

# City of Las Cruces<sup>®</sup>

PEOPLE HELPING PEOPLE

## Council Action and Executive Summary

Item # \*12 Ordinance/Resolution# 08-09-622 Council District: \_\_\_\_\_

For Meeting of June 1, 2009  
(Adoption Date)

**TITLE:**

**A RESOLUTION APPROVING AN INDEFINITE COST, INDEFINITE QUANTITY PRICE AGREEMENT FOR CPA AUDIT AND PROFESSIONAL SERVICES TO REDW LLC, THE ROGOFF FIRM, OF ALBUQUERQUE, NM, FOR A THREE YEAR TERM CONDITIONED UPON ANNUAL RENEWALS BY THE STATE AUDITOR AND BUDGETS APPROVED BY CITY COUNCIL.**

**PURPOSE(S) OF ACTION:** To award a contract to REDW LLC, The Rogoff Firm of Albuquerque, NM for preparation of a comprehensive annual financial audit for FY 08/09.

<b>Name of Drafter:</b> Gloria Podruchny		<b>Department:</b> Finance		<b>Phone:</b> 541-2050	
<b>Department</b>	<b>Signature</b>	<b>Phone</b>	<b>Department</b>	<b>Signature</b>	<b>Phone</b>
Originating Department		541-2050	Budget		
			Assistant City Manager		2271
Legal		2128	City Manager		2076

**BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:**

The New Mexico State Auditor has informed the City of Las Cruces that proposals should be received, evaluated, and a recommendation forwarded to his office for auditing services. The State Auditor's Office recommends multiple year contracts be sought to reduce costs.

The City Financial Services Department requested proposals for the preparation of a comprehensive annual financial audit for FY 08/09. Proposal submittals were received and evaluated by the Selection Advisory Committee (SAC). SAC recommends awarding the contract to REDW LLC, The Rogoff Firm. REDW, a regional CPA firm located in Albuquerque, will be managing the City's audit. The proposal from REDW is a multiple year proposal. The renewal option would require approval from the State Auditor.

Funding is available in the General Fund Councilors Auditing Services (10100030-710200), subject to Council approval of the fiscal year 2009-2010 budget. Cost reimbursement from the South Central Solid Waste Authority, Rio Grande Natural Gas Association, Public Housing Authority, Metro Narcotics Agency, and Mesilla Valley Regional Dispatch Authority, and Animal Services Center of the Mesilla Valley will reduce the net charge to the City. If appropriate, a budget adjustment will be made during the fiscal year to make up any difference.

**SUPPORT INFORMATION:**

<b>Fund Name / Account Number</b>	<b>Amount of Expenditure</b>	<b>Budget Amount</b>
10100030-710200	Various Funds as Required	Indefinite

1. Resolution No. 08-09-622
2. Purchasing Manager's Request to Contract Form, Exhibit "A"
3. Acceptance Memo from Finance Director
4. Sample Audit Contract from the State Auditor's Office
5. SAC Score Sheet

**OPTIONS / ALTERNATIVES:**

1. Approve the Resolution awarding a contract for CPA audit services to REDW LLC, The Rogoff Firm, for a three year term conditioned upon annual renewals by the State Auditor and budgets approved by City Council.
2. Modify the Resolution.
3. Do Not Approve the Resolution and provide staff with alternative direction.

**RESOLUTION NO. 08-09-622**

**A RESOLUTION APPROVING AN INDEFINITE COST, INDEFINITE QUANTITY PRICE AGREEMENT FOR CPA AUDIT AND PROFESSIONAL SERVICES TO REDW LLC, THE ROGOFF FIRM, OF ALBUQUERQUE, NM, FOR A THREE YEAR TERM CONDITIONED UPON ANNUAL RENEWALS BY THE STATE AUDITOR AND BUDGETS APPROVED BY CITY COUNCIL.**

The City Council of the City of Las Cruces is informed that:

**WHEREAS**, the New Mexico State Auditor has informed the City of Las Cruces that proposals for auditing services should be received, evaluated, and a recommendation forwarded to his office; and

**WHEREAS**, the City issued a new Request for Proposals for the Fiscal Year 2008/2009 audit with cost proposals for a three (3) year period; and

**WHEREAS**, staff is recommending awarding the contract to REDW LLC, The Rogoff Firm of Albuquerque, NM for a three year term conditioned upon renewals by the State Auditor and budgets approved by City Council; and

**NOW, THEREFORE**, Be it resolved by the governing body of the City of Las Cruces:

**(I)**

**THAT**, the proposal for CPA audit and professional services is hereby awarded to REDW LLC, The Rogoff Firm of Albuquerque, NM for a three year term conditioned upon renewals by the State Auditor and budgets approved by City Council. Said contract to be completed and submitted to the State Auditor on or before November 15, 2009.

**(II)**

**THAT**, City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE AND APPROVED this \_\_\_\_\_ of \_\_\_\_\_, 2009.

\_\_\_\_\_  
Mayor

ATTEST:

VOTE:

\_\_\_\_\_  
City Clerk

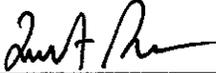
Mayor Miyagishima:	_____
Councillor Silva:	_____
Councillor Connor:	_____
Councillor Archuleta:	_____
Councillor Small:	_____
Councillor Jones:	_____
Councillor Thomas	_____

(SEAL)

Moved by: \_\_\_\_\_

Seconded by: \_\_\_\_\_

Approved as to Form:

  
\_\_\_\_\_  
City Attorney

# CITY OF LAS CRUCES

## PURCHASING MANAGER'S REQUEST TO CONTRACT

For Meeting of: June 1, 2009

Resolution No.: 08-09-622

### Contract Purchase For CPA AND AUDIT SERVICES

The Las Cruces City Council is provided the following information concerning this request:

#### RFP SOLICITATION INFORMATION:

- |  |  |
|--|--|
| 1. RFP No./ Due Date:                      | RFP No. 08-09-622 /May 6, 2009                       |
| 2. Description:                            | CPA and Audit Services                               |
| 3. Using Department:                       | Finance  |
| 4. Number of Responses:                    | Three (3)  |
| 5. Award Recommendation To:                | REDW LLC, The Rogoff Firm, of Albuquerque, NM        |
| 6. Total Award Amount (not including tax): | 362,095.00   |
| 7. Contract Duration:                      | Three (3) Years Conditioned on Annual Budgeted Funds |

#### LOCAL PREFERENCE FACTOR

Local Preference Factor Applied Per LCMC §24-100	No	X	LCMC §24-100 not applicable to this solicitation
	Yes		Made A Difference To Bid Awards(s) Made No Difference To Bid Award(s)

#### PROCUREMENT CODE COMPLIANCE:

The City of Las Cruces Procurement Code was administered in the conduct of this procurement and approval to purchase is hereby requested pursuant to **Section 24-92**.



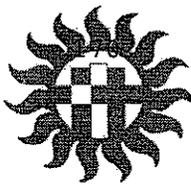
Purchasing Manager

1 5/14/09

Date

#### CONFIRMATION OF FUND ENCUMBRANCE:

REQUISITION or PURCHASE ORDER NUMBER:	N/A – Indefinite Cost
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# City of Las Cruces<sup>®</sup>

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## INTER-DEPARTMENTAL MEMORANDUM

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**TO:** Bob Telles, Purchasing Manager

**FROM:** Mark D. Sutter, CPA, Ph.D., Director of Financial Services *ms*

**DATE:** May 13, 2009

**SUBJECT:** Award of Contract

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The Selection Advisory Committee met on May 12, 2009 and recommended award to REDW LLC, The Rogoff Firm.

Staff recommends awarding the City's audit for the year ending June 30, 2009, to REDW, The Rogoff Firm, year one of a three-year renewable contract. The renewal option would require approval from the State Auditor.

The cost will be \$362,095 and will be paid out of the General Fund Councilors Auditing Services account (10100030-710200).

Cost reimbursements from the SCSWA, RGNGA, PHA, Metro, MVRDA, and ASCMV will reduce the net charges to the City of Las Cruces.

If you have any questions or would like to discuss this in further detail, please advise.

gp

Contract No. \_\_\_\_\_

**STATE OF NEW MEXICO  
AUDIT CONTRACT**

This CONTRACT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2009, by and between the \_\_\_\_\_, 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 State Auditor.

**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 special districts or workforce development boards for the period from **July 1, 2008 through June 30, 2009**:
- (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 14.53);
  - (3) Supplemental Information (SI) that must be audited and included in the auditor's opinion (AAG-SLV 14.53), 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) A schedule of changes in assets and liabilities for any agency funds as required by Section 2.2.2.10(AA) 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 SAS AU 558.06 through .08:
- (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* (2.2.2 NMAC).
- D. If this contract is for a:
- 1) hospital that does not qualify as a governmental entity under the criteria in Sections 1.01 and 1.02 of the *AICPA Audit and Accounting Guide State and Local Governments* (May 1, 2006), then another appropriate reporting model should be used; or
  - 2) school district, the audit will include the audit of any related charter schools and their respective foundations that qualify as component units of those charter schools under GASB No. 39, in accordance with the provisions specified in Sections 2.2.2.10(A)(1), 2.2.2.12(C)(2) and 2.2.2.12(C)(5)(c), *Requirements for Contracting and Conducting Audits of Agencies*. If a 501(c)(3) component unit organization had a gross annual income in excess of \$100,000, Section 6-5A-1 NMSA 1978 requires that entity to be audited regardless of materiality.

## 2. DELIVERY AND REPRODUCTION

- A. In order to meet the delivery terms of this Contract, the Contractor shall deliver the following documents to the Office of the State Auditor, hereinafter referred to as "State Auditor," on or before \_\_\_\_\_ and in accordance with 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 dated and signed engagement letter required by Section 2.2.2.8(L) NMAC if not previously submitted;
  - (3) a copy of the signed management representation letter required by SAS 85;
  - (4) a list of the passed adjustments and adjusting journal entries required by SAS 89; and
  - (5) a copy of the completed State Auditor Report Review Guide available at [www.osanm.org](http://www.osanm.org).
- B. For purposes of 2.2.2 NMAC, reports postmarked by the Agency's due date provided in Section 2.2.2.9(A) NMAC will be considered received by the due date provided in that section. 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 Subsection C of 2.2.2.13 NMAC. If copies of the engagement letter, management representation letter, list of past adjustments and adjusting journal entries 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.
- C. As soon as the Contractor becomes aware that circumstances exist that will make the Agency's audit report late, the Contractor shall immediately provide written notification of the situation to the State Auditor and the Agency's oversight agency, if applicable. The notification shall include an explanation regarding why the audit report will be late and a concurring signature by the Agency.
- D. Pursuant to Section 2.2.2.8(L) 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 a 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.
- E. After its review of the audit report pursuant to 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 \_\_\_\_\_ 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 \_\_\_\_\_ copies of the audit report to the Agency. Every member of the Agency's governing authority shall receive a copy of the report.

- F. The Agency, upon delivery of its audit report, shall submit 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. 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., 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 the corresponding rule, Section 2.2.2.8(I), 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. 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.
- 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 pursuant to Section 2.2.2.8(B)(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(N), 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(D), 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 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(G) NMAC, the Contractor may subcontract only with independent public accountants who have submitted completed and approved firm profiles as provided in Section 2.2.2.8(A) 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 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 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.

**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, Chapter 10, Article 16 NMSA 1978, regarding contracting with a public officer, state employee or former state employee have been followed.

**14. INDEPENDENCE**

The Contractor affirms and represents its personal, external and organizational independence from the Agency in accordance with the *Government Auditing Standards 2003 Revision*, issued by the Comptroller General of the United States, and 2.2.2.8(H) 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, Chapter 13, Article 1 NMSA 1978. **The engagement letter or any documentation included with the engagement letter shall not be interpreted to amend the contract.**

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.

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 Agency's governing body for the performance of this Contract. If sufficient appropriations and authorization are not made by the Agency's governing body, this Contract shall terminate upon written notice being given by the Agency to the Contractor. The Agency's decision as to whether sufficient appropriations are available shall be accepted by the Contractor and shall be final.

20. **PENALTIES FOR VIOLATION OF LAW**

The Procurement Code, Chapter 13, Article 1 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 the working papers of the Agency's audit conducted pursuant to this Contract for a period of 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 SAS No. 84. 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. OTHER PROVISIONS**

SEE EXHIBIT A ATTACHED

IN WITNESS WHEREOF, the parties have executed this Contract as of the date of signature by the State Auditor.

AGENCY

CONTRACTOR

BY: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

This Contract has been approved by:

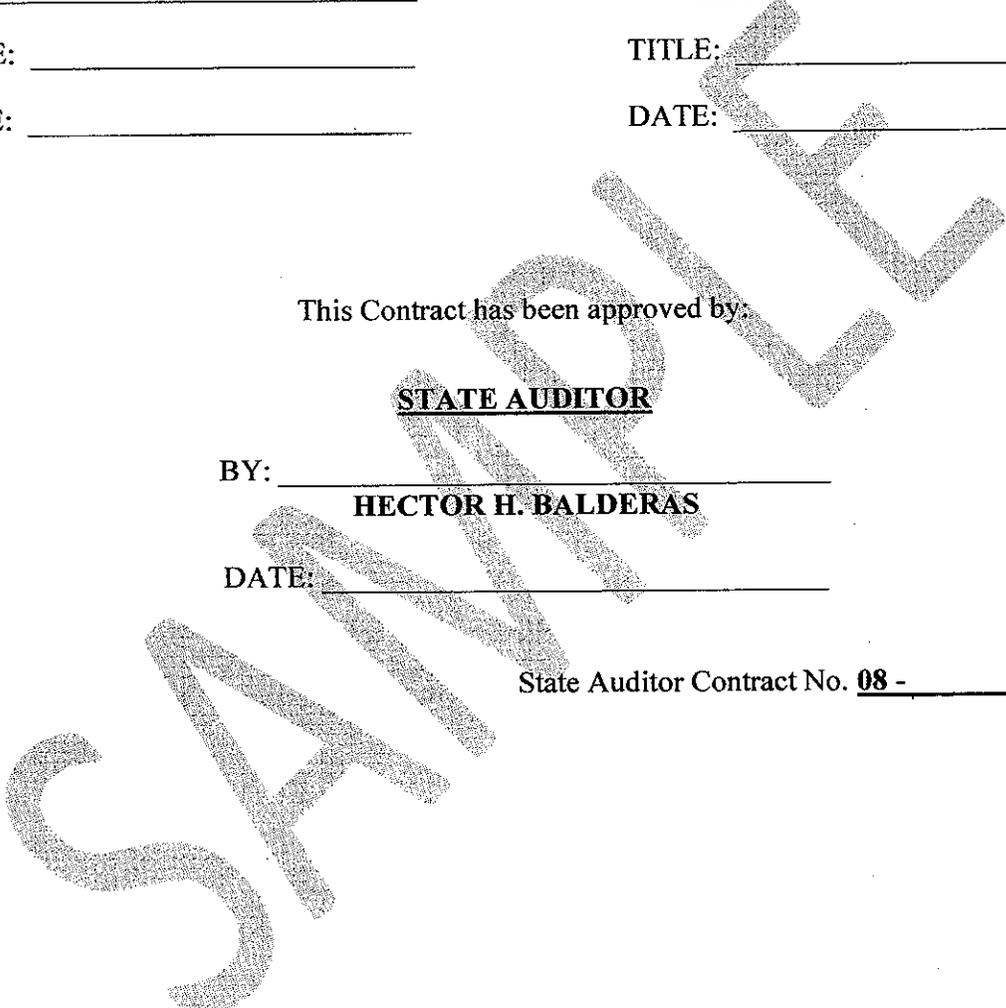
STATE AUDITOR

BY: \_\_\_\_\_

**HECTOR H. BALDERAS**

DATE: \_\_\_\_\_

State Auditor Contract No. **08** - \_\_\_\_\_



**EXHIBIT A****25. OTHER PROVISIONS, CONTINUED**

The Contractor shall prepare the government-wide financial statements, notes, and statistical information, as required, for the City of Las Cruces, PHA, SCSWA, Metro, MVRDA, RGNGA, and ASCMV. Thirty (30) copies each of the final financial report for PHA, SCSWA, Metro, MVRDA, RGNGA, and ASCMV will be delivered to the Agency when the Agency's 80 copies are delivered. Delivery of the bound and electronic copies (per the RFP section II F-2) shall in no event extend beyond 30 days following the release of the Agency's CAFR by the State Auditor's Office.

The final reports must be submitted to the State Auditor's Office, and the City's Finance Director, by November 15<sup>th</sup>. Submission to the State Auditor's Office must be in **FINAL** format with the CAFR and financial reports complete and proofed by November 15<sup>th</sup>. A significant number of changes or corrections by the Contractor following submission to the State Auditor's Office will indicate an incomplete submission.

Unjustified failure by the Contractor to meet the delivery requirement of a complete and proofed CAFR and financial reports by November 15, 2009, shall result in a reduction of compensation of \$1,000.00 per day for each day until the delivery of the complete and proofed CAFR and financial reports.

Failure by the Agency to ensure the Agency's books and records are ready and available for audit as identified in the schedule of audit deliverables for the audit shall result in an equal number of days allowance for the contract.

In no event, shall this Contract be amended to include any additional compensation. The maximum compensation, set forth in **Section 3 – Compensation**, shall not be increased subject to the timely delivery of the audit.

The Contractor shall prepare and submit the data collection form on behalf of the Agency to the Federal Audit Clearinghouse.

The Contractor shall prepare and submit the REAC report on behalf of PHA.

The Contractor will be required to have in effect during the term of this Contract an Errors and Omissions Insurance policy in the sum, not less than 1 million dollars (\$1,000,000.00).

City of Las Cruces		Phone: 505-541-2050	Date Completed: May 13, 2009		
<b>Part I Evaluation</b>		<b>Points</b>	<b>Accounting and Consulting Group, LLP</b>	<b>REDW, LLC</b>	<b>Strickler &amp; Prieto, LLP</b>
<b>Section 1</b>	<b>Capability of Firm</b>				
A	The firm has the resources to perform the type and size of audit required. # of firm team members: Total audit hours available:	0-15 0-2	8 1	12 2	10 2
B	The firm meets independence standards to perform the audit.				
C	<b>External Quality Control Review (Peer Review)</b> 1 Peer review results: Obtain most recent copy of the external quality control review report, including letter of comments. 2 Report received, unmodified 4-5; modified 1-3 If report is less than modified (adverse) STOP HERE. <b>FIRM DOES NOT QUALIFY</b>	0-7	0	5	5
	3 Results of reference checks and agency's prior experience with the firm. (Reference check should include timeliness, planning, technical expertise, etc.)	0-8	4	4	3
D	Organization and completeness of proposal or bid.	0-2	1	2	2
<b>Section I Total:</b>		<b>0-34</b>	<b>15</b>	<b>25</b>	<b>22</b>
<b>Section II</b>	<b>Work Requirements &amp; Audit Approach</b>				
A	Knowledge of audit objectives, agency needs, and product to be delivered.	0-4	3	4	3
B	Proposal or bid contains a sound technical plan and realistic estimate of time to complete major segments of the audit: planning; interim fieldwork; fieldwork; and reporting. Start Date: End Date:	0-7	4	5	6
C	Plans for using agency staff, including internal auditors.	0-2	1	2	1
D	If the proposal or bid is for a multi-year contract, approach for planning and conducting the work efforts of subsequent years.	0-2	1	1	1
<b>Section II Total:</b>		<b>0-15</b>	<b>8</b>	<b>11</b>	<b>11</b>
<b>Section III</b>	<b>Technical Experience</b>				
A	Governmental audit experience of on-site manager. Name of on-site manager:	0-12	1	9	9
B	Team audit experience 1 Specialization in the type of agency (e.g., State agencies, schools, hospitals, counties, cities, etc) 2 GASB 34 and 35 experience 3 Experience with Housing Authorities	0-10 0-3 0-8	5 2 4	7 2 6	7 2 4
C	Attendance at continuing professional education seminars or meetings on auditing, accounting, regulations directly related to state and local government audits and the agency.	0-3	1	3	2
<b>Section III Total:</b>		<b>0-36</b>	<b>13</b>	<b>28</b>	<b>24</b>
<b>Section IV</b>	<b>Firm Strengths or Weaknesses</b> Specify: 3 years of prior experience with the City; GFOA and REAC experience; satisfactory peer review comments	0-5	1	3	2
<b>Section IV Total:</b>		<b>0-5</b>	<b>1</b>	<b>3</b>	<b>2</b>
<b>Total All Sections:</b>		<b>0-90</b>	<b>37</b>	<b>67</b>	<b>58</b>
<b>Part II Evaluation</b>					
First Year Cost			\$295,500.00	\$362,095.00	\$269,450.00
Points Earned			7	7	10
<b>Total Part I and Part II</b>			<b>43</b>	<b>74</b>	<b>68</b>