

CITY OF RIO RANCHO
DEPARTMENT OF FINANCIAL SERVICES
PURCHASING DIVISION
3200 Civic Center Circle NE – Suite 300
Rio Rancho, New Mexico 87144
Telephone: (505) 891-5044 Fax: (505) 891-5762

ADDENDUM NUMBER ONE (1)
RFP-20-FS-009
AUDITOR SERVICES

April 8, 2020

Addendum Number One (1) forms part of the contract documents and modifies them in the manner and extent set forth below.

ATTENTION OFFERORS

- Submission Requirements
- Questions and Answers

Submission Requirements

Due to the current health concerns and the changing environment in respect to COVID-19 the City is requesting all RFP submissions be submitted as follows:

- Offerors may submit an electronic submission to Shonna Ybarra, sybarra@rrnm.gov on April 15, 2020 no later than 10:00 AM MST.
- Offerors must submit 1 original and 5 copies of their proposal in a sealed envelope or container via USPS or other mailing service no later than 10:00 AM on April 15, 2020 to the address specified in Section 2.2.5 of the RFP. City Hall is still open for mail courier deliveries and USPS delivery.

Questions and Answers:

Question: Other than the turnover in Finance Director and City Manager at the beginning on the 2020 FY, has there been any significant changes in staffing?

Answer: There has been significant turnover at the cashier position – the entry level position for the Accounting Division. The City also created an additional position to address GASB 87 requirements and assist with the overall accounting workload.

Question: Have there been any significant changes in policies and procedures for the during the year?

Answer: No. There have no significant changes.

Question: Are any of the City’s financial related operations de-centralized?

Answer: Departments are responsible for entering purchase requisitions and receiving goods and services within the financial system for payment through Accounts Payable which is located in the central Financial Services Department. The Utilities Department has an accounting manager to assist with financial operation of the utility however, all accounting is performed or reviewed by the Financial Services Department and entered within the system of record.

Question: How many auditors were onsite during fieldwork for the prior year and how many weeks were they onsite?

Answer: Maximum of 7 auditors but typically between 1 and 3 auditors onsite. They were onsite for 3 to 5 weeks but not every day.

Question: Have there been significant changes to Federal or State Programs related to award amounts or program staffing?

Answer: There hasn’t been significant changes related to program staffing. See attached table of regarding Federal and State grants. Note that amounts are cash basis and the FY20 amounts are budget and not actual.

State & Federal Grants			
Last 3 years			
All Funds			
	FY2018	FY2019	FY2020
	Actual	Actual	Adjusted
Federal Grants	2,727,662	9,489,283	15,605,732
State Grants	3,097,311	2,751,562	11,004,353
Total	5,824,973	12,240,845	26,610,085

Question: Has the City had any significant changes in the accounting software (i.e. changes in software, major software upgrades, etc.)

Answer: No changes to accounting software or upgrades.

Question: What software applications are utilized for financial reporting, CAFR Preparation, utility collections, , grant compliance (if any)?

- a. How long has the City utilized the software?
- b. Are there any accounting software changes expected in Future years?
- c. Are any accounting functions outsources to a third-party?

Answer: Currently the City utilizes:

- CAFR Prep – ProFX-Engagement – 3 years
- Utility Collections – C2G (10+ years), Selectron (IVR – 10+ years), and Invoice Cloud (brand new)
- Alarm billing – Crywolf (5+ years)
- Ambulance Billing – TriTech (10+ years)
- Parks & Recreation registration and billing – Active Net (3+ years)

Yes – The City is considering lease accounting software options, the City is also in the very preliminary stages of purchasing a new ERP or upgrading the existing ERP. If a completely new ERP is purchased, the City anticipates implementation after the contract term. No – the City does not outsource accounting functions.

Question: Has the City considered the effects on the financial statements/operations for GASB Statement No. 84 (Fiduciary Activities)?

Answer: The City is aware of the statement and its possible impact. However, we would need to discuss this further, both internally and with our auditors.

Question: Has the City considered the effects on the financial statements in relation to the implementation of GASB Statement No. 87 in FY 2021?

Answer: Yes. The City hired a lease accountant, sent staff to GASB87 training, discussed with our FY19 auditors, researched lease accounting software vendors and made a selection, and has been gathering documentation in anticipation of GASB87.

Question: Have there been any audits and/or reviews performed by any third-parties (i.e. granting agencies, DFA, etc.) recently? If so, what were the results?

Answer: Yes. The US Department of Housing and Urban Development performed a review of the City's CDBG grant. There were 3 findings noted. One has been resolved. Two findings remain open but the City has provided information to HUD to close the findings.

Question: For the potential 8 CU's in FY 2022 would each of these require a separately issued financial statement?

Answer: If the special districts are deemed component units they would be discreetly presented.

Question: For the potential 8 CU's in FY 2022, who would prepare the financial statements?

Answer: The City will prepare the financial statements for any component units.

Question: Will the City of Rio Rancho be open to receive hand delivered proposals or do we need to ship them via USPS?

Answer: Please see the information above.

Question: Will electronic submissions via email be accepted in lieu of hard-copies?

Answer: Please see the information above.

Question: Will you provide the fee breakout by respective cost section for the FY19 audit contract, please?

Answer: See attached FY19 contract and amendment. They both contain a breakout of fees by respective cost section with the amendment reflecting the final cost.

Question: Please provide any update you can about the legislation that could impact the potential component units.

Answer: SB 246 was introduced in the last legislative session to address issues with the Local Election Act. Had the legislation passed as introduced would have impacted the reporting of the special districts within the City. The legislation was not voted on by the full Senate. The City believes that similar legislation will be introduced in the upcoming legislative session but has no knowledge of any specific legislation being drafted at this time.

All other provisions of the Contract Documents shall remain unchanged. Each Offeror should ensure that they have received all addenda and amendments to this RFP before submitting their proposal.

**STATE OF NEW MEXICO
AUDIT CONTRACT**

City of Rio Rancho

hereinafter referred to as the "Agency," and

CliftonLarsonAllen, 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, 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 Agency for Fiscal Year 2019 in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Audit Act and the Audit Rule (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 the deadline set forth for the Agency in 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; and
 3. 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. If the State Auditor does not receive copies of the management representation letter 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.
- D. Pursuant to NMAC Section 2.2.2.10, the Contractor shall prepare a written and dated engagement letter that identifies the specific responsibilities of the Contractor and the Agency.
- 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 after the date of the authorization to print and submit the final audit report, the Contractor shall provide the State Auditor an electronic version of the audit report, in PDF format, and the electronic copy of the Excel version of the Summary of Findings Form, Vendor Schedule, Fund Balances, and any GASB 77 data (if applicable). After the State Auditor officially releases the audit report by issuance of a release letter, the Contractor shall deliver 3 copies of the audit report to the Agency. The Agency or Contractor shall ensure that every member of the Agency's governing authority shall receive a copy of the report.

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, the Contractor shall deliver the original or clear, legible copies of all working papers to the requesting entity.

B. The Contractor should follow the guidance of AU-C 210 A.27 to A.31 and AU-C 510 .A3 to .A11 in communications with the predecessor auditor and to obtain information from the predecessor auditor's audit documentation.

23. DESIGNATED ON-SITE STAFF

The Contractor's on-site individual auditor responsible for supervision of work and completion of the audit is Laura Beltran-Schmitz. 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

SIGNATURE PAGE

This Contract is made effective as of the date of the latest signature.

AGENCY

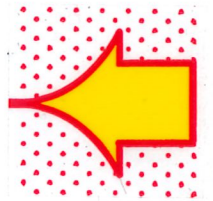
CONTRACTOR

City of Rio Rancho

CliftonLarsonAllen, LLP

PRINTED NAME: John Craig
SIGNATURE: [Signature]
TITLE: ACTING CITY MANAGER
DATE: 5/10/19

PRINTED NAME: MATT BONE
SIGNATURE: [Signature]
TITLE: Principal
DATE: 5/14/19



State Auditor Contract No. 19 - 6147

STATE OF NEW MEXICO
City of Rio Rancho
AUDIT CONTRACT AMENDMENT No. 1

City of Rio Rancho, hereinafter referred to as the "Agency," and

CliftonLarsonAllen, LLP, hereinafter referred to as the "Contractor," agree:

1. RECITALS.

Agency and Contractor are parties to that certain Audit Contract dated May 14, 2019 (the "Contract"), which they wish to amend pursuant to this Audit Contract Amendment (the "Amendment")

2. AMENDMENTS.

The parties wish to amend the Contract, as follows:

A. Section 25 is deleted in its entirety and the following is substituted in its place:

The Contractor will prepare the Agency's CAFR based on the final trial balance and underlying records completed and provided by the Agency. The Contractor will perform a Lodgers Tax Audit of two lodging facilities in Rio Rancho.

B. Sections 3A and 3C are deleted in their entirety and the following is substituted in their place:

A. The total amount payable by the Agency to the Contractor under this Contract shall not exceed \$99,142.00, plus applicable gross receipts tax.

C. Total Compensation will consist of the following:

SERVICES	AMOUNTS
(1) Financial statement audit	\$56,228.00
(2) Federal single audit	\$10,609.00
(3) Financial statement preparation	\$24,305.00
(4) Other nonaudit services, such as depreciation schedule updates	\$0.00
(5) Other (i.e., foundations or other component units, specifically identified) 2 Component Units	\$8,000.00

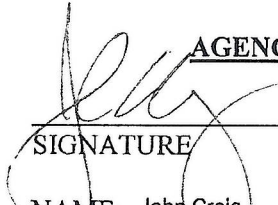
Total Compensation = \$99,142.00, plus applicable gross receipts tax

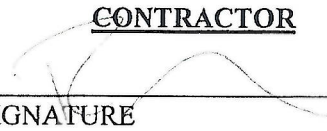
3. MISCELLANEOUS

All provisions of the Contract not expressly amended in this Amendment remain unchanged.

SIGNATURE PAGE

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


AGENCY
SIGNATURE
NAME: John Craig
TITLE: Acting City Manager
DATE: 5/24/19


CONTRACTOR
SIGNATURE
NAME: PAUL ADAMS
TITLE: Owner
DATE: 5-22-19

This Amendment has been approved by:

OFFICE OF THE STATE AUDITOR

BY: 
TITLE: DEPUTY STATE AUDITOR
DATE: 6/20/19

STATE AUDITOR CONTRACT NO. 19-6147