

State of New Mexico
Educational Retirement Board
Request for Proposals
RFP #2014-05



Audit Services
January 24, 2014

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I. INTRODUCTION

A. PURPOSE OF REQUEST FOR PROPOSALS

The State of New Mexico's Educational Retirement Board is requesting proposals for Independent Public Accountants (IPAs) to perform the annual financial and compliance audit of the Agency's financial statements for the fiscal years ending June 30, 2014, 2015, and 2016. Pursuant to the Audit Act, Section 12-6-3 (A) NMSA 1978:

The financial affairs of every agency shall be thoroughly examined and audited each year by the State Auditor and personnel of his office designated by him or by independent auditors approved by him. The audits shall be conducted in accordance with generally accepted auditing standards.

The purpose of this Request for Proposals (RFP) is to select an IPA (offeror) to perform the annual audit services.

B. SCOPE OF WORK SUMMARY

1. Audit Services

The audits shall be conducted in accordance with government auditing standards including compliance with pertinent State Statutes, Rules and Regulations, and the provisions of OMB Circulars A-87, A-133, Audit Rule 2013 - Requirements for Contracting and Conducting Audits of Agencies (2.2.2 NMAC), Audit Rule 2014 - Requirements for Contracting and Conducting Audits of Agencies (when published), and other applicable pronouncements as listed in 2.2.2 NMAC Section 10 (D) – (JJ).

The contract shall begin on April 1, 2014, or as soon as possible thereafter and is in effect for one (1) year from the date of award. The term of the contract shall be for one year with the option to extend for two successive one-year terms at the same price, terms and conditions as was stated in the original multi-year proposal. Exercising such option to extend must be by mutual agreement of the parties to the contract and with the approval of the State Auditor and the Department of Finance and Administration.

2. Proposal Discussions with Individual Offerors

The Agency reserves the right to conduct discussions with responsible offerors who submit acceptable or potentially acceptable proposals, in accordance with the requirements of Chapter 3, Rule No. GSD1.4.1 NMAC.

3. Amendments

This RFP shall not be modified in any way except by written amendment. Offerors shall acknowledge receipt of any and all amendments in writing.

C. SCOPE OF PROCUREMENT

The scope of procurement is to establish a professional service contract with a qualified offeror to perform financial statement audit services. The initial agreement will end one (1) year from the date of award. The Agency reserves the option of extending the contract on an annual basis for two (2) additional years, or any portion thereof. In no case will the contract, including all amendments thereof, exceed a total of three (3) years in duration.

D. PROCUREMENT MANAGER

The Agency has designated a Procurement Manager who is responsible for the conduct of this procurement whose name, address, e-mail and telephone numbers are listed below.

Ms. Sara Brownstein
New Mexico Educational Retirement Board
P.O. Box 26129
Santa Fe, New Mexico 87502
sara.brownstein@state.nm.us
(505) 476-6132

All deliveries via express carrier should be addressed as follows:

Ms. Sara Brownstein
New Mexico Educational Retirement Board
701 Camino De Los Marquez
Santa Fe, NM 87505

Offerors must direct any correspondence, inquiries or requests regarding this procurement only to the Procurement Manager.

E. DEFINITION OF TERMINOLOGY

This section contains definitions that are used throughout this procurement document, including appropriate abbreviations.

“Agency” means the State of New Mexico Educational Retirement Board.

“Contract” means an agreement for the procurement of items of tangible personal property or services.

“Contractor” means the offeror selected by the Agency pursuant to this Request for Proposals.

“Determination” means the written documentation of a decision of the Procurement Manager and the Evaluation Committee including findings of fact required to support a decision. A determination becomes part of the procurement file to which it pertains.

“Desirable” The terms “may” “can”, “should”, “preferably”, or “prefers” identify a desirable or discretionary item or factor.

“DFA” means the Department of Finance and Administration for the State of New Mexico.

“ERB” means the State of New Mexico Educational Retirement Board.

“Evaluation Committee” means a body appointed by the Agency management to perform the evaluation of offeror proposals.

“Evaluation Committee Report” means a report prepared by the Procurement Manager and the Evaluation Committee for submission to the State Purchasing Agency for contract award that contains all written determinations resulting from the conduct of a procurement requiring the evaluation of competitive sealed proposals.

“Finalist” is defined as an offeror who meets all the mandatory specifications of the Request for Proposal and whose score on evaluation factors is sufficiently high to qualify that offeror for further consideration by the Evaluation Committee.

“IPA” means Independent Public Accountant. Per Audit Rule 2013, only Certified Public Accountants (CPAs) holding a current permit to practice issued by the New Mexico State Board of Public Accountancy (Board) and whose firm is registered with the Board shall audit financial statements.

“Mandatory” or the terms “must”, “shall”, “will”, “is required”, or “are required” identify a mandatory item or factor. Failure to meet a mandatory item or factor will result in the rejection of the offeror’s proposal.

“Offeror” is any person, corporation, or partnership that chooses to submit a proposal.

“Procurement Manager” means the person or designee authorized by the Agency to manage or administer a procurement requiring the evaluation of competitive sealed proposals.

“Request for Proposals” or “RFP” means all documents, including those attached or incorporated by reference, used for soliciting proposals.

“Responsible Offeror” means an offeror who submits a responsive proposal and who has furnished, when required, information and data to prove that his financial resources, production or service facilities, personnel, service reputation and experience are adequate to make satisfactory delivery of the services or items of tangible personal property described in the proposal.

“Responsive Offer” or “Responsive Proposal” means an offer or proposal, which conforms in all material aspects to the requirements set forth in the request for proposals. Material aspects of responses to the request for proposals include, but are not limited to, price, quality, quantity or delivery requirements.

“State Auditor” or “SAO” means the Auditor for the State of New Mexico or a designated representative.

“State Purchasing Agent” or “SPA” means the Purchasing Agent for the State of New Mexico or designated representative.

F. BACKGROUND INFORMATION

The Educational Retirement Board has seven members appointed to its Board. The Board employs the Director of the ERB. The Educational Retirement Act (ERA) is the statutory authority for the retirement system for the employees of the public schools, charter schools, colleges, universities and selected state agencies. The system was established in 1957 and operates under the authority of NM Statutes, Section 22-11-1 et seq., NMSA 1978 as amended. The ERB and its staff administer the Act. Revenues, all of which are non-reverting to the State General Fund, are derived from earnings on Educational Retirement Board investments and employer and member contributions.

The Department is currently using the State SHARE system for its financial accounting system. Department Personnel will prepare the annual financial statements, notes to the financial statements and all required supplementary information.

OFFICE AND FACILITY LOCATIONS:

NM ERB Main Office 701 Camino De Los Marquez Santa Fe, New Mexico 87505	NM ERB Albuquerque Office 6201 Uptown NE, Suite 204 Albuquerque, New Mexico 87110
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G. PROCUREMENT LIBRARY

The Procurement Manager has established a Procurement Library. All items in the Procurement Library for this procurement are available on the ERB Internet site at WWW.NMERB.ORG under “about NMERB” and “RFPs”. Offerors are encouraged to review the material contained in the Procurement Library. The library contains the information, or links to the information, listed below:

- Procurement Regulations, 1.4.1 NMAC
- Audit Rule 2013 - Requirements for Contracting and Conducting Audits of Agencies (2.2.2 NMAC)
- The Audit Act, 12-6-1 – 12-6-14 NMSA 1978
- New Mexico Statutes, NMSA 1978 – Section 22-11-1, et. seq.
- Copy of ERB’s 2013 fiscal year Comprehensive Annual Financial Report

II. CONDITIONS GOVERNING THE PROCUREMENT

This section of the RFP contains the schedule for the procurement, describes the major procurement events and the conditions governing the procurement.

A. SEQUENCE OF EVENTS

The Procurement Manger will make every effort to adhere to the following schedule:

#	Action	Responsibility	Date
1	Issuance of RFP	Agency State Purchasing	01/24/2014
2	Distribution List Response Due	Potential Offerors	01/31/2014
3	Deadline to Submit Written Questions	Potential Offerors	01/31/2014
4	Response to Written Questions/RFP Amendments	Agency	02/03/2014
5	Proposal Submission	Offeror	02/07/2014
6	Proposal Evaluation	Evaluation Committee	02/07/2014- 02/14/2014
7	Selection & Notification of Finalist(s)	Evaluation Committee	02/14/2014
8	Oral Presentation (if required)	Offeror	02/17/2014- 02/21/2014
9	Submission of Agency Recommendation to State Auditor	Agency	02/28/2014
10	Contract Negotiations/Finalize Contract	Agency, Offeror	04/01/2014
11	Contract Award	Agency	04/01/2014
12	Protest Deadline	Offeror	04/15/2014

B. EXPLANATION OF EVENTS

The following paragraphs describe the activities listed in the sequence of events shown in Section II, Paragraph A.

1. Issuance of RFP

The Agency and the State Purchasing Division of the General Services Department are issuing this RFP.

2. Distribution List Response Due

Potential offerors must hand deliver or return by facsimile or by registered or certified mail or e-mail the "Acknowledgment of Receipt Form" (Appendix A) that accompanies this document to have their organization placed on the procurement distribution list. The form must be signed by an authorized representative of the organization, dated and returned by close of business on January 31, 2014. The procurement distribution list will be used for the distribution of written responses to questions and any RFP amendments. If potential offerors choose to e-mail the "Acknowledgment of Receipt Form" (Appendix A) the Procurement Manager will provide an e-mail response confirming receipt within 24 hours. If the potential offerors do not receive a confirmation e-mail, contact the Procurement Manager to confirm receipt.

Failure to return this form shall constitute a presumption of receipt and rejection of the RFP, and the potential offeror's organization name shall not appear on the distribution list.

3. Deadline to Submit Written Questions

Potential offers may submit written questions about the RFP until close of business on January 31, 2014. All written questions must be addressed to the Procurement Manager.

4. Response to Written Questions/RFP Amendments

Written responses to written questions and any RFP amendments will be distributed on February 3, 2014, to all potential Offerors whose organization name appears on the procurement distribution list and will be posted in the procurement library. An Acknowledgment of Receipt Form will accompany the distribution package. The form should be signed by the offeror's representative, dated, and hand-delivered or returned by facsimile or by registered or certified mail by the date indicated thereon.

Additional written requests for clarification of distributed answers and/or amendments must be received no later than five (5) days after the answers and/or amendments were issued.

5. Proposal Submission

ALL OFFEROR PROPOSALS MUST BE RECEIVED FOR REVIEW AND EVALUATION BY THE PROCUREMENT MANAGER OR DESIGNEE NO LATER THAN 4:00 P.M. MOUNTAIN TIME ON FEBRUARY 7, 2014.

Proposals received after this date and time will not be accepted. The date and time will be recorded on each proposal. Proposals must be addressed and delivered to the Procurement Manager at the address listed in Section I, Paragraph D. Proposals must be labeled on the outside of the package to clearly indicate that they are in RESPONSE TO THE AUDIT SERVICES Request for Proposals. Proposals submitted by facsimile will not be accepted. A public log will be kept of the names of all offeror organizations that submit proposals. Pursuant to Section 13-1-116 NMSA 1978, the contents of any proposal shall not be disclosed to competing offerors prior to contract award.

6. Proposal Evaluation

An evaluation committee appointed by Agency management will perform the evaluation of proposals. This process will take place on February 7, 2014 through February 14, 2014. During this time, the Procurement Manager may, at her option, initiate discussions with offerors who submit responsive or potentially responsive proposals, but proposals may be accepted and evaluated without such discussion. Discussions SHALL NOT be initiated by the offerors.

7. Selection of Finalist(s)

The Evaluation Committee will select and the Procurement Manager will notify potential finalists on February 14, 2014. Only finalist(s) will be invited to participate in the subsequent steps of the procurement. If the Evaluation Committee requests an oral presentation, the schedule for the oral presentation will be determined at that time.

8. Oral Presentation by Finalist(s)

Finalist offerors may be required to present their proposals to the Evaluation Committee. The Procurement Manager will schedule the time for each offeror presentation. All offeror presentations will be held in the Educational Retirement Board - Phillip Gonzales Building, Santa Fe, New Mexico. Each presentation will be limited to thirty (30) minutes in duration. Oral presentations, if deemed necessary by the Evaluation Committee, will be scheduled February 17, 2014 through February 21, 2014.

9. Submission of Agency Recommendation to State Auditor

After Agency Board's review of the Evaluation Committee's recommendation, Board's selection of an auditor will be submitted to the Office of the State Auditor by February 28, 2014.

10. Contract Negotiation/Finalize Contract

The contract will be finalized with the most advantageous offeror by April 1, 2014. This date is subject to change at the discretion of the agency management. In the event that mutually agreeable terms cannot be reached within the time specified, the Agency reserves the right to finalize a contract with the next most advantageous offeror without undertaking a new procurement process.

11. Contract Award

After approval and execution of the contract by Agency Management, the agency will award the contract on April 1, 2014. This date is subject to change at the discretion of the agency management.

The contract shall be awarded to the offeror whose proposal is most advantageous, taking into consideration the evaluation factors set forth in the RFP. The most advantageous proposal may or may not have received the most points.

The award is subject to appropriate State approvals.

12. Protest Deadline

Any protest by an offeror must be timely and in conformance with Section 13-1-172 NMSA 1978, and applicable procurement regulations. The fifteen (15) day protest period for responsive offerors shall begin on the day following the contract award and will end as of close of business on April 15, 2014. Protests must be written and must include the name and address of the protestor and the Request for Proposals number. It must also contain a statement of grounds for protest including appropriate supporting exhibits, and it must specify the ruling requested from the Procurement Manager. The protest must be delivered to the Procurement Manager at the following address:

Ms. Sara Brownstein
NM Educational Retirement Board
701 Camino De Los Marquez
Santa Fe, New Mexico 87505
Mailing Address: Post Office Box 26129
Santa Fe, N.M. 87502

Protests received after the deadline will not be accepted.

C. GENERAL REQUIREMENTS

The procurement will be conducted in accordance with the State Purchasing Agent's Procurement Regulations, 1.4.1 NMAC.

1. Acceptance of Conditions Governing the Procurement

Offerors must indicate their acceptance of the Conditions Governing the Procurement (Section II of this RFP) in the letter of transmittal. Submission of a proposal constitutes acceptance of the evaluation factors contained in Section V. of this RFP.

2. Incurring Cost

Any cost incurred by the offeror in preparation, transmittal, or presentation of any proposal or material submitted in response to this RFP shall be borne solely by the offeror.

3. Prime Contractor Responsibility

Any contract resulting from this RFP shall specify that the prime contractor is solely responsible for fulfillment of the contract with the Agency. The Agency will make contract payments only to the prime contractor.

4. Subcontractors

SAO Contract Section 8 requires that subcontractors have completed and approved firm profiles as provided in Section 2.2.2.8(A) NMAC

Contractors shall not subcontract any portion of the services to be performed under the audit contract without the prior written approval of the State Auditor.

The contractor may subcontract with IPA's who have submitted a completed and approved firm profile to the State Auditor per 2.2.2.8(L) NMAC.

Use of subcontractors must be clearly explained in the proposal, and all subcontractors must be identified by name. The prime contractor shall be wholly responsible for the entire performance whether or not subcontractors are used.

5. Amended Proposals

An offeror may submit an amended proposal before the deadline for receipt of proposals. Such amended proposals must be complete replacements for a previously submitted proposal and must be clearly identified as such in the transmittal letter. Agency personnel will not merge, collate, or assemble proposal materials.

6. Offeror's Rights to Withdraw Proposal

Offerors' will be allowed to withdraw their proposal at any time prior to the deadline for receipt of proposals. The offeror must submit a written withdrawal request signed by the Offeror's duly authorized representative addressed to the Procurement Manager.

The approval or denial of withdrawal requests received after the deadline for receipt of the proposals is governed by the applicable procurement regulations.

7. Proposal Offer Firm

Responses to this RFP, including proposal prices, will be considered firm for ninety (90) days after the due date for receipt of proposals or sixty (60) days after receipt of a best and final offer if one is submitted.

8. Disclosure of Proposal Contents

The proposals will be kept confidential until the Agency awards a contract. At that time, all proposals and documents pertaining to the proposals will be open to the public, except for proprietary or confidential material. The Procurement Manager will not disclose or make public any pages of a proposal on which the offeror has stamped or imprinted "proprietary" or "confidential", subject to the following requirements.

Proprietary or confidential data shall be readily separable from the proposal in order to facilitate eventual public inspection of the non-confidential portion of the proposal. Proprietary or confidential data is normally restricted to confidential financial information concerning the offeror's organization and data that qualifies as a trade secret in accordance with the Uniform Trade Secrets Act, 57-3A-1 to 57-3A-7 NMSA 1978. The cost of services proposed shall not be designated as proprietary or confidential information.

If a request is received for disclosure of data for which an offeror has made a written request for confidentiality, the Procurement Manager shall examine the request and make a written determination that specifies which portions of the proposal should be disclosed. Unless the offeror takes legal action to prevent the disclosure, the proposal will be disclosed in conformity with the Procurement Manager's determination. The proposal shall be open to public inspection subject to any continuing prohibition on the disclosure of confidential data.

9. No Obligation

This procurement in no manner obligates the State of New Mexico or any of its agencies to the eventual rental, lease, purchase, etc., of any equipment, software, or services offered until a valid written contract is approved by the State Auditor, and the Department of Finance and Administration.

10. Termination

This RFP may be canceled at any time and any and all proposals may be rejected in whole or in part when the Agency determines such action to be in the best interest of the State of New Mexico.

11. Sufficient Appropriation

Any contract awarded as a result of this RFP process may be terminated if sufficient appropriations or authorizations do not exist. Sending written notice to the contractor will effect such termination. The Agency's decision as to whether sufficient appropriations and authorizations are available will be accepted by the contractor as final.

12. RFP Requirements Binding

The Agency requires that all offerors agree to be bound by the General Requirements contained in this RFP. Any offeror concerns must be promptly brought to the attention of the Procurement Manager.

13. Governing Law

This procurement and any agreement with offerors that may result shall be governed by the laws of the State of New Mexico.

14. Basis for Proposal

Only information supplied by the Agency in writing through the Procurement Manager or in this RFP should be used as the basis for the preparation of offeror proposals.

15. Contract Terms and Conditions

The contract between the Agency and a contractor will follow the format specified by the Agency and contain the terms and conditions set forth in Appendix B, "Sample Audit Contract". However, the Agency reserves the right to negotiate provisions in addition to those contained in this RFP with the successful offeror. The contents of this RFP, as revised and/or supplemented, and the successful offeror's proposal will be incorporated into the contract.

Should an offeror object to any of the Agency's terms and conditions, as contained in this Section or in Appendix B, that offeror must propose specific alternative language that would be acceptable to the Agency and the State Auditor. General references to the offeror's terms and conditions or attempts at complete substitutions are not acceptable to the Agency and will result in disqualification of the offeror's proposal.

Offerors must provide a brief discussion of the purpose and impact, if any, of each proposed change, followed by the specific proposed alternate wording.

All contracts for professional services are subject to the review and approval of DFA pursuant to 13-1-118 NMSA 1978.

16. Offeror's Terms and Conditions

Offerors must submit with the proposal a complete set of any additional terms and conditions, which they request to have included in a contract negotiated with the Agency.

17. Offeror Qualifications

The Evaluation Committee may make such investigations as necessary to determine the ability of the offeror to adhere to the requirements specified within this RFP. The Evaluation Committee will reject the proposal of any offeror who is not a responsible offeror or fails to submit a responsive offer as defined in Section 13-1-83 and 13-1-85 NMSA 1978.

18. Right to Waive Minor Irregularities

The Evaluation Committee reserves the right to waive minor irregularities. The Evaluation Committee also reserves the right to waive mandatory requirements provided that all of the otherwise responsive proposals failed to meet the same mandatory requirements and the failure to do so does not otherwise materially affect the procurement. The exercise of this right is at the sole discretion of the Evaluation Committee.

19. Change in Contractor Representatives

The Agency reserves the rights to require a change in contractor representatives if the assigned representatives are not, in the opinion of the Agency, meeting its needs adequately.

20. Notice

The Procurement Code, Sections 13-1-28 through 13-1-199 NMSA 1978, imposes civil and misdemeanor criminal penalties for its violation. In addition, the New Mexico criminal statutes impose felony penalties for bribes, gratuities and kickbacks.

21. Agency Rights

The Agency reserves the right to accept all or a portion of an offeror's proposal subject to the offeror's consent.

22. Right to Publish

Throughout the duration of this procurement process and contract term, potential offerors, offerors and contractors must secure from the Agency written approval prior to release of any information that pertains to the potential work or activities covered by this procurement or the subsequent contract. Failure to adhere to this requirement may result in disqualification of the offeror's proposal or termination of the contract.

23. Ownership Proposals

All documents submitted in response to this Request for Proposals shall become the property of the Agency and the State of New Mexico. However, any technical or user documentation submitted with the proposals of non-selected offerors shall be returned after the expiration of the protest period.

III. RESPONSE FORMAT AND ORGANIZATION

A. NUMBER OF RESPONSES

Offerors shall submit only one proposal.

B. NUMBER OF COPIES

Offerors shall submit one (1) original and five (5) copies of their proposal and a copy in Portable Electronic Format (PDF) to the location specified in Section I, Paragraph D on or before the closing date and time for receipt of proposals.

C. PROPOSAL FORMAT

All proposals must be printed on standard 8 ½ x 11 paper (larger paper is permissible for charts, spreadsheets, etc.) and bound with tabs delineating each section.

1. Proposal Organization

The proposal must be organized and indexed in the following format and must contain, at a minimum, all listed items in the sequence indicated, unless marked optional.

Section 1

- a. Letter of Transmittal
- b. Table of Contents
- c. Proposal Summary (Optional)
- d. Response to Mandatory Specifications
- e. Response to Business Specifications (Optional)

Section 2

- f. Completed Cost Response Form
- g. Response to Agency Terms and Conditions (Optional)
- h. Offeror's Additional Terms and Conditions (Optional)

Section 3

- i. Other Supporting Material (Optional)

Within each section of their proposal, offerors should address the items in the order in which they appear in this RFP. All forms provided in the RFP must be thoroughly completed and included in the appropriate section of the proposal. All discussion of proposed costs, rates or expenses must appear only in Section 2 with the Cost Response form.

Any proposal that does not adhere to these requirements may be deemed non-responsive and rejected on that basis.

The proposal summary may be included by offerors to provide the Evaluation Committee with an overview of the technical and business features of the proposal; however, this material will not be used in the evaluation process unless specifically referenced from other portions of the offeror's proposal.

Offerors may attach other materials that they feel may improve the quality of their responses. However, these materials should be included as "Other Supporting Material" in Section 3.

2. Letter of Transmittal

A letter of transmittal must accompany each proposal. The letter of transmittal MUST:

- a. Identify the submitting organization;
- b. Identify the name and title of the person authorized by the organization to contractually obligate the organization;
- c. Identify the name, title, e-mail and telephone number of the person or persons authorized to negotiate the contract on behalf of the organization;
- d. Identify the names, titles, e-mail and telephone numbers of persons to be contacted for clarification;
- e. Explicitly indicate acceptance of the Conditions Governing the Procurement stated in Section II, Paragraph C.1.;
- f. Be signed by a person authorized to contractually obligate the organization;
- g. Acknowledge receipt of any and all amendments to this RFP.

IV. SPECIFICATIONS

A. DETAIL SCOPE OF WORK

The detailed specifications are described in Paragraph 1 (Scope of Work) of Appendix B and in Section 26 of Appendix B (Other Provisions).

B. MANDATORY SPECIFICATIONS

The failure of an offeror to meet a mandatory specification will result in disqualification of the proposal.

1. Offeror Experience

Offeror must provide a detailed statement of relevant experience in the area of state and local government fiscal and compliance audits. In addition, the offeror must specifically identify experience in auditing public pension funds in excess of \$5 billion, including names of three (3) clients and audit work performed. Client reference information should include company name, contact name, contact title, phone number, type of services performed, and dates services were provided.

Offeror must also include a statement as to its independence with respect to the Agency.

2. On-site Manager and other on-site personnel

Offeror must provide the names and resumes/profiles of the on-site manager and other personnel whom the offeror will use to perform the audit.

3. Resumes

Resumes shall include education, position in the firm, total years and types of experience relevant to performance of this contract, and a listing of continuing professional education (CPE) courses completed in the last three (3) years.

Offerors must meet the continuing professional education requirements contained in Section 2.2.2.14 of The Audit Rule 2013.

4. External Quality Control Review

Offeror shall provide a copy of the offeror's latest external quality control review, including a copy of the corresponding management letter. The external quality control review must include the date the review was performed and the names of the reviewers.

5. Technical Plan

The offeror must propose a technical plan for performing the audit. The technical plan shall include the start and end dates and an estimate of time to complete major segments of the audit (planning, interim fieldwork, fieldwork, and reporting). The offeror should describe its plans for using agency staff throughout the audit engagement.

6. Cost

Offerors must propose an hourly composite rate and a breakdown of hours and costs for each of the three (3) years. The hourly composite rate should include the following elements:

- a. Personnel services, fringe benefits, overhead costs for contractor personnel as well as subcontract personnel, and
- b. Any travel and lodging expense.

Offeror must provide a completed Appendix D, Cost Proposal Form, to detail its cost proposal. Gross receipts taxes must be separately listed on the Cost Proposal Form.

C. BUSINESS SPECIFICATIONS

1. Time Frame

The audit needs to be completed and the required number of copies of the audit report delivered to the Office of the State Auditor by December 15, 2014. For the fiscal year ended June 30, 2014 the Agency is planning to present the draft of the final audit report to the Board on Friday, October 31, 2014.

2. Agency Support

The Agency will assign staff to facilitate the contractor. Such staff will assist the contractor in obtaining pertinent information, setting up meetings and

otherwise facilitating the work. This Agency support does not relieve the contractor of the primary responsibility of completion of the audit.

3. Facilities

For the purpose of performance of the audit, the Agency will make every effort to provide space for up to three personnel and the use of a telephone and a copy machine.

4. New Mexico Gross Receipts Tax

The successful offeror shall be compensated for New Mexico gross receipts taxes owed on audit services rendered under this RFP.

V. EVALUATION

A. EVALUATION PROCESS

1. All offeror proposals will be reviewed for compliance with the mandatory requirements stated within the RFP. Proposals deemed non-responsive will be eliminated from further consideration.
2. The Procurement Manager may contact the offeror for clarification of the Proposal as specified in Section II, Paragraph B.6.
3. The Evaluation Committee may contact the offeror for clarification of the Proposal as specified in Section II, Paragraph C.17.
4. Responsive proposals will be evaluated on the basis of the factors (criteria) in Appendix C (Evaluation Form) which have been assigned a point value. Responsible offerors with the highest scores will be selected as finalist offerors. Finalist offerors who are asked or choose to submit revised proposals as best and final offers will have their points recalculated accordingly. The responsible offeror whose proposal is most advantageous to the Agency, taking into consideration the evaluation factors in Appendix C, will be recommended for selection and will be submitted to the Office of the State Auditor for approval. If the State Auditor approves the Agency's selection, Agency Management will award the contract as specified in Section II, Paragraph B.11. Please note, however, that a serious deficiency in the response to any one factor may be grounds for rejection of the offeror's proposal regardless of overall score.

**NEW MEXICO EDUCATIONAL RETIREMENT BOARD
AUDIT SERVICES REQUEST FOR PROPOSALS**

APPENDICES

Appendix A. ACKNOWLEDGEMENT OF RECEIPT FORM

New Mexico Educational Retirement Board Audit Services Request for Proposals

In acknowledgment of receipt of this Request for Proposals, the undersigned agrees that he/she has received a complete copy of the RFP, beginning with the title page and table of contents, and ending with Appendix D.

The acknowledgment of receipt should be signed and returned to the Procurement Manager no later than close of business on January 31, 2014. Only potential offerors who elect to return this form will receive copies of all offeror written questions and the Agency's written responses to those questions, as well as RFP amendments, if any are issued.

FIRM:		
REPRESENTED BY:	TITLE:	
ADDRESS:		
CITY:	STATE:	ZIP CODE:
PHONE NO.:	FAX NO.:	
EMAIL ADDRESS:		

Firm does/does not (circle one) intend to respond to this Request for Proposals.

SIGNATURE:	DATE:
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The name and address indicated above will be used for all correspondence related to this Request for Proposals.

RETURN THIS FORM TO:

Ms. Sara Brownstein
New Mexico Educational Retirement Board
701 Camino De Los Marquez
Santa Fe, New Mexico 87505
P.O. Box 26129
Santa Fe, New Mexico 87502
sara.brownstein@state.nm.us
Phone: (505) 476-6132
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Appendix B. SAMPLE AUDIT CONTRACT

The Standard Sample Audit Contract for Audit of state agencies is available on the internet at the following web address.

http://www.saonm.org/media/uploads/CONTRACT_2013_State_Agencies_DFA_Approval_Required_December_15_Update.pdf

Section 26 of the standard contract will include the following additional requirement.

“The agency will use the audited financial statements and supplemental material in its Comprehensive Annual Financial Report (CAFR) and Popular Annual Financial Report (PAFR). A separate opinion related to the audited material used in the CAFR and PAFR will be required as per applicable professional standards. Any costs relating to additional review or issuance of this additional opinion will be identified separately in the offeror’s proposal. Should the agency decide not to prepare a CAFR only costs associated with this additional requirement before the Offeror is notified of such decision shall be billable.”

Appendix C. EVALUATION FORM

New Mexico Educational Retirement Board Audit Services Request for Proposals

The following is a summary of evaluation factors with point values assigned to each. These factors will be used in the evaluation of individual offeror proposals.

Evaluation Criteria	Points Available
<u>Capability of Firm</u>	
A. The firm has the resources to perform the type and size of audit required. # of team members_____ Total audit hours available_____	0 – 5
B. The firm meets independence standards to perform the audit.	0 – 2
C. External Quality Control Review (Peer Review)	
1. Peer review results: Obtain most recent copy of the external quality control review report including letter of comments	
2. Opinion received _____ Unmodified 10 Modified 5	0 – 10
If report is less than modified (adverse) STOP HERE. FIRM DOES NOT QUALIFY.	
3. Results of reference checks and agency's prior experience with firm (check should include timeliness, planning, technical expertise, etc.).	0 – 10
D. Organization and completeness of proposal or bid.	0 – 3

Evaluation Criteria	Points Available
<p><u>Work Requirements & Audit Approach</u></p> <p>A. Knowledge of audit objectives, agency needs and product to be delivered. 0 – 10</p> <p>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.</p> <p>Start Date_____ End Date_____ 0 – 5</p> <p>C. Plans for utilizing agency staff. 0 – 3</p> <p>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</p>	
<p><u>Technical Experience</u></p> <p>A. Governmental audit experience of on-site manager: Name of on-site manager_____ 0 – 10</p> <p>B. Team audit experience:</p> <p>1. Specialization in State Agencies and Public Pensions 0 – 10</p> <p>2. GASB 25-28, 31, 34, 35, 40, 53, 54, 57, 67, and 68 Experience 0 – 10</p> <p>C. Attendance at continuing professional education seminars or meetings on auditing, accounting and regulations directly related to state and local government, public pension funds, and the Agency. 0 – 5</p>	
<p><u>Firm Strengths or Weaknesses</u></p>	0 – 5
<p><u>Cost</u></p>	0 -10

A maximum of 100 points are available. The evaluation of each offeror’s cost proposal will be conducted using the following formula:

Lowest responsive offeror cost / this offeror’s cost x 10 = Award Points

Appendix D. COST PROPOSAL FORM

New Mexico Educational Retirement Board Audit Services Request for Proposals

Services	Hours FY 6/30/14	Cost FY 6/30/14	Hours FY 6/30/15	Cost FY 6/30/15	Hours FY 6/30/16	Cost FY 6/30/16	Total Cost 3 Years
Financial Statement Audit		\$		\$		\$	\$
Federal Single Audit	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Financial Statement Preparation	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GASB 67/68 Implementation	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other (Specifically Identify) (CAFR Opinion)							
Subtotal		\$		\$		\$	\$
Gross Receipts Tax							
Total		\$		\$		\$	\$
Hourly Composite Rate	---	\$	---	\$	---	\$	---

FIRM:	
SIGNATURE:	DATE: