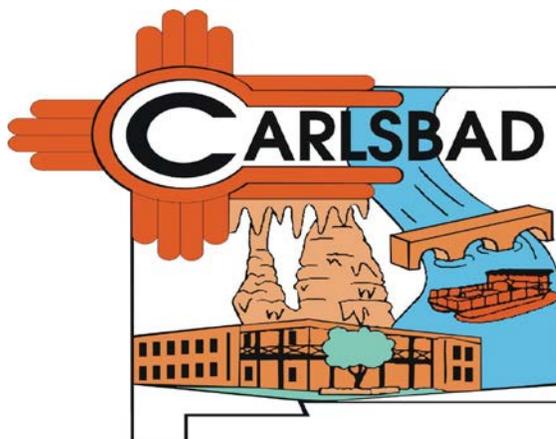


**CITY OF CARLSBAD
PURCHASING DEPARTMENT**

REQUEST FOR PROPOSALS (RFP)

RFP # 2016-13

ANNUAL AUDIT SERVICES



Release Date: April 1, 2016

Due Date: April 18, 2016

Time: not later than 3:00 p.m. (MDT)

Submit to: City of Carlsbad
Attn: Matt Fletcher, CPO
101 N. Halagueno, Room 114
Carlsbad, NM 88220

Questions regarding this solicitation shall be directed to Matt Fletcher,
Purchasing Manager at 575-234-7905 or via email to
msfletcher@cityofcarlsbadnm.com

RFP NO. 2016-13
ANNUAL AUDIT SERVICES

PART I – GENERAL INFORMATION

1. GENERAL PURPOSE

The City of Carlsbad, New Mexico, has been notified by the New Mexico State Auditor that the 2015/2016 fiscal year audit is to be conducted by an independent public accountant (IPA). The intended purpose of the REQUEST FOR PROPOSALS is to provide the IPA with the following:

- A) A general description of the engagement and requirements of the auditor.
- B) A general review of the financial and procedural operations of the City.
- C) Authoritative directives from the State Auditor and general criteria pertaining to audits of local public bodies.

2. GENERAL DESCRIPTION OF ENGAGEMENT AND REQUIREMENTS OF THE AUDITOR

A) Proposals are being requested for a single, agency-wide, financial and compliance audit for the period July 1, 2015 through June 30, 2016.

The City of Carlsbad is requesting a multi-year proposal to provide services, not to exceed a term of (3) three years. The City may recommend renewal of the contract, subject to approval by the State Auditor, on an annual basis. Negotiations will be allowed if needed, to reach an agreement acceptable to both the City of Carlsbad and the successful IPA. Negotiations would include, but not be limited to, contract price. Significant and material changes proposed by the successful IPA in the agreement terms could result in the City of Carlsbad declining to renew the agreement and soliciting competitive sealed proposals. ALL CONTRACTS ARE SUBJECT TO THE APPROVAL OF THE STATE AUDITOR.

B) Proposals are requested from qualified Independent Public Accountants in good standing, licensed to do business in the State of New Mexico. Proposals must include the audit firms' most recent external quality control review report along with any comments issued. In addition the proposal must include the New Mexico State Auditor's most recent desk review of any New Mexico governmental performed by the IPA. The IPA must provide a list of New Mexico governmental agencies audited during the past three years with the date the report was submitted to the State Auditor. If the audit report was submitted late the IPA must provide the reason for late submission.

C) The final authority to designate the auditor selected rests with the State Auditor. The successful IPA must agree to enter into a contract which is written and approved by the State Auditor.

D) Auditors submitting proposals are to independently ascertain the nature, scope, and depth of this engagement. In order to assist the IPA in this process, members of the Finance Department will be pleased to provide written responses to written questions; samples of journals and ledgers used; and will conduct tours of physical premises if necessary. Any written question and the response by the City of Carlsbad will be available upon request to all interested IPA's.

E) This request for Proposals is complete and will not be modified except in writing. Any verbal communications between the IPA, his representatives, and City of Carlsbad personnel are not to be relied upon in determination of engagement requirements. Any addenda issued must be acknowledged in writing and returned with any proposal submitted.

F) The IPA is expected to have sufficient personnel available to handle all clerical-related duties of the engagement. This means that the IPA should plan on pulling vouchers, checks, and all other documents as required. City personnel are not to be expected to perform this function. This also includes refiling, in good order, used documents by IPA clerical personnel. Many documents are available in electronic format. All file documents, ledgers and journals belonging to the City of Carlsbad must remain on site at all times.

G) The audit shall be conducted in accordance with:

1. Generally accepted Government Auditing Standards (GAGAS) issued by the U.S. general accounting office, the 2011 revision.
2. U.S. Auditing Standards issued by the AICPA (clarified) effective for periods ending on or after December 15, 2012.
3. Uniform administrative requirements, cost principles, and audit requirements for federal awards (uniform administrative requirements) effective for FY16 audits.
4. AICPA audit guide, government auditing standards and single audits, (AAG-GAS) latest edition.
5. AICPA audit and accounting guide, state and local governments (AAG-SLV) latest edition.
6. 2.2.2 NMAC, requirements for contracting and conducting audits of agencies.

The IPA shall identify state statutes, rules and regulations applicable to this government entity and shall perform tests of compliance. The IPA shall also perform compliance with applicable federal requirements. The City will expend federal expenditures in excess of \$750,000.

H) In addition to the financial and compliance audit of the City funds the City is requesting proposals for a Lodgers' Tax agreed upon procedures engagement in order to meet compliance as required under City of Carlsbad Code of Ordinances No. 48-87 and Section 3-38-17.1, NMSA 1978. The City will select three lodgers' to be tested for compliance. The lodgers' tax receipts tested will be for the fiscal year ended June 30th and the agreed upon procedures report must be submitted to the City by November 1st.

I) A draft copy of the audit report for the fiscal year ended June 30, 2016 must be organized and bound and submitted to the City by November 21, 2016. The City will review said report by December 6, 2016. All changes must be completed by December 12, 2016 and the report must be submitted to the State Auditor by December 15, 2016. A submission date prior to the City prior to the November 21st deadline is strongly encouraged. The draft report will be reviewed by the City within two weeks of the delivery. After approval of the report by the State Auditor the IPA must provide thirty (30) copies of the completed audit for the City, and 1 copy in Adobe Acrobat (PDF) format.

J) The quoted price as stated on the proposal must be firm and not subject to change. The total price should include the appropriate New Mexico Gross Receipts Tax but **must be presented separately from the technical proposal.**

K) Due to the extensive requirements of local, state, and federal agencies, the IPA is advised that the comprehensive audit requires the expression of opinions and inclusion of comments which go beyond the standard opinions and comments usually presented in an audit report. See 2.2.2 NMAC Audit Rule 2016, requirements for contracting and conducting audits of agencies.

L) "Upon unjustified failure to meet delivery requirements, the IPA or agency may be liable for liquidated damages equal to .5% per annum of the total audit contract (before gross receipts tax) for each working day beyond the stipulated due date."

M) Four (4) copies of the completed Request for Proposals must be submitted in a sealed envelope to the Purchasing Department, Room 114, Municipal Building, 101 North Halagueno, Carlsbad, NM 88220, **by 3:00 p.m., April 18, 2016.** Proposals received after this time will be returned unopened. If unable to provide a quotation for this engagement, the IPA is requested to return the proposal packet with the term "NO QUOTE" written on the proposal form. The entire REQUEST FOR PROPOSAL is to be returned (or a complete facsimile), not just the quotation form, along with any addenda. In addition, the IPA should include any additional materials which will prove enlightening as to professional credentials.

N) Proposers will be required to submit a completed and signed Campaign Contribution Disclosure Form. (Attachment A)

O) The City of Carlsbad reserves the right to reject any or all proposals, waive technicalities, and to recommend the proposal to the State Auditor deemed to be in the interest of the City.

3. GENERAL OVERVIEW OF FINANCIAL AND PROCEDURAL OPERATIONS

(A) The City of Carlsbad operates under a Mayor-Council with Manager form of government and provides the following services as authorized by ordinance: public safety (police and fire), highways and streets, water, sanitation, culture and recreation, public improvements, planning and zoning, and general administrative services.

(B) The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The City maintains its accounting records on budgetary basis of accounting throughout the fiscal year.

(C) The City will prepare its government-wide and fund financial statements including the budgetary comparison statements. All statements will be prepared on the full accrual or modified accrual and budgetary basis as required by generally accepted accounting principles and/or the State of New Mexico. The City will prepare the Schedule of Expenditures of Federal Awards. The City will provide the IPA a copy of an electronic binder (Prosystem Engagement) that will contain the financial statements, trial balances including all journal entries posted to the conversion of budgetary basis amounts along with supporting documentation to support financial data provided within the statements. It is the City's desire to complete all statements by October 16, 2016. The MD&A will be completed and provided to the IPA by October 31, 2016. The IPA will be required to prepare the audit report using the financial statements and required supplementary schedules (RSI) and other schedules prepared by the City. The City will assist the IPA in the preparation of the footnotes to the statements included within audit report. Appropriate consideration should be given to the time saved the IPA by not preparing the financial statements and other required financial data.

(D) The City of Carlsbad is legally responsible to the Local Government Division, State of New Mexico, for methods of operation. The City prepares various financial reports and other required financial data as required by that agency.

4. EVALUATION CRITERIA

(A) Proposals will be evaluated by a committee of 4 members comprised of City Staff and at least one Council member.

(B) Proposal will be scored upon a 100 point system to include the following categories:

1. Capability of Firm – maximum of 30 points

- a) The firm has resources to perform the type and size of audit required. **(6 points)**
of firm team members ____ Total audit hours available ____
- b) The firm meets independence standards to perform the audit. **(3 points)**
- c) External Quality Control Review (Peer Review)
 - 1. Peer review results: Obtain most recent copy of the external quality control review report including letters of comments.
 - 2. Opinion received _____ Unmodified = **(10 points)** Modified = **(5 points)**
If report is less than modified (adverse) STOP HERE. FIRM DOES NOT QUALIFY.
 - 3. Results of reference checks and agency’s prior experience with firm (check should include timeliness, planning, technical expertise etc.) **(3 points)**
- d) SAO desk review **(5 points)**
- e) Organization and completeness of proposal or bid. **(3 points)**

2. Work Requirements and Audit Approach – maximum of 15 points

- a) Knowledge of audit objectives, agency needs, product to be delivered. **(5 Points)**
- b) Proposal contains a sound technical plan and realistic estimate of time to complete major segments of the audit: planning; interim fieldwork; fieldwork; and reporting. **(5 Points)**

Interim Fieldwork Start Date _____
Fieldwork Start Date _____
End Date _____
- c) Plans for using agency staff, including internal and state auditors. **(3 points)**
- d) If the proposal or bid is for a multi-year contract, approach for planning and conducting the field work efforts for subsequent years. **(2 points)**

3. Technical Experience – maximum of 40 points

- a) Governmental audit experience of on-site manager **(15 points)**
Name of on-site manager _____
- b) Team audit experience:
 - 1. Specialization with Municipalities **(15 points)**
 - 2. Availability of audit manager to answer technical questions during entire year of audit contract. **(2 points)**
 - 3. Single audit **(5 points)**

c) Attendance at continuing professional education seminars or meetings on auditing, accounting and regulations directly related to local government audits, and on GASB 34, 54, 63, 65, 67 and 68 and any other new GASB pronouncements. **(3 points)**

4. **Firm Strengths or Weaknesses – maximum of 5 points**

5. **Audit Fees – maximum of 10 points (To be scored by Procurement Manager Only)**

The following formula will be used to determine the score for the cost proposal:

Cost of Lowest Offer x Maximum Cost Score (10 points) = Cost Score of Offer
Cost of this Offer

Total Score Possible (All Categories) = 100 points

****New Mexico Resident Business Preference or Resident Veteran Business Preference points will be added to the total score of the proposal for firms qualifying for either of these preferences. A copy of the appropriate certification must be presented with the proposal to be eligible to receive the preference points.**

5. REQUIRED FORMS

- **Acknowledgment of Receipt Form (Appendix A)**
- **Campaign Contribution Form**
- **New Mexico Resident Business Certification (if applicable)**
- **New Mexico Veterans Business Certification (if applicable)**

CAMPAIGN CONTRIBUTION DISCLOSURE FORM

Pursuant to the Procurement Code, Sections 13-1-28, et seq., NMSA 1978 and NMSA 1978, § 13-1-191.1 (2006), as amended by Laws of 2007, Chapter 234, any prospective contractor 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 may cancel a solicitation or proposed award for a proposed contract pursuant to Section 13-1-181 NMSA 1978 or a contract that is executed may be ratified or terminated pursuant to Section 13-1-182 NMSA 1978 of the Procurement Code 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.

The state agency or local public body that procures the services or items of tangible personal property shall indicate on the form the name or names of every applicable public official, if any, for which disclosure is required by a prospective contractor.

THIS FORM MUST BE INCLUDED IN THE REQUEST FOR PROPOSALS AND 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 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 of (a) a prospective contractor, if the prospective contractor is a natural person; or (b) an owner of a prospective contractor.

“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.

“Prospective contractor” means a person or business that 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 or business 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.

Name(s) of Applicable Public Official(s) if any:

Mayor Dale Janway

Councilman Nick Salcido

Councilman Wes Carter

Councilwoman Sandra Nunley

Councilman J.R. Doperto

Councilman Lisa Anaya Flores

Councilman Jason Shirley

Councilman Janell Whitlock

Councilman Dick Doss

Municipal Court Judge David Redford

DISCLOSURE OF CONTRIBUTIONS BY PROSPECTIVE CONTRACTOR:

Contribution Made By: _____

Relation to Prospective Contractor: _____

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)

Resident Veterans Preference 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 discount 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 discount on this bid or proposal. 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 discount on this bid or proposal. 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 the boxes constitutes a material representation by the business that is subject to protest and may result in denial of an award or unaward of the procurement involved if the statements are proven to be incorrect.

APPENDIX A

REQUEST FOR PROPOSAL

Annual Audit Services
RFP 2016-13

ACKNOWLEDGEMENT OF RECEIPT FORM

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

The acknowledgement of receipt should be signed and returned to the Procurement Manager no later than April 13, 2016. 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. Response form may be mailed or emailed to the following address:

Matt Fletcher, Purchasing Manager
RFP 2016-13
City of Carlsbad
P.O. Box 1569, Room 116
Carlsbad, NM 88221-1569
E-mail: msfletcher@cityofcarlsbadnm.com

