ADDENDUM NO. 1

REQUEST FOR PROPOSAL

RFP 2022 -ADM-103

External Audit Services

Central Consolidated School is issuing this addendum for the purpose of Answering Questions and additional information required for RFP.

Questions:

1. Besides the change in the Superintendent position, have there been any changes in the past year with top management of CCSD?
   ANSWER: Assistant Superintendent position was added. Turnover in Finance Director, Curriculum and Instruction Director, & Athletic Director. Each position has been filled. The Public Relations & Safety Coordinator positions and departments have been moved to the Superintendents Department.

2. Have there been any changes in business office personnel during the current fiscal when compared to the prior year?
   ANSWER: Turnover in Finance Director & Grants Specialist position, and they have been filled. Gained Purchasing Specialist position and has been filled.

3. The Cost Proposal Form has "Background of Firm" and "Qualification of Personnel and Firm" information. May this information, excluding the cost proposal information, be answered in the body of the proposal response or do you not want that information in the proposal and only in the envelope with the cost proposal that wouldn't be seen until review of the rest of the proposal?
   ANSWER: The Cost Proposal has been separated from the Questionnaire (pg. 3 of Addendum 1). The Cost Proposal should be placed in a separate sealed envelop in the Original proposal.
   The questionnaire has been separated out and labeled "Additional Request." The response for Question 1 and 2 should be included in the Proposal response – please note pg. number the response to the question. The rest of the question, can be answered on the page. (See pg. 4 of Addendum 1).

4. With the implementation of GASB Statement No. 87 Leases in the current fiscal year, has the district identified all financial arrangements which would come under this implementation and collected all the information necessary to make the adjustments to the financial statements related to leases? If not, when is it anticipated that this will be completed?

ANSWER: GASB 87 significantly changes the accounting for certain contracts, specifically contracts that have historically been considered operating leases will now need to be reported as a debt obligation in the financial statements. This includes contracts in which the District pays a vendor for the use of assets, for example copiers or portable buildings. The standard also changes how contracts in which the District allows external parties to use District property are reported. For these types of contracts, the District will now need to report a receivable in the financial statements. The determination of which contracts will need to be reported will be a multi-step process. The process will begin with the compilation and review of all contracts that may meet the criteria outlined in the standards. In order to assist with the completion and evaluation of these contracts for our clients, HeinfeldMeech has developed a *Contract Review Checklist and Tracking Summary* worksheet (see attached pg. 7). The worksheet has a series of informational items and contract considerations that will need to be addressed for each contract. As a reminder, this includes both contracts in which the District is a lessee, and those in which it is a lessor. The completion of the worksheet is the first step in the process. For contracts that meet the lease reporting criteria additional steps will be performed to further assess the need for the contract to be reported in the financial statements. Please note any contracts determined to require reporting will also require the District to account for the corresponding assets in the District's capital asset management system.

The spreadsheet is designed so that when you answer the questions about your contracts, column L will populate automatically. Step 1 really is to gather all of the contracts where the district is the lessor or lesser for evaluation.

RFP 2022-ADM-103
External Audit Services

COST PROPOSAL FORM

This quote form can be obtained electronically by contacting Christi Walter @ 505-368-4984 Ext. 10142 or by email waltc@centralschools.org.

Hours and Cost

Category	**1st Yr Hours**	**1st Yr Cost**	**2nd Yr Hours**	**2nd Yr Cost**	**3rd Yr Hours**	**3rd Year Cost**
Financial Statement Audit						
Federal Single Audit						
Financial Statement Preparation						
Other non-audit services						
Other (i.e., component units, specifically identified)						
Sub-Total						
Gross Receipt Taxes						
Total Compensation						

The undersigned certifies that there has been no collusion in the preparation of this quote. The undersigned certifies that he/she has read and understands the request for the cost and all pertinent documents, and the firm and/or persons represented accepts these conditions and submits the cost sheet in full compliance therewith.

We agree to perform the services specified in this Request For Proposal for Central Consolidated School District for the Financial Audit for fiscal year ending June 30, 2022, with options to extend contract two additional years, at discretion of the school district.

Company Name: _____
Address: _____
Telephone: _____ FAX #: _____
NM Resident Bidders Certification #: _____
Name of Authorizer: _____
Signature: _____

Additional Request

In addition to the proposer's response to the Scope of Work, please address the following additional requested information and/or questions. Include this sheet in Addendum's Section of your response. Provide the page number for # 1) and # 2) where the response will be found in your proposal.

1) **Pg. _____ Background of Firm** – The following must be provided in the proposal.
   - Firm is an established professional organization of accountants licensed to do business in New Mexico.
   - Include documentation that the firm has been approved by the Office of the State Auditor for 2022 audits.
   - The most recent external quality control review report of the firm.
   - Audit plan for the School District.

2) **Qualification of Personnel and Firm**

- **Pg. _____** Name of individual responsible for audit (on-site manager).

- **Pg. _____** Name of Alternate individual responsible for audit (on-site manager) if the person above becomes incapacitated.

- **Pg. _____** Name, position (Principal/Manager, Senior Accountant, Junior Accountant), and number of years' experience with New Mexico School District Audits of each individual who will, or may actually conduct the audit.

- **Pg. _____** Specify the total number of continuing education requirements completed during the last three years for each individual who will, or may, actually conduct the audit. Specify how many of these hours have been for courses directly related to government / school district audits.

- **Pg. _____** Please identify any individual from the audit team identified above who has been cited, reprimanded, fined, or censured by the Office of the State Auditor, Public Education Department or any professional organization for any violation of law, rule, code or other violation over the past five years. Please identify the natures of the violation, the agency involved, the form of reprimand, and the current status of the violation.

- **Pg. _____** Has the firm or any potential member of the audit team been party to litigations arising from accounting or auditing services provided to any agency, school district, or charter school over the past five year? If yes, please indicate the nature of the litigation, the parties involved, the nature of the claim, and the resolution of the case(s).

- **Pg.** _____ Does the firm or any potential member of the audit team have any reason to believe that they may be subject to litigation, though not yet filed, arising from accounting or auditing services provided to any agency, school district, or charter school? If yes, please indicate the nature of the potential litigation, the parties involved, and the nature of the potential claim.

- **Pg.** _____ In the past five years, has major fraud been subsequently identified by others in any entity for which the firm provided audit services for the time period in which the fraud occurred. If yes, please indicate the nature of the potential claim.

- **Pg.** _____ Does the firm employ any individual with prior experience, either in an audit, consultancy, or employee status, with CCSD? If yes, please explain.

Please answer the following on this page and include in Addendum.

3) Firm's experience in governmental accounting. List the names of New Mexico agencies and the year audits were performed during the past three years, excluding school districts and charter schools. Identify on-site Manager for each audit.

Agency Name	Year	On-Site Manager

4) Firm's experience in audits of New Mexico School Districts and Charter Schools. List the names of districts and charter schools and the year audits were performed during the past three years. Identify on-site Manager for each audit.

District Name	Year	On-Site Manager

5) Have you completed all previous school district and charter school contracts over the past three years by the due date?

Yes:_____ No: _____

If No, please explain which district, when and the reason the audit was late for each occurrence.

6) The audit must be completed and returned to the Office of the State Auditor by the due date specified in 2.2.2 NMAC. Will you meet this due date?

Yes: _____ No: _____

If No, please explain why you will not meet this due date.

7) When do you plan to schedule fieldwork for the audit?

Proposed Start Date: _____

Proposed End Date: _____

8) Are you willing to provide additional help by researching, and answering technical questions that may arise from time to time at no additional costs?

Yes: _____ No: _____

Explain:

9) What can CCSD expect as turnaround time to our phone calls and emails? Hrs _____ Days ____

10) Will we be assigned to a specific contact to whom to direct our questions and inquiries?

This worksheet is to assist in the accumulation of agreements to compare to the definition of a lease as defined by GASB Statement No. 87.

Instructions for columns on the Summary tab

A **Contract number** – Enter the contract/agreement number, if applicable, or other identifying number.
B **Vendor or third-party entity** – Enter the name of the entity which the District is either leasing the asset from or leasing the asset to.
C **Description** – Provide a brief description of the contract/agreement.
D **Agreement effective date** – Enter the date that the lease begins.
E **Lessee/Lessor** – Indicate whether the District is the lessee or lessor in the lease agreement.
  Lessor – the party granting a lease to someone else; receives payment for granting the right to use an asset to the lessee.
  Lessee – the party being granted the right to use an asset by the lessor.
F **Underlying asset type** – Select the asset type being leased.
G Transfer of ownership – Select whether or not title transfers by the end of the contract without a termination option.
H **Control of asset** – Select whether or not the contract conveys control to the lessee of the right to use the lessor's asset as specified in the contract for a period of time in an exchange or exchange-like transaction. See additional guidance below.
I **Maximum Lease term greater than 12 months** – Select whether or not the maximum lease term is greater than 12 months. See additional guidance below.
J Exchange or exchange-like transaction – Consideration exchanged are equal or similar value. See additional guidance below.
K **Rolling month-to-month arragement** - Select whether or not the contract has rolling month-to-month terms at the end of the repoting year. See additional guidance below.
L **Lease determination** – This column will automatically populate based on the previous responses in the worksheet.

Additional guidance

Lease

A contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified by the contract for a period of time in an exchange or exchange-like transaction.

Exchange or exchange-like transaction

The values exchanged, though related, may not be quite equal or in which the direct benefits may not be exclusively for the parties to the transaction. Nevertheless, the exchange characteristics of the transaction are strong enough to justify treating the transaction as an exchange for accounting recognition. The District receiving, or paying, a nominal amount, such a $1 a month for the use of a facility, would not be considered an exchange or exchange-like transaction, and therefore be excluded from lease reporting.

Control

To determine whether a contract conveys control of the right to use the underlying asset, a government should assess whether it has both of the following: 1) the right to obtain the present service capacity from use of the underlying asset and 2) the right to determine the nature and manner of use of the underlying asset. Control does not have to be uninterrupted and while the agreement may have conditions on use that does not limit your entities control of service capacity of the agreement.

Examples of Control

A contract permits a high school to use the fields of a nearby park every Wednesday and Friday of each week.
A facilities contract permits an organization use a multi-purpose room at an elementary school for 2 hours a day Monday through Friday.
A student transportation contract allows the school district to specify how many buses, timing of pick up an drop off, and total hours and miles of bus use.
A copier contract permits the vendor to replace the copiers at any time with an essentially identical copier.

Rolling month-to-month terms

Contracts in which the lessee and lessor each have the option to terminate the lease, or both parties have to agree to extend the lease, at the end of the reporting year are considered rolling month-to-month arrangements and therefore considered short-term leases for financial reporting purposes.

Additional exclusions of leases

Intangible assets, (rights to explore, licensing contracts, including those for software)
Biological assets (timber, living plants and animals)
Inventory
Service concession arrangements
Underlying assets financed with conduit debt
Assets under construction
Supply contracts (such as typical power purchase agreements)

Termination or Options to Extend Lease

Termination or options to extend are applicable if either the lessee or the lessor has the option to terminate or extend the lease beyond the noncancelable period.

Lease term

The lease term includes the noncancelable period plus periods covered by lessees' and lessors' options to extend the lease if reasonably certain of being exercised, or terminate the lease if reasonably certain to be exercised.
This excludes periods in which the lessee and lessor each of the option to terminate the lease, or both parties have to agree to extend the lease.