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City of Las Cruces[®]
 PEOPLE HELPING PEOPLE

Council Action and Executive Summary

Item # 15 Ordinance/Resolution# 11-12-466

For Meeting of _____
 (Ordinance First Reading Date)

For Meeting of May 7, 2012
 (Adoption Date)

Please check box that applies to this item:

QUASI JUDICIAL LEGISLATIVE ADMINISTRATIVE

TITLE: A RESOLUTION AWARDING A CONTRACT FOR A THREE YEAR PERIOD FOR CPA AUDIT AND PROFESSIONAL SERVICES TO MOSS ADAMS LLP OF ALBUQUERQUE, NM, IN THE AMOUNTS OF \$210,000 FOR YEAR 1; \$231,530 FOR YEAR 2; AND \$236,800 FOR YEAR THREE, PLUS GROSS RECEIPTS TAX, PENDING ANNUAL CONTRACT RENEWAL AS AUTHORIZED BY THE STATE AUDITOR AND APPROVED ANNUAL BUDGETS AS AUTHORIZED BY CITY COUNCIL.

PURPOSE(S) OF ACTION:

To award a contract.

COUNCIL DISTRICT: N/A		
<u>Drafter/Staff Contact:</u> Pat Degman	<u>Department/Section:</u> Finance/Comptroller	<u>Phone:</u> 541-2080
<u>City Manager Signature:</u>		

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 11/12. Proposal submittals were received and evaluated by the Selection Advisory Committee (SAC). SAC recommends awarding the contract to Moss Adams LLP. Moss Adams LLP, a regional CPA firm located in Albuquerque, will be conducting the annual financial audit. The proposal from Moss Adams LLP is a three year proposal and includes financial audit services for the City, South Central Solid Waste Authority, Metro Narcotics Agency, Mesilla Valley Regional Dispatch Authority, and Animal Services Center of the Mesilla Valley. The renewal option for years 2 and 3 would require approval from the State Auditor.

(Continue on additional sheets as required)

Funding is available in the General Fund Councilors Auditing Services account (10100030-710200), subject to Council approval of the fiscal year budgets for 2013, 2014, and 2015. Work on the audit will begin in late June. Audit costs for the City, South Central Solid Waste Authority, Metro Narcotics Agency, Mesilla Valley Regional Dispatch Authority, and Animal Services Center of the Mesilla Valley will be charged directly to their respective organizations.

SUPPORT INFORMATION:

1. Resolution.
2. Exhibit "A," Purchasing Manager's Request to Contract Form.
3. Attachment "A," Draft Audit Contract and IPA Recommendation Form.
4. Attachment "B," SAC Score Sheet.

SOURCE OF FUNDING:

Is this action already budgeted?	Yes	<input type="checkbox"/>	See fund summary below
	No	<input checked="" type="checkbox"/>	If No, then check one below:
	<i>Budget Adjustment Attached</i>	<input type="checkbox"/>	Expense reallocated from: _____
		<input type="checkbox"/>	Proposed funding is from a new revenue source (i.e. grant; see details below)
		<input type="checkbox"/>	Proposed funding is from fund balance in the 1000 General Fund.
Does this action create any revenue?	Yes	<input type="checkbox"/>	Funds will be deposited into this fund: _____ in the amount of \$ _____ for FY__.
	No	<input checked="" type="checkbox"/>	There is no new revenue generated by this action.

BUDGET NARRATIVE

The annual financial audit for FY12 is included in the FY13 proposed budget in account 10100030-710200. The budget for the FY13 audit is planned to be included in the proposed budgets for FY14, and similarly, the FY14 audit should be included in the FY15 proposed budget. Annual audits will require City Council approval of the respective proposed budgets.

FUND EXPENDITURE SUMMARY:

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds in Current FY	Remaining Funds	Purpose for Remaining Funds
N/A	N/A	N/A	N/A	N/A	N/A

(Continue on additional sheets as required)

OPTIONS / ALTERNATIVES:

1. Vote "Yes"; this will approve the resolution awarding a contract for a three year period for CPA audit services to Moss Adams LLP for the respective amounts of \$210,000, \$231,530, and \$236,800, plus gross receipts tax.
2. Vote "No"; this will not approve the resolution and Council will need to provide staff with alternative direction.
3. Vote to "Amend"; this could modify the resolution.
4. Vote to "Table"; this could delay awarding a contract for audit services and prevent meeting the State Auditor's submission date of December 1, 2012.

REFERENCE INFORMATION:

N/A

(Continue on additional sheets as required)

RESOLUTION NO. 11-12-466

A RESOLUTION AWARDING A CONTRACT FOR A THREE YEAR PERIOD FOR CPA AUDIT AND PROFESSIONAL SERVICES TO MOSS ADAMS LLP OF ALBUQUERQUE, NM, IN THE AMOUNTS OF \$210,000 FOR YEAR 1; \$231,530 FOR YEAR 2; AND \$236,800 FOR YEAR THREE, PLUS GROSS RECEIPTS TAX, PENDING ANNUAL CONTRACT RENEWAL AS AUTHORIZED BY THE STATE AUDITOR AND APPROVED ANNUAL BUDGETS AS AUTHORIZED BY CITY COUNCIL.

The City Council 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 2011/2012 audit. The proposals included a multi-year cost proposal for each year of a three (3) year period; and

WHEREAS, proposals were received and evaluated by the Selection Advisory Committee (SAC). SAC recommends awarding the contract to Moss Adams LLP.

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

(I)

THAT the City of Las Cruces hereby awards a contract for a three (3) year period for CPA Audit and Professional Services to Moss Adams LLP in the respective amounts of \$210,000 for year 1; \$231,530 for year 2; and \$236,800 for year 3, plus gross receipts tax. The Purchasing Manager's Request to Contract is attached hereto as Exhibit "A." The initial contract is to be completed and submitted to the State Auditor on or before May 15, 2012.

(II)

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

DONE AND APPROVED this ____ day of _____, 2012.

APPROVED:

Mayor

ATTEST:

City Clerk

(SEAL)

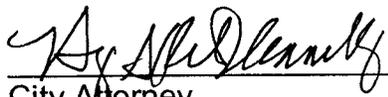
VOTE:

Mayor Miyagishima:	_____
Councillor Silva:	_____
Councillor Smith:	_____
Councillor Pedroza:	_____
Councillor Small:	_____
Councillor Sorg:	_____
Councillor Thomas:	_____

Moved by: _____

Seconded by: _____

APPROVED AS TO FORM:



City Attorney

CITY OF LAS CRUCES

PURCHASING MANAGER'S REQUEST TO CONTRACT

For Meeting of: May 7, 2012

Resolution No.: 11-12-466

Contract Purchase For Financial Audit Services

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

RFP SOLICITATION INFORMATION:

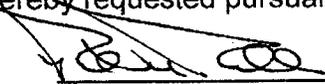
1. RFP No./ Due Date: RFP No. 11-12-466 / March 30, 2012
2. Description: Financial Audit Services
3. Using Department: Finance
4. Number of Responses Accepted: Seven (7)
5. Award Recommendation To: Moss Adams LLP of Albuquerque, NM
6. Total Award Amount without Gross Receipts Tax First Year - \$210,000.00
Second Year - \$231,530.00
Third Year - \$236,800.00
7. Contract Duration: Three Years Pending Annual Renewal and Approved Budgets

LOCAL PREFERENCE FACTOR

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

14/3/12
Date

CONFIRMATION OF FUND ENCUMBRANCE:

REQUISITION or PURCHASE ORDER NUMBER:

TBD

DRAFT

ATTACHMENT "A"

Contract No. _____

STATE OF NEW MEXICO AUDIT CONTRACT

This CONTRACT is made and entered into this 7th day of May, 2012, by and between the
City of Las Cruces

hereinafter referred to as the "Agency", and
Moss Adams LLP

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".

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, 2011 through June 30, 2012**:

- (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) Remaining supplemental information on schedules as required by Section 2.2.2.10(A)(2)(e) 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 558.05 through .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* (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* (March 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 in accordance with the provisions specified in Sections 2.2.2.10(A)(1), 2.2.2.12(C) NMAC, *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-4 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 State Auditor on or before December 1, 2012 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 AU 333;
 - (4) a list of the passed adjustments required by SAS No. 89.04; and
 - (5) a copy of the completed State Auditor Report Review Guide available at 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 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. 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 be notified, but confidential audit information shall be omitted from that notification.
- 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 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.
- 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 **THREE** 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 50 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 \$224,700.
- B. Total Compensation will consist of the following:

SERVICES	AMOUNTS
(1) Financial statement audit	\$140,775
(2) Federal single audit	\$ 31,900
(3) Financial statement preparation	\$ 26,400
(4) Other nonaudit services, such as depreciation schedule updates	
(5) Other (i.e., component units, specifically identified)	\$ 10,925

Gross Receipts Tax = \$ 14,700

Total Compensation = \$224,700

- 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, Sections 13-1-28 through 13-1-199 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. 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 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 Ryan Luetkemeyer. 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

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

AGENCY

NAME: City of Las Cruces

BY: _____

TITLE: Chief Administrative Officer

DATE: May 7, 2012

CONTRACTOR

NAME: Moss Adams LLP

BY: _____

TITLE: Partner

DATE: _____

This Contract has been approved by:

STATE AUDITOR

BY: _____

TITLE: DEPUTY STATE AUDITOR

DATE: _____

State Auditor Contract No. 12 -

**STATE OF NEW MEXICO
AUDIT CONTRACT**

EXHIBIT A

25. OTHER PROVISIONS, CONTINUED

City staff shall prepare the fund financial statements and the combining financial statements for the City. The Contractor will assist in the preparation the internal service allocation, government-wide financial statements, the footnotes, and the statistical information for the City's Comprehensive Annual Financial Report (CAFR). Fifty (50) copies of the City's CAFR consisting of twenty-five (25) bound, color copies, and twenty-five electronic (25) copies on CDs, appropriately labelled.

City staff shall prepare the stand-alone financial statements, including the MD&A and footnotes, for SCSWA, Metro, MVRDA, and ASCMV. Twenty-five (25) bound copies of the final financial report for SCSWA, Metro, MVRDA and ASCMV will be delivered to the City when the City's copies are delivered.

Delivery of the bound and electronic copies shall in no event extend beyond 15 days following the release of the financial reports by the State Auditor's Office.

For each entity: One (1) electronic digital file in PDF format of the complete CAFR or financial report, presented in book format, one (1) file of the financial statements and schedules/statistics in Excel format, and the MD&A and notes in Word format, to be provided on compact disk (CD).

Delivery of the bound and electronic copies shall in no event extend beyond 15 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 Comptroller, by November 16, 2012. Submission to the State Auditor's Office must be in **FINAL** format with the CAFR and financial reports complete and proofed. 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 16, 2012, 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.

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

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).

The Contractor will apply the agreed-upon procedures (AUP) to the Red Light Program (STOP), and submit a written report of findings to the State Auditor's Office and the City's Comptroller. The AUP are listed on the following page.

**CITY OF LAS CRUCES
AGREED UPON PROCEDURES
SAFE TRAFFIC OPERATIONS PROGRAM (STOP)**

Description

1. Obtain an understanding of internal control over the Safe Traffic Operations Program (STOP) in order to plan the engagement and verify that the planned procedures are appropriate and consistent with the objectives of the attestation engagement.
2. Review the contract between the City of Las Cruces and the service provider regarding the STOP program and determine processes and procedures of each party to the contract related to:
 - Determining when a camera red-light or speeding violation has occurred
 - The billing and collection of penalties or fines, and costs or fees assessed for camera red-light or speeding violations
 - The distribution of monies collected from penalties or fines, and costs and fees for camera red-light or speeding violations
3. The local ordinance states that a hearing by a hearing officer shall be available for a contested violation. Program revenues are used to pay for the hearing officer. Procedures shall include a review of the contract between the City of Las Cruces and the Hearing Officer and determine the processes and procedures of each party to the contract to assist in the adjudication of penalties, fines, costs and fees.
4. Select a random sample 59 of the total camera red-light and speeding violations reported during fiscal year 2012. For each reported violation, determine compliance with relevant processes and procedures of the City of Las Cruces, the service provider and the Hearing Officer.
5. For the fiscal year, determine whether the City has retained from the gross total amount of penalties, fines, fees, and costs assessed and collected that month or period set by contract an amount equal to the sum of the setup, maintenance, support and processing services fees charged for that month or period pursuant to contractual terms between the City's and the service provider engaged to assist the City in imposing penalties or fines and costs or fees.
6. For the fiscal year, determine whether the percentage of the net total amount assessed and collected in penalties, fines, fees and costs by the City remitted to the State Treasurer's Office is consistent with state law.
7. Issue a written report on the procedures performed, findings and recommendations related to the engagement.



IPA Recommendation Form for Audits

(Please print on your agency's letterhead)

- ❖ Complete the audit contract (including obtaining the IPA's signature) and submit it to the Office of the State Auditor with this form by the deadline indicated at 2.2.2.8(B)(6)(c).

I.

Agency Contact Information Requirement

Name of Agency: CITY OF LAS CRUCES
 Address of Agency: PO BOX 2000, LAS CRUCES, NM 88004
 Phone # of Agency: (575) 541-2078 FAX# of Agency (575) 541-2127
 City: LAS CRUCES (State: NM) Zip: 8 8 0 0 1- Web Site Address: www.las-cruces.org

Agency Head Contact Information

Name of Agency Head: Ken Miyagishima Title of Agency Head: Mayor
 E-mail address of Agency Head: mayor@las-cruces.org

Agency Contact Information

Name of Agency Contact: Mark Winson Title of Agency Contact: Chief Administrative Officer
 Phone # of Agency Contact: (575) 541-2078 FAX# of Agency Contact (575) 541-2127
 E-mail address of Agency Contact: mwinson@las-cruces.org

Notice: Please fill out e-mail address of contact person. All fully executed contracts will be sent via e-mail.

II.

Recommended Independent Public Accountant (IPA) Information

Name of IPA Firm: Moss Adams LLP
 Phone # (505) 878-7200 Fax: (505) 878-7282 E-mail Address: wayne.brown@mossadams.com

Name of the IPA Firm's on-site manager: Ryan Luetkemeyer
 (Note: The name of the On-Site Manager must match the name listed in the Audit Contract. If there is a change, the Office of the State Auditor must be notified in writing)

III.

For which Fiscal Year (FY) is this recommendation being made: FY2011/12
 Estimated Audit Start Date June 11, 2012 Estimated Completion Date December 1, 2012

IV.

Please check the box below that applies to your agency (a Single Audit should have been included in the procurement if the agency expended \$500,000 or more of federal funds. American Recovery and Reinvestment Act (ARRA) expenditures should be included in this determination):

- My agency procured an annual financial and compliance audit without a Single Audit.
- My agency procured an annual financial and compliance audit with a Single Audit.

V.

Please check the appropriate box below:

- This is a multi-year award and this request applies to the 1st year of a 3 year Proposal.
- This is a one year procurement award for only the fiscal year indicated in Section III.

VI.

Rotation Requirement: (Per Section 2.2.2.8(C)(b) NMAC)

How many years has your agency contracted with the IPA recommended above for annual compliance audit services consecutively without a minimum of a 2 year break? None. If this is considered a small purchase (no more than \$50,000 excluding gross receipts tax (GRT)); in any of those consecutive years has the cost of the audit engagement been over \$50,000 (excluding GRT)? Yes No

VII.

BREAKDOWN	<input checked="" type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	
	1 st Year Hours FYE <u>6/30/12</u>	1 st Year Cost	2 nd Year Hours FYE <u>6/30/13</u>	2 nd Year Cost	3 rd Year Hours FYE <u>6/30/14</u>	3 rd Year Cost
AGENCY CONTRACTS						
Financial Statement Audit	<u>1,385</u>	<u>\$140,775</u>	<u>1,325</u>	<u>\$159,975</u>	<u>1,300</u>	<u>\$162,825</u>
Federal Single Audit	<u>290</u>	<u>31,900</u>	<u>290</u>	<u>33,180</u>	<u>290</u>	<u>34,500</u>
Financial Statement Preparation	<u>240</u>	<u>26,400</u>	<u>240</u>	<u>27,450</u>	<u>240</u>	<u>28,550</u>
Other allowed nonaudit Services	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other (housing authorities, or other component units)	<u>95</u>	<u>10,925</u>	<u>95</u>	<u>10,925</u>	<u>95</u>	<u>10,925</u>
SUB TOTAL	<u>2,010</u>	<u>210,000</u>	<u>1,950</u>	<u>231,530</u>	<u>1,925</u>	<u>236,800</u>
Gross Receipts Tax		<u>14,700</u>		<u>16,207</u>		<u>16,576</u>
TOTAL COMPENSATION		<u>\$224,700</u>		<u>\$247,737</u>		<u>\$253,376</u>

I hereby certify that all the information submitted in this recommendation is true, accurate and complete to the best of my knowledge. Furthermore, I also hereby certify that, to the best of knowledge, my agency complied with applicable provisions of the New Mexico Procurement Code (Sections 13-1-28 through 13-1-199 NMSA 1978) and the Audit Rule (2.2.2 NMAC) in the procurement of the IPA and recommendation to the State Auditor. Finally, I hereby attest that I have the authority to certify the information submitted in this recommendation on behalf of the agency.

Agency Head/Designee: _____ Mark Winson _____
(Signature) (Print Name)
Chief Administrative Officer _____
(Title and Date)

(THIS SECTION APPLIES TO SCHOOLS AND UNIVERSITIES ONLY)

This IPA recommendation has been reviewed and approved by our oversight agency (please select one) the Higher Education Department (HED) or the Public Education Department (PED) for state-chartered charter schools as required by Section 12-6-14 NMSA 1978, and as indicated by the following oversight agency signature and date.

Oversight Agency Signature

Printed name of signer

Date

PHASE I - PROPOSAL EVALUATION REPORT		POINTS DISTRIBUTION									
TITLE: FINANCIAL AUDIT SERVICES		TOTAL POINTS POSSIBLE	Accounting & Consulting Group	Allen, Gibbs & Houlik	BKD	CliftonLarson Allen	Heinfeild, Miesch & Co.	Moss Adams	Strickler & Prieto		
RFP NO.: 11-12-466			Yes	No	No	Yes	No	Yes	No		
NM RESIDENCE PREFERENCE (YES or NO)			40.0	0.0	0.0	40.0	0.0	40.0	0.0		
If "YES", Add (TOTAL POINTS POSSIBLE) X .05											
CRITERIA											
1.a. Resources: Team members/Audit Hours		15	83	93	70	86	92	107	76		
1.b. Independence Standards Compliance		2	15	16	16	15	16	15	16		
1.c. Peer Review		7	28	45	50	45	43	51	42		
1.d. Reference Checks		8	44	48	45	46	48	50	33		
1.e. Proposal Organization/Completeness		2	15	15	16	13	14	16	11		
2.a. Knowledge of Objectives and Deliverables		7	44	43	42	42	30	44	39		
2.b. Technical Plan Soundness and Timing Validity		15	86	96	94	95	77	101	69		
2.c. City Staff Participation		2	5	11	8	8	10	12	7		
2.d. Approach to Yearly Planning and Work		2	13	15	14	14	14	15	13		
3.a. On-site Manager Government Audit Experience		12	72	85	74	64	77	83	67		
3.b. IPA and Various Government Body Experience		10	68	73	72	68	70	74	50		
3.c. Continuing Education		3	16	22	22	19	21	23	14		
4. Experience with Municipal Audits/GASB/GFOA		5	31	34	31	34	32	34	29		
5. Cost		10	60.72	80.00	76.96	61.68	71.52	76.00	71.52		
Rating Sheets Raw Scores		100	580.72	676.00	630.96	610.68	615.52	701.00	537.52		
NET SCORE AFTER RESIDENT PREFERENCE APPLIED			620.72	676.00	630.96	650.68	615.52	741.00	537.52		