant agreements.
- G. The auditor shall prepare all financial statements, including notes and supporting schedules, for the June 30, 2014 report.

RLD reserves the right to conduct discussions with responsible offerors who submit acceptable or potentially acceptable proposals in accordance with the requirements of 1.4.1 NMAC.

This RFP shall not be modified in any way except by written amendment. Offerors shall acknowledge receipt of any and all amendments in writing.

B. BUSINESS SPECIFICATIONS

Offerors should respond in the form of a thorough narrative to each mandatory specification. The narratives along with required supporting materials will be evaluated and awarded points accordingly.

Failure to respond to Mandatory Specifications will result in the disqualification of the proposal as non-responsive.

1. Mandatory Specifications

Award of the contract shall be made to the IPA whose proposal is most advantageous to RLD. Award will be based on the evaluation criteria listed below as set forth by the State Auditor's Office. Please note, that regardless of the overall score, a serious deficiency in any one criterion may be grounds for rejection.

A. Capability of the IPA Firm, to include:

- 1) whether the IPA has the resources to perform the type and size of the audit required;
 - a) the results of the IPA's most recent external quality control review (peer review); and
 - b) the organization and completeness of the IPA's proposal or bid for audit services.

B. IPA work requirements and audit approach, to include:

- 1) the IPA's knowledge of the agency's need and the product to be delivered;
 - a) whether the IPA's proposal or bid contains a sound technical plan and realistic estimate of time to complete the audit;
 - b) plans for using agency staff.
 - c) if the proposal or bid is for a multi-year contract, the IPA's approach for planning and conducting the work efforts of subsequent years.

C. Technical Experience of the IPA, to include:

- 1) the governmental audit experience of the IPA and the specialization in the agency's type of government (e.g., state agencies, schools, hospitals, counties, cities, etc.), including component units (housing authorities, charter schools, foundations);
- 2) the IPA's audit experience and specialization in GASB 49 – Accounting and Financial Reporting for Pollution Remediation Obligations. List actual experience related to this GASB statement; and
- 3) the IPA's attendance at continuing professional education seminars or meetings on auditing, accounting and regulations directly related to state and local government audits and the agency.

D. References:

- 1) Proposals must include three (3) external client references from clients (see Appendix G) who have received similar services, preferably other New Mexico State Agencies. In addition, three (3) references must be submitted for each proposed subcontractor. The minimum information that must be provided about each reference is:
 - a) NM Department Name
 - b) Reference/Contact Name
 - c) Address
 - d) Contact Telephone number
 - e) Date(s) services/products were provided

Note: The Offeror is responsible for verifying reference contact information. The Evaluation Committee is not obligated to try to locate

persons not found at the numbers or places given in the proposal. Obsolete or wrong Contact Information could result in a zero score in this category.

E. Cost:

Offerors must propose one firm fixed cost for staff personal proposed to provide services under this contract. The total expenditures must include all associated and overhead costs for contractor personnel. New Mexico gross receipts taxes are excluded from the proposed maximum cost and shall be shown separately on the invoice.

F. Letter of Transmittal Form

The Offeror's proposal **must** be accompanied by the Letter of Transmittal Form located in APPENDIX F. The form **must** be completed and must be signed by the person authorized to obligate the company.

G. Campaign Contribution Disclosure Form

The Offeror must complete an unaltered Campaign Contribution Disclosure Form and submit a signed copy with the Offeror's proposal. This must be accomplished whether or not an applicable contribution has been made. (See APPENDIX B)

H. Employee Health Coverage Form

The Offeror must agree with the terms as indicated in APPENDIX E. The unaltered form must be completed, signed by the person authorized to obligate the Offeror's firm and submitted with Offeror's proposal.

I. Pay Equity Reporting

The Offeror must agree with the requirements of reporting as defined in Section II.C.30. Report is due at the time of contract award. A statement of concurrence with this requirement must be included in Offeror's submitted proposal. Out-of-state Contractors that have no facilities and no employees working in New Mexico are exempt if the contract is directly with the out-of-state contractor and fulfilled directly by the out-of-state contractor, and not passed through a local vendor. However, such out-of-state Offerors must still submit a statement of concurrence which reads as follows: **"Offeror concurs with the Pay Equity Reporting as defined in Section II.C.30. Offeror would come under the definition of out-of-state Contractor if Offeror should be successful."**

J. Independence

Offeror must also include a statement as to its independence with respect to the Agency. The firm shall provide an affirmative statement that it is independent of the Agency as defined by the U.S. General Accounting Office's *Government Auditing Standards*.

The firm shall also list and describe the firm's professional relationships involving the Agency for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

K. Resident Business or Resident Veterans Preference

To ensure adequate consideration and application of 13-1-21 NMSA (as amended), Offerors must include a copy of their preference certificate in this section. In addition, for resident Veterans Preference, the attached certification Form (APPENDIX H) must accompany any Offer and any business wishing to receive the preference must complete and sign the form.

C. INFORMATION

1. Time Frame

The contract is scheduled to begin no later than August 1, 2014. The final draft of the contract deliverables are to be completed no later than December 15, 2014.

2. Agency Resources

The following resources will be provided to contractor personnel for use on this contract:

- Office Space;
- Desk, Telephone;
- Computer Internet connection;
- Access to SHARE at the appropriate level;
- Access will be available to copiers and facsimile machines.

For the purpose of performance on the audit, the Agency will make every effort to provide space for up to three personnel and the use of a telephone and a copy machine. The Agency will assign staff to facilitate the contractor. Such staff will assist the contractor in obtaining pertinent information, setting up meetings and otherwise facilitating the work. This Agency support does not relieve the contractor of the primary responsibility of completion of the audit.

3. Work Performance

For the purpose of preparing proposals, Offerors are to assume that all on-site work will be performed at the following location:

Regulation and Licensing Department
Administrative Services Division
Toney Anaya Building, 3rd Floor
2550 Cerrillos Road
Santa Fe, NM 87505

4. Level of Effort

Due to the State of New Mexico budgeting process, there can be no pre-determination concerning work required for subsequent years. The contractor will work on an as-needed basis, with no limitations on the number of trips to the on-site locations.

5. New Mexico Gross Receipts

The successful offeror shall be compensated for New Mexico gross receipt taxes owed on audit services rendered under this RFP.

V. EVALUATION

A. EVALUATION POINT SUMMARY

The following is a summary of evaluation factors with point values assigned to each. These weighted factors will be used in the evaluation of individual potential Offeror proposals by sub-category.

Specs	Factors	Points Available
1	Capability of IPA Firm (300 points max)	
	1A Resources of IPA to perform audit	150
	1B Results of most recent external quality review	50
	1C Organization and completeness of proposal	100
2	IPA Work Requirements & Audit Approach (350 points max)	
	2A IPA’s knowledge of agency’s need and product	125
	2B Soundness of technical plan and estimates for completion	125
	2C Plans for using agency staff	50
	2D Plan(s) for subsequent years approach and work effort	50
3	Technical Expertise (250 points max)	
	3A Governmental audit experience and specialization	150
	3B Continuing professional education	50
	3C References	50
4	Cost	100
5	Letter Of Transmittal	Pass/Fail
6	Campaign Contribution Disclosure Form	Pass/Fail
7	Employee Health Coverage Form	Pass/Fail
8	Pay Equity Reporting	Pass/Fail
9	Independence	Pass/Fail
	TOTAL	1,000 points
10	Resident Business or Resident Veterans Preference Points per Section IV.B.1.J	

Table 1: Evaluation Point Summary

B. EVALUATION FACTORS

1. Capability of IPA Firm

State the size of the firm, size of governmental audit staff, location of the office from which the work on this engagement is to be performed, number and nature of the professional staff to be assigned in this engagement on a full-time basis, and the number and nature of the staff to be assigned on a part-time basis.

Offeror’s are also required to submit a copy of the report of its most recent external quality control review (peer review) and a statement whether that quality control review included a review of specific governmental engagement. Provide the results of any Federal or State of New Mexico desk reviews, or field reviews of its audits during the past three (3) years and disclose any circumstances and status of disciplinary action taken or pending with state regulatory bodies or professional organizations.

Offeror's should also provide a copy of the profile submitted to the Office of the State Auditor, in accordance with NMAC 2.2.2 (April 15, 2008), a list of subcontractors, including qualification and area(s) of responsibility and a completed Campaign Contribution Disclosure Form as required by Senate Bill 344, signed in law March 6, 2006.

2. IPA Work Requirements and Audit Approach

Offeror's should provide a work plan with milestones that includes audit timing and an explanation of the methods and technologies that will be used to perform the services required. The work plan should reference sources of information such as the Agency's budget and related materials, organizational charts, manuals and programs, financial and other management information systems.

Offeror's should identify and describe any anticipated potential audit issues, resolution approaches and any assistance that will be requested from the Agency in order to meet the audit submission deadline of December 15, 2014 and preclude the necessity for scope expansion and/or contract amendments.

Offeror's should provide plans for the use of Agency staff, including internal auditors.

Offeror's should provide a plan for the approach of conductance of subsequent year's audit(s).

3. IPA Technical Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate their relevant experience, role and specialization in the conduct of audits of governments (i.e. hospitals, local government, tribes, state agencies, etc.).

Provide information on relevant, individual Continuing Professional Education for the past three (3) years and membership in professional organizations relevant to the performance of this audit. Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Offeror should include the name of the principal member officer of the Offeror who will be responsible for the administration of the contract and an organizational chart indicating the names of all persons to be assigned to the project, their areas of expertise and the percent of time they will be assigned to the project.

4. Cost

The total proposed cost for performing the audit must be itemized for each of the three (3) possible contract years, using the criteria below (See Attachment D).

The Offeror shall propose, by designated category, an hourly composite rate and estimate of hours to complete each category, including all out-of-pocket, audit related expenses, such as travel, per diem and applicable overhead.

The formula that will be utilized for the calculation of points for this item will be: The lowest cost proposal (from all proposals received) divided by the cost of the Offeror's proposal submitted; the quotient derived from this calculation is then multiplied by 100 (maximum total points given) and produces the final point total.

$$\frac{\text{Lowest Proposal Cost}}{\text{Offeror's Total Cost}} \times 100 = \text{Awarded Points}$$

5. Letter of Transmittal

Pass/Fail only. No points assigned.

6. Campaign Contribution Disclosure Form

Pass/Fail only. No points assigned.

7. Employee Health Coverage Form

Pass/Fail only. No points assigned.

8. Pay Equity Reporting

Pass/Fail only. No points assigned.

9. Independence

Pass/Fail only. No points assigned.

10. Resident Business or Resident Veterans Preference Points

To ensure adequate consideration and application of 13-1-21 NMSA (as amended), Offerors must include a copy of their preference certificate in this section. In addition, for Resident Veterans Certification, the attached certification Form (APPENDIX H) must accompany any Offer and any business wishing to receive the preference must complete and sign the form.

C. EVALUATION PROCESS

1. All Offeror proposals will be reviewed for compliance with the requirements and specifications stated within the RFP. Proposals deemed non-responsive will be eliminated from further consideration.
2. The Procurement Manager may contact the Offeror for clarification of the response as specified in Section II. B.7.
3. The Evaluation Committee may use other sources of information to perform the evaluation as specified in Section II. C.18.
4. Responsive proposals will be evaluated on the factors in Section IV, which have been assigned a point value. The responsible Offerors with the highest scores will be selected as finalist Offerors, based upon the proposals submitted. The responsible Offerors whose proposals are most advantageous to the State taking into consideration the evaluation factors in Section IV will be recommended for award (as specified in Section II. B.8). Please note, however, that a serious deficiency in the response to any one factor may be grounds for rejection regardless of overall score.

APPENDIX A

**ACKNOWLEDGEMENT OF RECEIPT FORM
REQUEST FOR PROPOSAL**

**Audit Services
RFP # 14 420 1101 000009**

In acknowledgement of receipt of this Request for Proposal the undersigned agrees that s/he has received a complete copy, beginning with the title page and table of contents, and ending with APPENDIX I.

The acknowledgement of receipt should be signed and returned to the Procurement Manager no later 3:00 PM MOUNTAIN STANDARD TIME/DAYLIGHTTIME ON May 12, 2014. Only potential Offerors who elect to return this form completed with the indicated intention of submitting a proposal will receive copies of all Offeror written questions and the written responses to those questions as well as RFP amendments, if any are issued.

FIRM: _____

REPRESENTED BY: _____

TITLE: _____ PHONE NO.: _____

E-MAIL: _____ FAX NO.: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP CODE: _____

SIGNATURE: _____ DATE: _____

This name and address will be used for all correspondence related to the Request for Proposal.

Firm does / does not (circle one) intend to respond to this Request for Proposal.

Fernando C. Fernandez, Procurement Manager
Regulation and Licensing Department
Audit Services RFP # 14 420 1101 000009
Email: fernando.fernandez@state.nm.us

APPENDIX B

CAMPAIGN CONTRIBUTION DISCLOSURE FORM

Pursuant to NMSA 1978, § 13-1-191.1 (2006), any person seeking to enter into a contract with any state agency or local public body for professional services, a design and build project delivery system, or the design and installation of measures the primary purpose of which is to conserve natural resources must file this form with that state agency or local public body. This form must be filed even if the contract qualifies as a small purchase or a sole source contract. The prospective contractor must disclose whether they, a family member or a representative of the prospective contractor has made a campaign contribution to an applicable public official of the state or a local public body during the two years prior to the date on which the contractor submits a proposal or, in the case of a sole source or small purchase contract, the two years prior to the date the contractor signs the contract, if the aggregate total of contributions given by the prospective contractor, a family member or a representative of the prospective contractor to the public official exceeds two hundred and fifty dollars (\$250) over the two year period.

Furthermore, the state agency or local public body shall void an executed contract or cancel a solicitation or proposed award for a proposed contract if: 1) a prospective contractor, a family member of the prospective contractor, or a representative of the prospective contractor gives a campaign contribution or other thing of value to an applicable public official or the applicable public official's employees during the pendency of the procurement process or 2) a prospective contractor fails to submit a fully completed disclosure statement pursuant to the law.

THIS FORM MUST BE FILED BY ANY PROSPECTIVE CONTRACTOR WHETHER OR NOT THEY, THEIR FAMILY MEMBER, OR THEIR REPRESENTATIVE HAS MADE ANY CONTRIBUTIONS SUBJECT TO DISCLOSURE.

The following definitions apply:

“Applicable public official” means a person elected to an office or a person appointed to complete a term of an elected office, who has the authority to award or influence the award of the contract for which the prospective contractor is submitting a competitive sealed proposal or who has the authority to negotiate a sole source or small purchase contract that may be awarded without submission of a sealed competitive proposal.

“Campaign Contribution” means a gift, subscription, loan, advance or deposit of money or other thing of value, including the estimated value of an in-kind contribution, that is made to or received by an applicable public official or any person authorized to raise, collect or expend contributions on that official's behalf for the purpose of electing the official to either statewide or local office. “Campaign Contribution” includes the payment of a debt incurred in an election campaign, but does not include the value of services provided without compensation or unreimbursed travel or other personal expenses of individuals who volunteer a portion or all of their time on behalf of a candidate or political committee, nor does it include the administrative or solicitation expenses of a political committee that are paid by an organization that sponsors the committee.

“Family member” means spouse, father, mother, child, father-in-law, mother-in-law, daughter-in-law or son-in-law.

“Pendency of the procurement process” means the time period commencing with the public notice of the request for proposals and ending with the award of the contract or the cancellation of the request for proposals.

“Person” means any corporation, partnership, individual, joint venture, association or any other private legal entity.

“Prospective contractor” means a person who is subject to the competitive sealed proposal process set forth in the Procurement Code or is not required to submit a competitive sealed proposal because that person qualifies for a sole source or a small purchase contract.

“Representative of a prospective contractor” means an officer or director of a corporation, a member or manager of a limited liability corporation, a partner of a partnership or a trustee of a trust of the prospective contractor.

DISCLOSURE OF CONTRIBUTIONS:

Contribution Made By: _____

Relation to Prospective Contractor: _____

Name of Applicable Public Official: _____

Date Contribution(s) Made: _____

Amount(s) of Contribution(s) _____

Nature of Contribution(s) _____

Purpose of Contribution(s) _____

(Attach extra pages if necessary)

Signature

Date

Title (position)

—OR—

NO CONTRIBUTIONS IN THE AGGREGATE TOTAL OVER TWO HUNDRED FIFTY DOLLARS (\$250) WERE MADE to an applicable public official by me, a family member or representative.

Signature

Date

Title (Position)

APPENDIX C
AUDIT CONTRACT

Contract No. _____

STATE OF NEW MEXICO AUDIT CONTRACT

This CONTRACT is made and entered into this _____ day _____ of _____, 2014, by and between the State of New Mexico, Regulation and Licensing Department, hereinafter referred to as the “Agency”, and _____, hereinafter referred to as the “Contractor”, and is effective as of the date upon which it is approved by the Office of the State Auditor, hereinafter referred to as “State Auditor” and the New Mexico Department of Finance and Administration.

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

IT IS MUTUALLY AGREED BETWEEN THE PARTIES:

1. SCOPE OF WORK (Include in Paragraph 25 any expansion of scope)

A. The Contractor shall conduct a financial and compliance audit of the following applicable statements and schedules of the Agency for the period from **July 1, 2013 through June 30, 2014**:

(1) Basic Financial Statements consisting of the government-wide financial statements, fund financial statements, budgetary comparison statements for the general fund and major special revenue funds (GASB 34, footnote 53), and the notes to the financial statements;

(2) Required supplemental information (RSI), if applicable, consisting of budgetary comparison schedules for the general fund and major special revenue fund data presented on a fund, organization, or program structure basis because the budgetary information is not available on the GAAP fund structure basis for those funds (*GASB Statement No. 41, Budgetary Comparison Schedules—Perspective Differences an amendment of GASB Statement No. 34*) must be audited and included in the auditor’s opinion (AAG-SLV 14.52);

(3) Supplemental Information (SI) that must be audited and included in the auditor’s opinion (AAG-SLV 14.52), if applicable, consisting of:

(a) Component unit fund financial statements and related combining statements (if there are no separately issued financial statements on the component unit per AAG-SLV 3.20);

(b) Combining financial statements;

(c) Individual fund budget comparison statements for remaining funds that have an adopted budget, including proprietary funds, that did not appear as basic financial statement budget comparisons for the general fund, major special revenue funds or as RSI as described above; and

(d) Remaining supplemental information schedules as required by Section 2.2.2.10.A(2)(f) NMAC.

B. The contractor shall apply certain limited procedures to the following required supplemental information (RSI), if applicable, and report deficiencies in or the omission of required information in accordance with the requirements of AU-C 730.05 to 730.09:

(1) The Management Discussion and Analysis (MD&A);

(2) RSI data required by Statements 25, 27, 43 and 45 regarding pension plans and post-employment healthcare plans administered by defined benefit pension plans; and

(3) Schedules derived from asset management systems (GASB 34, paragraphs 132 to 133).

C. The audit shall be conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, OMB Circular A-133, and *Requirements for Contracting and Conducting Governmental Audits* (Section 2.2.2.1, et seq., NMAC).

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 no later than **sixty days** after the Financial Control Division of the Department of Finance and Administration (FCD of DFA) provides the State Auditor with notice that the Agency's books and records are ready and available for audit, and in accordance with Section 2.2.2.9, NMAC:

(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-C580;

(3) a list of the passed adjustments required by AU-C 580.14; and

(4) a copy of the completed State Auditor Report Review Guide available at www.osanm.org.

B. In accordance with FCD requirements, the Agency, with the help of the Contractor, shall identify a schedule of audit deliverables and agreed-to milestones for the audit to ensure that the Agency's books and records are ready and available for audit and the Contractor delivers services on time. The deadline of sixty days shall be based on the schedule of audit deliverables and agreed upon milestones; however, the deadline **shall not extend beyond December 15, 2014**. This requirement does not prevent the Contractor from performing interim audit work prior to receipt of the DFA notice of agency preparedness.

C. Reports postmarked by the Agency's due date will be considered received by the due date for purposes of 2.2.2.9, NMAC. 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 Section 2.2.2.13.C, NMAC. If copies of the engagement letter, management representation letter, list of past adjustments and the completed Report Review Guide are not received by the State Auditor with the audit report or prior to submittal of the audit report, the report will not be considered submitted to the State Auditor.

D. 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. The Agency's oversight agency should also be notified, but confidential audit information shall be omitted from that notification.

E. Pursuant to Section 2.2.2.8.Q, NMAC, the Contractor shall prepare a written and dated engagement letter which identifies the specific responsibilities of the Contractor and the Agency. The Contractor shall submit to the State Auditor an electronic copy of the signed and dated engagement letter and a list of client prepared documents with expected delivery dates within ten (10) days of the entrance conference.

F. After its review of the audit report pursuant to Section 2.2.2.13, NMAC, the State Auditor will authorize the Contractor to print and submit the final audit report. Within two business days from the date of the authorization to print and submit the final audit report, the Contractor shall provide the State Auditor with **TWO** copies of the report and an electronic version of the audit report, in PDF format. After the State Auditor officially releases the audit report by issuance of a release letter, the Contractor shall deliver **six (6)** copies of the audit report to the Agency. Every member of the Agency's governing authority shall receive a copy of the report.

G. The Agency, upon delivery of its audit report, shall submit the required copies of the data collection form, audit report and corrective action plan to the federal clearinghouse designated by the Office of Management and Budget and each federal awarding agency if the schedule of findings and questioned costs disclose audit findings directly related to federal awards.

3. COMPENSATION

A. The total amount payable by the Agency to the Contractor under this agreement, including New Mexico gross receipts tax, shall not exceed _____.

B. Contractor agrees not to, and shall not, perform any services in furtherance of this contract prior to approval by the State Auditor. In accordance with Section 12-6-14(A), NMSA, 1978 and Section 2.2.2.8.N(1), NMAC, 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	
(2) Federal single audit	
(3) Financial statement preparation	
(4) Other nonaudit services, such as depreciation schedule updates	
(5) Other (i.e., foundations or other component units, specifically identified)	

Gross Receipts Tax = _____

Total Compensation = _____

C. The Agency shall pay the Contractor the New Mexico gross receipts tax levied on the amounts payable under this agreement and invoiced by the Contractor.

D. Pursuant to Section 12-6-14, NMSA 1978 and Section 2.2.2.8.N, NMAC, 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 69% 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 the 69% payment. Progress payments from 70% 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 billings. 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. Final 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 a competent manner in accordance with the provisions of this Contract and applicable rules of the State Auditor.

4. TERM

A. THIS CONTRACT SHALL NOT BECOME EFFECTIVE UNTIL APPROVED BY THE STATE AUDITOR AND THE NEW MEXICO DEPARTMENT OF FINANCE AND ADMINISTRATION. Unless terminated pursuant to Paragraphs 5 or 19, infra, this Contract shall terminate one calendar year after the date on which it is signed by the State Auditor and the Department of Finance and Administration.

B. If awarded based on a multi-year proposal, this Contract may be extended by the parties for two successive one-year terms at the same price, terms and conditions as stated in the original proposal. Each annual extension of the contract shall be executed by mutual agreement of the parties and approval of the State Auditor and the Department of Finance and Administration pursuant to Section 2.2.2.8.G(4), NMAC.

5. TERMINATION, BREACH AND REMEDIES

A. This Contract may be terminated, without cause, by either of the parties upon written notice delivered to the other party at least ten (10) days prior to the intended date of termination. This Contract may be terminated immediately by either of the parties upon written notice delivered to the other party if a material breach of any of the terms of this Contract occurs. Unjustified failure to deliver the audit report in accordance with Paragraph 2, supra, shall constitute a material breach of this Contract. The Agency may immediately terminate this Contract upon written notice to the Contractor pursuant to Paragraph 19, infra. Pursuant to Section 2.2.2.8.S, NMAC, the State Auditor also may immediately terminate this Contract upon written notice to the Contractor after determining that the audit has been unduly delayed, or for any other reason. By termination pursuant to this Paragraph, neither party may nullify obligations already incurred for performance or failure to perform prior to the date of termination. THIS PROVISION IS NOT EXCLUSIVE AND DOES NOT WAIVE OTHER LEGAL RIGHTS AND REMEDIES AFFORDED THE STATE CAUSED BY THE CONTRACTOR'S DEFAULT OR BREACH OF THIS CONTRACT.

B. If the Agency terminates this Contract under this paragraph, 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 as provided in Paragraph 3(E), supra. If the Contractor terminates this Contract under this paragraph, the Contractor shall repay to the Agency the full amount of any progress payments for work performed under the terms of this Contract.

C. If the Agency or the Contractor terminates this Contract pursuant to this paragraph, the party that terminates the Contract shall immediately send the State Auditor and the Department of Finance and Administration written notice of the termination.

D. 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.

6. STATUS OF CONTRACTOR

The Contractor and its agents and employees are independent contractors 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 Section 2.2.2.8.L, NMAC, the Contractor may subcontract only with independent public accounting firms that are on the State Auditor's List of Approved Firms pursuant to Section 2.2.2.8.B, NMAC, and that are not otherwise restricted by the Office from entering into such a contract pursuant to Section 2.2.2.8.E, NMAC.

9. RECORDS AND AUDIT

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 from the date of final payment under this contract. The records shall be subject to inspection by the Agency and the State Auditor. The Agency and the State Auditor shall have the right to 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, its 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 liabilities, claims 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 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 statements on their respective websites once it is publicly released by the State Auditor. The Contractor agrees that the FCD of 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 be providing the draft audit report including opinion letters or findings.

13. CONFLICT OF INTEREST

The Contractor 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. The Contractor certifies that 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 have been followed as required by the applicable professional standards.

14. INDEPENDENCE

The Contractor affirms and represents 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 Section 2.2.2.8.M, NMAC. 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 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 incorporates 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 Section 2.2.2.8.Q, NMAC, consistent with Generally Accepted 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 acknowledges and agrees to the jurisdiction of the courts of the State of New Mexico over any and all lawsuits arising under or out of any term of 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 of New Mexico for the performance of this Contract. If sufficient appropriations and authorization are not made by the Legislature, this Contract shall terminate upon written notice being given by the Agency to the Contractor. 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 agrees to 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, color, national origin, ancestry, sex, physical or mental handicap or serious 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 not to be in compliance with these requirements during the life of this Contract, the Contractor agrees to 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 from 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 State Auditor.

B. The working papers of a predecessor Contractor are to be made available to a successor Contractor in accordance with AU-C 210.11 and 210.12. Any costs incurred are to be borne by the requestor Contractor.

23. DESIGNATED ON-SITE STAFF

The Contractor’s on-site individual auditor responsible for supervision of work and completion of the audit is _____ . 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. EMPLOYEE PAY EQUITY REPORTING

A. The Contractor agrees if it has ten (10) or more New Mexico employees OR eight (8) or more employees in the same job classification, at any time during the term of this Contract, to complete and submit the PE10-249 form on the annual anniversary of the initial report submittal for contracts up to one (1) year in duration. If the Contractor has (250) or more employees the Contractor must complete and submit the PE250 form on the annual anniversary of the initial

report submittal for contracts up to one (1) year in duration. For contracts that are extended beyond one (1) calendar year, the Contractor also agrees to complete and submit the PE10-249 or PE250 form, whichever is applicable, within thirty (30) days of the annual contract anniversary date of the initial submittal date or, if more than 180 days has elapsed since submittal of the last report, at the completion of the contract, whichever comes first. Should the Contractor not meet the size requirement for reporting at contract award but subsequently grows such that they meet or exceed the size requirement for reporting, the Contractor agrees to provide the required report within ninety (90) days of meeting or exceeding the size requirement. That submittal date shall serve as the basis for submittals required thereafter. The Contractor also agrees to levy this requirement on any subcontractor(s) performing more than 10% of the dollar value of this contract if said subcontractor(s) meets, or grows to meet, the stated employee size thresholds during the term of the contract. The Contractor further agrees that, should one or more subcontractor not meet the size requirement for reporting at contract award but subsequently grows such that they meet or exceed the size requirement for reporting, the Contractor will submit the required report, for each such subcontractor, within ninety (90) days of that subcontractor meeting or exceeding the size requirement. Subsequent report submittals, on behalf of each such subcontractor, shall be due on the annual anniversary of the initial report submittal. The Contractor shall submit the required form(s) to the State Purchasing Division of the General Services Department, and other departments as may be determined, on behalf of the applicable subcontractor(s) in accordance with the schedule contained in this paragraph. The Contractor acknowledges that this subcontractor requirement applies even though contractor itself may not meet the size requirement for reporting and be required to report itself.

B. Notwithstanding the foregoing, if this Contract was procured pursuant to a solicitation, and if Contractor has already submitted the required report accompanying their response to such solicitation, the report does not need to be re-submitted with this Agreement.

26. OTHER PROVISIONS

If no other provisions are listed in this section, the remainder below is intentionally left blank.

IN WITNESS WHEREOF, the parties have executed this Contract as of the date first written above.

AGENCY

NAME: _____

BY: _____

TITLE: _____

DATE: _____

CONTRACTOR

NAME: _____

BY: _____

TITLE: _____

DATE: _____

STATE AGENCY

BY: _____

TITLE: GENERALCOUNSEL

DATE: _____

AGENCY CFO

BY: _____

TITLE: CHIEFFINANCIALOFFICER

DATE: _____

This Contract has been approved by:

This Contract has been approved by:

STATE AUDITOR

BY: _____

TITLE: DEPUTY STATE AUDITOR

DATE: _____

DEPT. OF FINANCE & ADMINISTRATION

BY: _____

CONTRACTS REVIEW BUREAU

DATE: _____

The records of the Taxation and Revenue Department reflect that the Contractor is registered with the Taxation and Revenue Department of the State of New Mexico to pay gross receipts and compensating taxes.

ID No. _____

By: _____

Date: _____

STATE AUDITOR CONTRACT NO. 14 - 420 1101 00009

APPENDIX D

COST RESPONSE FORM

Audit Services
RFP # 14 420 1101 000009

The proposal shall include the Offeror’s hourly composite rate and a breakdown of hours and costs for each of the three (3) years. The proposal shall also include total estimated hours to complete the audit, and the total cost the offeror will charge the Agency to perform the audit. The hourly composite rate shall include personnel services, fringe benefits and overhead costs for contractor personnel. All out-of-pocket audit-related expenses, including travel, must be included in the composite rate. The cost proposal must be provided in the following format:

Cost Factor	FY 14		FY 15		FY 16	
	<u>Hours</u>	<u>Cost</u>	<u>Hours</u>	<u>Cost</u>	<u>Hours</u>	<u>Cost</u>
1. Financial Statement Audit	_____	_____	_____	_____	_____	_____
2. Federal single audit	_____	_____	_____	_____	_____	_____
3. Financial statement preparation	_____	_____	_____	_____	_____	_____
4. Other nonaudit services, such as depreciation schedule updates	_____	_____	_____	_____	_____	_____
5. Other (i.e., foundations or other component units, specifically identified)	_____	_____	_____	_____	_____	_____
Gross Receipts Tax	_____	_____	_____	_____	_____	_____
Total Compensation	_____	_____	_____	_____	_____	_____

APPENDIX E

NEW MEXICO EMPLOYEES HEALTH COVERAGE FORM

1. For all contracts solicited and awarded on or after January 1, 2008: If the Offeror has, or grows to, six (6) or more employees who work, or who are expected to work, an average of at least 20 hours per week over a six (6) month period during the term of the contract, Offeror must agree to have in place, and agree to maintain for the term of the contract, health insurance for those employees and offer that health insurance to those employees no later than July 1, 2010 if the expected annual value in the aggregate of any and all contracts between Contractor and the State exceed \$250,000 dollars.
2. Offeror must agree to maintain a record of the number of employees who have (a) accepted health insurance; (b) decline health insurance due to other health insurance coverage already in place; or (c) decline health insurance for other reasons. These records are subject to review and audit by a representative of the state.
3. Offeror must agree to advise all employees of the availability of State publicly financed health care coverage programs by providing each employee with, as a minimum, the following web site link to additional information <http://www.insurenemexico.state.nm.us/>.
4. For Indefinite Quantity, Indefinite Delivery contracts (price agreements without specific limitations on quantity and providing for an indeterminate number of orders to be placed against it); these requirements shall apply the first day of the second month after the Offeror reports combined sales (from state and, if applicable, from local public bodies if from a state price agreement) of \$250,000.

By signing below, Offeror agrees to be bound by the terms stated in this form:

Signature of Offeror: _____ Date _____

APPENDIX F

LETTER OF TRANSMITTAL FORM

RFP#: _____

Offeror Name: _____

Items #1 to #7 EACH MUST BE COMPLETED IN FULL Failure to respond to all seven items WILL RESULT IN THE DISQUALIFICATION OF THE PROPOSAL!

1. **Identity (Name) and Mailing Address** of the submitting organization:

2. For the person authorized by the organization to contractually obligate on behalf of this Offer:

Name _____

Title _____

E-Mail Address _____

Telephone Number _____

3. For the person authorized by the organization to negotiate on behalf of this Offer:

Name _____

Title _____

E-Mail Address _____

Telephone Number _____

4. For the person authorized by the organization to clarify/respond to queries regarding this Offer:

Name _____

Title _____

E-Mail Address _____

Telephone Number _____

5. Use of Sub-Contractors (Select one)

No sub-contractors will be used in the performance of any resultant contract OR

The following sub-contractors will be used in the performance of any resultant contract:

(Attach extra sheets, as needed)

6. Please describe any relationship with any entity (other than Subcontractors listed in (5) above) which will be used in the performance of any resultant contract.

(Attach extra sheets, as needed)

7. On behalf of the submitting organization named in item #1, above, I accept the Conditions Governing the Procurement as required in Section II. C.1.

I concur that submission of our proposal constitutes acceptance of the Evaluation Factors contained in Section V of this RFP.

I acknowledge receipt of any and all amendments to this RFP.

_____, 2014

Authorized Signature and Date (Must be signed by the person identified in item #2, above.)

APPENDIX G

ORGANIZATIONAL REFERENCE QUESTIONNAIRE

The State of New Mexico, as a part of the RFP process, requires Offerors to submit a minimum of three (3) business references as required within this document. The purpose of these references is to document Offeror's experience relevant to the scope of work in an effort to establish Offeror's responsibility.

Offeror is required to send the following reference form to each business reference listed. The business reference, in turn, is requested to submit the Reference Form directly to:

Fernando C. Fernandez, Procurement Manager
Regulation and Licensing Department
Audit Services RFP # 14 420 1101 000009
Toney Anaya Building – 3rd Floor
2550 Cerrillos Road
Santa Fe, NM 87505
Telephone: (505) 476-4515
Email: fernando.fernandez@state.nm.us

by **May 19, 2014** for inclusion in the evaluation process. The form and information provided will become a part of the submitted proposal. Business references provided may be contacted for validation of content provided therein.

RFP # 14 420 1101 000009
ORGANIZATIONAL REFERENCE QUESTIONNAIRE
FOR:

(Name of Offeror)

This form is being submitted to your company for completion as a business reference for the company listed above. This form is to be returned to the State of New Mexico, Regulation and Licensing Department via facsimile or e-mail at:

Name:	Fernando C. Fernandez, Procurement Manager
Address:	Regulation and Licensing Department Administrative Services Division Toney Anaya Building 2550 Cerrillos Road Santa Fe, NM 87505
Telephone:	(505) 476-4515
Email:	fernando.fernandez@state.nm.us

no later than **May 19, 2014** and **must not** be returned to the company requesting the reference.

For questions or concerns regarding this form, please contact the State of New Mexico Procurement Manager listed above. When contacting us, please be sure to include the Request for Proposal number listed at the top of this page.

Company providing reference:	
Contact name and title/position	
Contact telephone number	
Contact e-mail address	
Project description;	
Project dates (starting and ending);	
Technical environment (i.e., Software applications, Internet capabilities, Data communications, Network, Hardware);	

QUESTIONS:

1. In what capacity have you worked with this vendor in the past?

COMMENTS:

2. How would you rate this firm's knowledge and expertise?
 ____ (3 = Excellent; 2 = Satisfactory; 1 = Unsatisfactory; 0 = Unacceptable)
 COMMENTS:

3. How would you rate the vendor's flexibility relative to changes in the project scope and timelines?
 ____ (3 = Excellent; 2 = Satisfactory; 1 = Unsatisfactory; 0 = Unacceptable)
 COMMENTS:

4. What is your level of satisfaction with hard-copy materials produced by the vendor?
 ____ (3 = Excellent; 2 = Satisfactory; 1 = Unsatisfactory; 0 = Unacceptable)
 COMMENTS:

5. How would you rate the dynamics/interaction between the vendor and your staff?
 ____ (3 = Excellent; 2 = Satisfactory; 1 = Unsatisfactory; 0 = Unacceptable)
 COMMENTS:

6. Who were the vendor's principal representatives involved in your project and how would you rate them individually? Would you comment on the skills, knowledge, behaviors or other factors on which you based the rating?
 (3 = Excellent; 2 = Satisfactory; 1 = Unsatisfactory; 0 = Unacceptable)

Name: _____

_____ Rating:

Name: _____

_____ Rating:

Name: _____

_____ Rating:

Name: _____

_____ Rating:

COMMENTS:

7. How satisfied are you with the products developed by the vendor?

_____ (3 = Excellent; 2 = Satisfactory; 1 = Unsatisfactory; 0 = Unacceptable)

COMMENTS:

8. With which aspect(s) of this vendor's services are you most satisfied?

COMMENTS:

9. With which aspect(s) of this vendor's services are you least satisfied?

COMMENTS:

10. Would you recommend this vendor's services to your organization again?
COMMENTS:

APPENDIX H

RESIDENT VETERANS CERTIFICATION

_____ (NAME OF CONTRACTOR) hereby certifies the following in regard to application of the resident veterans' preference to this procurement:

Please check one box only

- I declare under penalty of perjury that my business prior year revenue starting January 1 ending December 31 is less than \$1M allowing me the 10% preference on this solicitation. I understand that knowingly giving false or misleading information about this fact constitutes a crime.
- I declare under penalty of perjury that my business prior year revenue starting January 1 ending December 31 is more than \$1M but less than \$5M allowing me the 8% preference on this solicitation. I understand that knowingly giving false or misleading information about this fact constitutes a crime.
- I declare under penalty of perjury that my business prior year revenue starting January 1 ending December 31 is more than \$5M allowing me the 7% preference on this solicitation. I understand that knowingly giving false or misleading information about this fact constitutes a crime.

"I agree to submit a report, or reports, to the State Purchasing Division of the General Services Department declaring under penalty of perjury that during the last calendar year starting January 1 and ending on December 31, the following to be true and accurate:

"In conjunction with this procurement and the requirements of this business' application for a Resident Veteran Business Preference/Resident Veteran Contractor Preference under Sections 13-1-21 or 13-1-22 NMSA 1978, when awarded a contract which was on the basis of having such veterans preference, I agree to report to the State Purchasing Division of the General Services Department the awarded amount involved. I will indicate in the report the award amount as a purchase from a public body or as a public works contract from a public body as the case may be.

"I understand that knowingly giving false or misleading information on this report constitutes a crime."

I declare under penalty of perjury that this statement is true to the best of my knowledge. I understand that giving false or misleading statements about material fact regarding this matter constitutes a crime.

(Signature of Business Representative)*

(Date)

*Must be an authorized signatory for the Business. The representations made in checking the boxes constitutes a material representation by the business that is subject to protest and may result in denial of an award or termination of award of the procurement involved if the statements are proven to be incorrect.

APPENDIX I

AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, _____ (name), being first duly sworn upon my oath, depose and state the following:

1. I am a former employee of the _____ (name of Department/Agency), having separated/retired from state employment as of _____ (date).
2. I am a current employee of the _____ (name of Department/Agency), or a legislator with the state, or the family member (spouse, parent, child, sibling by consanguinity or affinity) of a current employee or legislator with the state. Being a current employee or legislator or family member of a current employee or legislator of the state, I hereby certify that I obtained this Professional Services Agreement pursuant to Sections 10-16-7 or 10-16-9 NMSA 1978, that is, in accordance with the Procurement Code except that this Professional Services Agreement has NOT been awarded via the sole source or small purchase procurement methods.
3. The Department/Agency and I have entered into a professional services agreement in the amount of \$_____.
4. Section 10-16-8.A(1) NMSA 1978 of the Governmental Conduct Act does not apply to this Professional Services Agreement because I neither sought a contract with the Department/Agency, nor engaged in any official act which directly resulted in the formation of the Professional Services Agreement while an employee of the Department/Agency.
5. To the best of my knowledge, this Professional Services Agreement was awarded in compliance with all relevant provisions of the New Mexico Procurement Code (13-1-28, et. seq., NMSA 1978).

FURTHER, AFFIANT SAYETH NOT.

name

Subscribed and sworn to before me by _____ (name of former employee) this _____ day of _____, 2014.

NOTARY PUBLIC

My Commission Expires:
