

RFP NO. 2009-28
ANNUAL AUDIT SERVICES

PART I – GENERAL INFORMATION

1. GENERAL PURPOSE

The City of Carlsbad, New Mexico, has been notified by the New Mexico State Auditor that the 2008/2009 fiscal year audit is to be conducted by an independent public accountant (IPA). The term Certified Public Accountant (CPA) may be used in this proposal instead of IPA. The intended purpose of the REQUEST FOR PROPOSALS is to provide the IPA with the following:

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

2. GENERAL DESCRIPTION OF ENGAGEMENT AND REQUIREMENTS OF THE AUDITOR

A) Proposals are being requested for a single, agency-wide, comprehensive audit for the period July 1, 2008 through June 30, 2009.

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

B) Proposals are requested from qualified Independent Public Accountants in good standing, licensed to do business in the State of New Mexico. Proposals must include the audit firms most recent external quality control review report.

C) The final authority to designate the auditor selected rests with the State Auditor. The successful IPA must agree to enter into a contract (sample contract herewith attached for reference) which is subject to approval by the State Auditor.

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

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

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

G) Familiarity with the following is required:

- 1) House Bill 2 – Senior Citizens Report Requirements
- 2) OMB Circular A – 128
- 3) Federal Single Audit Act
- 4) State Auditor’s requirements for contracting and conducting audits of agencies 2NMAC 2.2, which is available on the Office of the State Auditor’s website at www.saonm.org
- 5) GASB Statements published in the Codification of Governmental Accounting and Financial Reporting Standards
- 6) Any other applicable pronouncements.

All applicable criteria pertaining to audits of local public bodies and specified in the State Auditor’s Rule No. 2NMAC 2.2 is considered to be a requirement of this proposal for audit services.

H) Certain supplementary schedules pertaining to federal funds are to be included within the scope of work. Examples of such funds might include the Community Development Block Grant Fund, Public Transportation Fund, and Retired Senior Volunteer Program and airport projects.

I) A separate audit on Special Appropriations Pilot Program No. 95-L-NR-I-3-G-189 will also need to be done.

J) A separate audit on Lodger’s Tax will also need to be done as required under City of Carlsbad Code of Ordinances No. 48-87 and Section 3-38-17.1, NMSA 1978.

K) The IPA must provide eight (8) copies of the completed audit for the State Auditor, twenty-five (25) copies of the completed audit for the City of Carlsbad, and 1 copy in Adobe Acrobat (PDF) format on CD for the City of Carlsbad. The City of Carlsbad will require review of the completed audit prior to printing and submission.

L) The quoted price as stated on the proposal must be firm and not subject to change. The total price should include the appropriate New Mexico Gross Receipts Tax but must be shown separately on the Proposal Form.

M) Due to the extensive requirements of local, state, and federal agencies, the IPA is advised that the comprehensive audit requires the expression of opinions and inclusion of comments which go beyond the standard opinions and comments usually presented in an audit report. See instructions from the State Auditor for specific information.

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

O) The completed Request for Proposals must be submitted in a sealed envelope to the Purchasing Department, Room 103, Municipal Building, 101 North Halagueno, Carlsbad, NM 88220, by 11:30 a.m., May

29, 2009. Proposals received after this time will be returned unopened. If unable to provide a quotation for this engagement, the IPA is requested to return the proposal packet with the term "NO QUOTE" written on the proposal form. The entire REQUEST FOR PROPOSAL is to be returned (or a complete facsimile), not just the quotation form, along with any addenda. In addition, the IPA should include any additional materials which will prove enlightening as to professional credentials.

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

3. GENERAL OVERVIEW OF FINANCIAL AND PROCEDURAL OPERATIONS

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

(B) The accounting policies of the City of Carlsbad conform to generally accepted accounting principles as applicable to New Mexico governmental units.

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

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