City of Las Cruces®
PEOPLE HELPING PEOPLE

Council Action and Executive Summary

Item # 4 **Ordinance/Resolution#** 14-15-134

For Meeting of _____ (Ordinance First Reading Date)

For Meeting of June 1, 2015 (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 $240,800.00 FOR YEAR 1; $249,300.00 FOR YEAR 2; AND $259,000.00 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 financial audit contract.

COUNCIL DISTRICT: N/A		
Drafter/Staff Contact: Melissa Nelson	**Department/Section:** Finance/Administration	**Phone:** 541-2151
City Manager Signature:		

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 14/15. 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, New Mexico, 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. In accordance with State Audit Rule 2.2.2.8 G.(6)(c)(iv), local public bodies must submit the signed Independent Public Accountant Recommendation Form and the audit contract to the State Auditor by May 15, 2015 for approval by the State Auditor prior to executing a final contract. The FY2015 contract was submitted to the State

(Continue on additional sheets as required)

Auditor's office on May 4, 2015. The renewal option for years 2 and 3 would require approval from the State Auditor as well.

Funding is available in the General Fund Council Auditing Services account (10100030-710200), subject to City Council approval of the fiscal year budgets for 2016, 2017, and 2018. Work on the audit will begin in late June 2015. First year audit costs are as follows: City ($208,300.00) South Central Solid Waste Authority ($12,000.00), Metro Narcotics Agency ($12,000.00), Mesilla Valley Regional Dispatch Authority ($5,500.00), and Animal Services Center of the Mesilla Valley ($3,000.00) plus gross receipts tax and will be charged directly to their respective organizations.

SUPPORT INFORMATION:

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

SOURCE OF FUNDING:

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

BUDGET NARRATIVE

The annual financial audit for FY15 is included in the FY16 adopted budget in the Council Auditing Service account (10100030-710200). The budget for the FY16 audit is planned to be included in the proposed budgets for FY17, and similarly, the FY17 audit should be included in the FY18 proposed budget. Annual audits will require City Council approval of the respective proposed budgets.

(Continue on additional sheets as required)

FUND EXPENDITURE SUMMARY:

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds Current FY	Remaining Funds	Purpose for Remaining Funds
General Fund	10100030-710200	$208,300.00	$225,369.00	$17,069.00	Gross Receipts Tax

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 $240,800.00, $249,300.00, and $259,000.00, plus gross receipts tax.
2. Vote "No"; this will not approve the resolution and City 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, 2015.

REFERENCE INFORMATION:

N/A

(Continue on additional sheets as required)

RESOLUTION NO. 14-15-134

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 $240,800.00 FOR YEAR 1; $249,300.00 FOR YEAR 2; AND $259,000.00 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 2014/2015 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 $208,300.00 for year 1; $215,300.00 for year 2; and $223,500.00 for year 3, plus gross receipts tax. The draft audit contract and IPA recommendation form is attached here to as Exhibit "A." First year audit costs are as follows: City of Las Cruces ($208,300.00), South Central Solid Waste Authority ($12,000.00), Metro Narcotics Agency ($12,000.00), Mesilla Valley Regional Dispatch Authority ($5,500.00), and Animal

Services Center of the Mesilla Valley ($3,000.00) plus gross receipts tax and will be charged directly to their respective organizations.

(II)

THE Purchasing Manager's Request to Contract is attached hereto as Exhibit "B." In accordance with State Audit Rule 2.2.2.8 G.(6)(c)(iv), local public bodies must submit the signed Independent Public Accountant Recommendation Form and the audit contract to the State Auditor by May 15, 2015 for approval by the State Auditor prior to executing a final contract. The FY2015 contract was submitted to the State Auditor's office on May 4, 2015. The renewal option for years 2 and 3 would require approval from the State Auditor as well.

(III)

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

DONE AND APPROVED this _____day of _____, 20__.

APPROVED:

_____
Mayor

ATTEST:

_____
City Clerk

(SEAL)

VOTE:
Mayor Miyagishima: _____
Councillor Silva: _____
Councillor Smith: _____
Councillor Pedroza: _____
Councillor Small: _____
Councillor Sorg: _____
Councillor Levatino: _____

Moved by: _____

Seconded by: _____

APPROVED AS TO FORM:

_____
City Attorney

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(G)(6)(c).**

I. Agency Contact Information

Name of Agency: City of Las Cruces
Address of Agency: PO Box 20000, Las Cruces, NM 88004
Phone # of Agency: 575-541-2078 FAX# of Agency 575-541-2516
City: Las Cruces (State: NM) Zip: 88004 - 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: Victoria Fredrick Title of Agency Contact: Director of Financial Services
Phone # of Agency Contact: 575-541-2080 FAX# of Agency Contact 575-541-2516
E-mail address of Agency Contact: vfredrick@las-cruces.org

Note: 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

As required by the Audit Rule, Section 2.2.2.8.E(3), an IPA subject to contract restriction is responsible for informing this agency whether it is eligible to engage in this proposed contract. By signing the signature page, I am verifying herein that the IPA has certified its eligibility to engage in this proposed contract.

Name of IPA Firm:
Moss Adams LLP
Phone # 505-878-7200 Fax: 505-878-7282 E-mail
Address: Brandon.Valentini@mossadams.com

Note: If there is a change in the On-Site Manager, the Office of the State Auditor must be notified in writing.

III. Important Dates

For which Fiscal Year (FY) is this recommendation being made: FY2014/15
Estimated Audit Start Date 6/15/2015 **Estimated Completion Date** 12/01/2015

IV. Single Audit Requirement

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:

☐ 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. Multi-Year Certification

Please check the appropriate box below:

☑ This is a multi-year award and this request applies to the 1 year of a 3 year Proposal.

☐ This is a one year procurement award for only the fiscal year indicated in Section III.

VI. Fee and Hour Breakdown

Category	**The first year of our 3-year procurement was FY 20 15 (or use just these columns for one-year procurement)**		**The second year of our 3-year procurement was FY 20 16**		**The third year of our 3-year procurement was FY 20 17**	
	Year 1 Hours	Year 1 Cost	Year 2 Hours	Year 2 Cost	Year 3 Hours	Year 3 Cost
Financial Statement Audit	1200	$ 162,000.00	1200	$ 166,800.00	1200	$ 174,000.00
Financial Statement Preparation	200	$ 29,000.00	200	$ 30,000.00	200	$ 31,000.00
Federal Single Audit	280	$ 37,800.00	280	$ 39,000.00	280	$ 40,000.00
Other allowed non-audit services						
Component Units	110	$ 12,000.00	110	$ 13,500.00	110	$ 14,000.00
Other						
SUBTOTAL		$ 240,800.00		$ 249,300.00		$ 259,000.00
Gross Receipts Tax		$ 16,856.00		$ 17,451.00		$ 18,130.00
TOTAL	1790	$ 257,656.00	1790	$ 266,751.00	1790	$ 277,130.00

SIGNATURE PAGE

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: Victoria Fredrick
(Signature)

Victoria Fredrick
(Print Name)

Director of Financial Services &
(Title and Date)

Contract No. _____

STATE OF NEW MEXICO
AUDIT CONTRACT
(Agencies and Local Public Bodies with December 15 deadline)

City of Las Cruces
hereinafter referred to as the "Agency," and

Moss Adams LLP,
hereinafter referred to as the "Contractor," agree:

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

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, 2014 through June 30, 2015:**

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

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

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

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

(b) Combining financial statements;

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

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

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

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

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

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

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

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 15, 2015** and in accordance with NMAC Section 2.2.2.9:

(1) an organized, bound and paginated hard copy of the Agency's audit report for review;

(2) a copy of the signed management representation letter provided to the IPA by the Agency as required by AU-C580;

(3) a Summary of Findings Form available at www.osanm.org; and

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

B. Reports postmarked by the Agency's due date will be considered received by the due date for purposes of NMAC Section 2.2.2.9. 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 NMAC Section 2.2.2.13.C. If the State Auditor does not receive copies of the engagement letter, management representation letter, summary of findings form and the completed Report Review Guide with the audit report or prior to submittal of the audit report, the State Auditor will not consider the report 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 State Auditor shall also notify the Agency's oversight agency, but confidential information shall be omitted from that notification.

D. Pursuant to NMAC Section 2.2.2.8.Q, the Contractor shall prepare a written and dated engagement letter that 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 NMAC Section 2.2.2.13, the State Auditor shall authorize the Contractor to print and submit the final audit report. Within five business days from the date of the authorization to print and submit the final audit report, the Contractor shall provide the State Auditor with **TWO** copies of the report and an electronic version of the audit report, in PDF format. After the State Auditor officially releases the audit report by issuance of a release letter, the Contractor shall deliver 50 copies of the audit report to the Agency. The Agency or IPA shall ensure that 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 Contract, including New Mexico gross receipts tax and expenses, shall not exceed $ 257,656.00.

B. Contractor agrees not to, and shall not, perform any services in furtherance of this Contract prior to approval by the State Auditor. In accordance with Section 12-6-14(A), NMSA 1978, and NMAC Section 2.2.2.8.N(1), Contractor acknowledges and agrees that it will not be entitled to payment or compensation for any services performed by Contractor pursuant to this Contract prior to approval by the State Auditor.

C. Total Compensation will consist of the following:

SERVICES	AMOUNTS
(1) Financial statement audit	$ 162,000.00
(2) Federal single audit	$ 37,800.00
(3) Financial statement preparation	$ 29,000.00
(4) Other nonaudit services, such as depreciation schedule updates	
(5) Other (i.e., component units, specifically identified)	$ 12,000.00

Gross Receipts Tax = $ 16,856.00

Total Compensation = $ 257,656.00

D. The Agency shall pay the Contractor the New Mexico gross receipts tax levied on the amounts payable under this Contract and invoiced by the Contractor. Payment is subject to availability of funds pursuant to the Appropriations Paragraph set forth below.

E. Pursuant to Section 12-6-14, NMSA 1978 and NMAC Section 2.2.2.8.N, 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, 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, each permitted annual extension of the Contract shall be executed by mutual agreement of the parties and approval of the State Auditor pursuant to NMAC Section 2.2.2.8.G(4).

5. TERMINATION, BREACH AND REMEDIES

A. This Contract may be terminated:
   (1) By either party without cause, upon written notice delivered to the other party and the State Auditor at least ten (10) days prior to the intended date of termination.
   (2) By either party, immediately upon written notice delivered to the other party and the State Auditor, if a material breach of any of the terms of this Contract occurs. Unjustified failure to deliver the report in accordance with Paragraph 2 shall constitute a material breach of this Contract.
   (3) By the Agency pursuant to Paragraph 19, immediately upon written notice to the Contractor and the State Auditor.
   (4) By the State Auditor, immediately upon written notice to the Contractor and the Agency after determining that the audit has been unduly delayed, or for any other reason.

B. By termination, neither party may nullify obligations already incurred for performance or failure to perform prior to the date of termination. If the Agency or the State Auditor terminates this Contract, 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 to the extent required by Paragraph 3(E). If the Contractor terminates this Contract for any reason other than Agency's breach of this Contract, the Contractor shall repay to the Agency the full amount of any progress payments for work performed under the terms of this Contract.

C. Pursuant to NMAC Section 2.2.2.8.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.

D. THE REMEDIES HEREIN ARE NOT EXCLUSIVE, AND NOTHING IN THIS SECTION 5 WAIVES OTHER LEGAL RIGHTS AND REMEDIES OF THE PARTIES.

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

9. RECORDS

The Contractor shall maintain detailed time records that indicate the date, time, and nature of services rendered during the term of this Contract. The Contractor shall retain the records for a period of at least five (5) years after 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, their respective officers and employees and the State of New Mexico from all liabilities, claims and obligations whatsoever arising from or under this Contract. This paragraph does not release the Contractor from any liabilities, claims or obligations whatsoever arising from or under this Contract.

11. CONFIDENTIALITY

All information provided to or developed by the Contractor from any source whatsoever in the performance of this Contract shall be kept confidential and shall not be made available to any individual or organization by the Contractor, except in accordance with this Contract or applicable standards, without the prior written approval of the Agency and the State Auditor.

12. PRODUCT OF SERVICES; COPYRIGHT AND REPORT USE

Nothing developed or produced, in whole or in part, by the Contractor under this Contract shall be the subject of an application for copyright by or on behalf of the Contractor. The Agency and the State Auditor may post an audited financial statement on their respective websites once it is publicly released by the State Auditor.

13. CONFLICT OF INTEREST

The Contractor represents and 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. Each of the Contractor and the Agency certifies that it has followed the requirements of the Governmental Conduct Act, Section 10-16-1, et seq., NMSA 1978, regarding contracting with a public officer, state employee or former state employee, as required by the applicable professional standards.

14. INDEPENDENCE

The Contractor represents and warrants its personal, external and organizational independence from the Agency in accordance with the *Government Auditing Standards 2011 Revision,* issued by the Comptroller General of the United States, and NMAC Section 2.2.2.8.M. 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 with the prior written approval of the State Auditor. Any amendments to this Contract shall comply with the Procurement Code, Sections 13-1-28 through 13-1-199, NMSA 1978.

16. MERGER

This Contract supersedes all of the agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Contract. Contractor and Agency shall enter into and execute an engagement letter pursuant to NMAC Section 2.2.2.8.Q, consistent with Generally Accepted Auditing Standards (GAGAS). **The engagement letter and any associated documentation included with or referenced in the engagement letter shall not be interpreted to amend this Contract. Conflicts between the engagement letter and this Contract are governed by this Contract, and shall be resolved accordingly.**

17. APPLICABLE LAW

The laws of the State of New Mexico shall govern this Contract. By execution of this Contract, Contractor irrevocably consents to the exclusive personal jurisdiction of the courts of the State of New Mexico over any and all lawsuits arising from or related to this Contract.

18. AGENCY BOOKS AND RECORDS

The Agency is responsible for maintaining control of all books and records at all times and the Contractor shall not remove any books and records from the Agency's possession for any reason.

19. APPROPRIATIONS

The terms of this Contract are contingent upon sufficient appropriations and authorization being made by the legislature or the Agency's governing body for the performance of this Contract. If sufficient appropriations and authorization are not made by the legislature or 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. 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 shall 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 shall take appropriate steps to correct these deficiencies.

22. WORKING PAPERS

A. The Contractor shall retain its working papers of the Agency's audit conducted pursuant to this Contract for a period of at least five (5) years after 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 or the Agency, the Contractor shall deliver the original or clear, legible copies of all working papers to the requesting entity.

B. If the Contractor wishes to review the working papers of a predecessor, Contractor shall request that the Agency seek delivery of the working papers from a predecessor 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

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

SIGNATURE PAGE

This Contract is made effective as of the date of the signature of the Office of the State Auditor.

AGENCY	**CONTRACTOR**
NAME: City of Las Cruces	NAME:
BY: Victoria Fredrick	BY:
TITLE: Director of Financial Services	TITLE: Partner
DATE: 4/30/15	DATE:

This Contract has been approved by:

OFFICE OF THE STATE AUDITOR

BY: _____

TITLE: DEPUTY STATE AUDITOR

DATE: _____

State Auditor Contract No. **15 -**____

CITY OF LAS CRUCES

PURCHASING MANAGER'S REQUEST TO CONTRACT

For Meeting of: June 1, 2015

Resolution No.: 14-15-134

Contract Purchase For
CPA Audit and Professional Services

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

RFP SOLICITATION INFORMATION:

1. RFP No./ Due Date: **RFP No. 14-15-134 / April 9, 2015**
2. Description: **CPA Audit and Professional Services**
3. Using Department: **Financial Services Department**
4. Number of Reponses Solicited: **Thirty-four (34)**
5. Number of Responses Accepted: **One (1)**
6. Award Recommendation To: **Moss Adams, LLP of Albuquerque, NM**
7. Total Award Amount: **$208,300.00**
8. Contract Duration: **Three (3) Years**

LOCAL PREFERENCE FACTOR

Local Preference Factor Applied Per LCMC §24-100	No			LCMC §24-100 not applicable to this solicitation
	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**.

Deb Smith 15-26-15
Purchasing Manager Date

CONFIRMATION OF FUND ENCUMBRANCE:

REQUISITION or PURCHASE ORDER NUMBER:	**TBD**