

**COOPERATIVE EDUCATIONAL SERVICES
(CES)
4216 Balloon Park Road NE • Albuquerque, New Mexico 87109-5801
Phone (505) 344-5470 • Fax (505) 344-9343**

**REQUEST FOR PROPOSALS
(RFP)**

RFP Issue Date **Monday, April 10, 2006**

RFP Number: RFP 2006-019
RFP Issue Date: Monday, April 10, 2006
RFP Commodity Titles:
946 Independent Program Auditor

RFP Due Date **Friday, May 19, 2006**

Day / Date: Friday, May 19, 2006
Time: 1:30 p.m. local time
Location / Mail Address: Cooperative Educational Services
4216 Balloon Park Road NE
Albuquerque, NM 87109-5801
Directions: In Albuquerque, take I-25 North. Take Exit 229, Jefferson, and proceed 4/10^{ths} of a mile west. Turn left on Balloon Park Road NE. The CES offices will be the third building on the left. The office manager will receive proposals.

RFP Contents Overview

- I. Instructions to Offerors
- II. Scope of Work and Specifications
- III. Conditions Leading to and Including Contract Award
- IV. Proposal Forms

Note: The RFP has been divided into four (4) sections:

- Section I Outlines the RFP; indicates how to prepare a response; and states the General Terms and Conditions.
- Section II Lists the various commodity titles and, for each, states the Special Terms and Conditions, the Scope of Work and Required Categorical Responses.
- Section III Indicates how the proposals will be evaluated and how the awards will be made.
- Section IV Incorporates the forms used in the proposal response.

Legal Advertisement

ADVERTISEMENT FOR PROPOSAL

Cooperative Educational Services, 4216 Balloon Park Road NE, Albuquerque, NM 87109, will receive sealed proposals until 1:30 p.m. local time, Friday, May 19, 2006, for Independent Program Auditor Services.

All proposals must be submitted in a sealed envelope marked "SEALED PROPOSAL – RFP 2006-019" on the front of the envelope. A list of qualifications and specifications, instructions to bidders and bid forms can be obtained upon request by fax (505-344-9343), mail, e-mail (bids@nmedu.org) or by telephone (505-344-5470) from 8:30 a.m. to 4:30 p.m., Monday-Friday, except holidays.

Cooperative Educational Services reserves the express right to accept or reject any or all bids.

/s/ Max Luft,
Executive Director

PUBLISH: Sunday, April 9, 2006
Sunday, April 16, 2006

The Albuquerque Journal
The Santa Fe New Mexican

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SECTION I INSTRUCTIONS TO OFFERORS

A. INTRODUCTION

Parties to the Joint Powers Agreement to Establish an Educational Cooperative through its administering agency, Cooperative Educational Services (CES), invite experienced contractors to submit proposals in accordance with the outlines and specifications contained herein. Proposals are requested from qualified respondents to provide products and services for Cooperative Educational Services. Selection for award will go to the responsive offeror whose proposal is most advantageous to CES. The method by which the offeror or offerors will be selected is detailed further in the evaluation section.

B. EXAMINATION OF DOCUMENTS

Offeror will carefully examine the Request for Proposals, which includes Instructions to Offerors, Scope of Work and Specifications, Conditions Leading To and Including Contract Award and Proposal Forms.

C. QUESTIONS

Submit all questions about the Request for Proposals (RFP) in writing to Cooperative Educational Services, Max Luft, Executive Director. Replies will be made via the website (www.nmedu.org/ces/jobrfp/rfprfb_lst.asp) as addenda and will become part of the proposal documents. Those not having access to the Internet can call CES, either to determine if addenda have been issued, or to request of CES by phone or fax that copies of the addenda be mailed. Questions received less than seven (7) days prior to proposal due date will not be answered.

D. PROPOSAL SUBMISSION

1. Preparation of the Proposal

- a. Proposals will be submitted on either unaltered proposal forms furnished by CES or a reasonable facsimile thereof. Electronic mailgrams or facsimile machine offers will not be considered.
- b. The Offer, Acceptance of Offer and Contract Award document must be submitted with original ink signature by the person authorized to sign the same. If a company or corporation submits the proposal, an official or duly authorized agent will sign the proposal. Powers of Attorney, which authorize agents or others to sign proposal, must be properly certified by resolution of the board of directors, attested to by the secretary of the corporation, and attached to the proposal. Mistakes can be corrected prior to opening but must be initialed by the person signing the proposal. Corrections and modifications received after the opening time will not be accepted.
- c. In case of an error in extension of prices in the offer, unit prices will govern.
- d. Periods of time stated as a number of days will be in calendar days, not business days.
- e. It is the responsibility of all offerors to examine the entire RFP package and seek clarification of any item or requirement that may not be clear, and to check all responses for accuracy before submitting an offer. Negligence in preparing an offer confers no right of withdrawal after due time and date.
- f. The offeror's ability to follow the proposal preparation instructions set forth in this solicitation will also be considered to be an indicator of the offeror's ability to follow

instructions, should they receive an award as a result of this solicitation. Any contract between CES and a contractor requires the delivery of information and data. The quality of organization and writing reflected in the proposal will be considered to be an indication of the quality of organization and writing which would be prevalent if a contract is awarded. As a result, the proposal will be evaluated as a sample of data submission. Subjective judgment on the part of CES evaluators is implicit in this process.

2. Format of the Proposal

- a. One (1) original of the proposal will be submitted on the forms and in the format contained in the RFP. The proposal must contain all descriptive literature, specifications, samples, etc. All proposals will be submitted in three-ring binders.
- b. The forms as contained in and format as requested in the RFP will be used. Offerors can reproduce the forms and retype the information, but all of the required information must be presented in the order requested. All proposals must be completed in ink, on a computer or typewritten. Forms can be filled in by hand, but must be printed.
- c. In preparing a proposal, an offeror must present a point-by-point response to each relevant term, special consideration or specification. A response that says "See Appendix," "Acknowledged," or "Understood" is not acceptable and may be sufficient to render the proposal as non-responsive. Usually, on a term or condition, either the word "Accept" is appropriate or the word "Exception" with a clarification. Should the offeror take any "exceptions" to this RFP, a summary of those items must be included in the response to be considered valid. Exceptions can be accepted, negotiated or rejected by CES.

3. Contents of the Proposal

In order to ensure that every proposal receives a fair evaluation, it is required that each offeror organize its proposal in the following manner:

Step One: Obtain a three-ring binder and a set of 10 index dividers.

Step Two: Prepare your Table of Contents with the tabs in this order:

Tab 1: The Offer

- Signed Acceptance of Offer (page 25) **Form A**
- The RFP Affidavit, notarized signature required (page 26) **Form B**

Tab 2: Introduction

- Executive Summary (a one-page description of what you are proposing on this contract)

Tab 3: General Terms and Conditions

- Terms and Conditions (copy of each page in order)
- Acceptance of Terms and Conditions (first line must be signed RFP page 28) **Form D**

Tab 4: Contractor Qualifications

- Answers to Questions a-n (pages 8 – 10)
- Tab 5: Category
 - Acceptance of Categorical Terms and Conditions (third line must be signed RFP page 28) **Form D**
 - Listing of any exceptions to the Categorical Terms and Conditions (page 28)
- Tab 6: Cost Quotation
 - Prices for Independent Audit Services (put in a sealed envelope) (page 27) **Form C**
 - Additional price information, price sheets from RFP
- Tab 7: Required Forms
 - Questionnaire for Offeror (page 29) **Form E**
- Tab 8: Additional Information
 - Additional information that you wish to include
 - Additional support pages requested in each category section of the RFP
- Tab 9: Submission Check-Off Form
 - Make certain everything is included, and then sign form (page 30) **Form F**
- Tab 10: Literature, slicks, samples and supporting printed material

Step Three: Go to the last page of this RFP and prepare the Submission Check-Off Form. Sign it and place it after Tab 9. Send your proposal to CES so that it arrives on or before Friday, May 19, 2006, at 1:30 p.m. local time.

Proposals must be submitted in a sealed envelope/package with the proposal number, date and time of proposal opening clearly marked on the outside.

Step Four: Before you seal your proposal, ask yourself this question, “Did I really give my best prices to CES?” Be sure the Offer is signed and that all forms are enclosed. After verifying this has been done, make a copy of the proposal for yourself. Submit your proposal to CES.

4. Offeror Qualifications

All proposals must contain answers or responses to the 10 items listed below. Any offeror failing to answer these questions completely may be considered non-responsive. Please arrange your responses by placing them after Tab 4. One essential part of the evaluation process is for the evaluators to have information about the company being evaluated. For the evaluators to know if the proposal being read is within the capability of the offeror, factual information about the offeror is vital. After the evaluation process is finished and a contract is awarded, the information may be provided to the CES members considering the purchase. This is your opportunity to present your company to those interested evaluators and, if awarded, member staff of our members.

- a. Write a brief history of your company that includes its philosophy of doing business. Generally, CES will not accept an offer from a business less than three (3) years old or which has failed to establish a proven record of business. If the offeror has recently purchased an established business or has proof of prior success in this business or a closely related business, please provide written verification. CES reserves the right to accept or reject newly formed companies solely based on information provided in this response and from its own investigation of the company.
- b. Provide with this RFP a certificate of verification of insurance listing minimum and maximum coverage for liability, vehicle, property damage and professional liability. CES is not asking you to acquire additional or special insurance for this contract. CES needs proof that you are insured. Before any work can commence, you must provide a certificate that names CES as a certificate holder. Normally, this is a free service provided by an insurance company.
- c. Indicate where the headquarters of the company are located. Provide address, city, and state, and if there are branch offices in New Mexico, please also supply those. Note how long your firm has been performing governmental audits in New Mexico. Indicate the number of firm team members and the total audit hours available. (2.2.2 NMAC I.A.)
- d. Indicate any relationship you or any staff has had with CES as an agency or employees of CES during the last five (5) years. (2.2.2 NMAC I.B.)
- e. Provide a copy of your External Quality Control Review (Peer Review), including letters of comments. (2.2.2 NMAC I.C.1.)
- f. Provide a list of governmental entities that you have done audits for in the past five (5) years, including Joint Power Agreements, school districts, regional cooperatives, universities and community colleges, state schools and any Bureau of Indian Affairs schools. (2.2.2 NMAC I.C.3.)
- g. CES is unique within the state. Indicate the scope of the CES audit. List rules and regulations that you believe need to be reviewed in this audit. Identify items to be reviewed. Provide an outline of the audit document. Demonstrate your understanding of CES by stating how CES should use the audit document. (2.2.2 NMAC II.A.)
- h. Provide a technical plan and a realistic timeline for the audit. Indicate the major segments and related activities in each segment, staff hours allocated to each activity and start and end date for each segment. (2.2.2 NMAC II.B.)
- i. Indicate plans for using CES staff. (2.2.2 NMAC II.C.)
- j. If you are proposing a multi-year contract, review the approach you would use for planning and conducting the work effort in the second and in the third years (2.2.2 NMAC II.D.)
- k. The firm will identify by name and title of the on-site manager and upper management to be assigned the CES audit, including firm's manager, CEO or partners. Describe the background and qualifications of each person to be assigned to work this contract, including the education, experience and tenure with the firm. Note specifically the experience in working with Joint Powers Agreements, regional cooperatives, school districts, universities and community colleges, state schools and

Bureau of Indian Affairs institutions. Any senior staff member who is to be a part of this contract that has been terminated from a professional position within the past seven (7) years must provide information about the termination. CES reserves the right to approve and/or reject any senior staff member assigned by the offeror to work the contract based on the information submitted. Contractor agrees to update the qualifications brief of senior staff members assigned on a yearly basis. For new senior staff members to be assigned to the contract, the contractor will provide all the above information prior to appointment to the contract. (2.2.2 NMAC III.A.)

- l. Identify GASB 34 training and experience. (2.2.2 NMAC III.B.2.)
- m. The firm will identify by name and title support and technical personnel to be assigned to the CES audit. Describe the background and qualifications of each person to be assigned to work this contract, including the education, experience and tenure with the firm. Note specifically the experience in working with Joint Powers Agreements, regional cooperatives, school districts, universities and community colleges, state schools and Bureau of Indian Affairs institutions. New Mexico has stringent laws regarding background checks for people working in an unsupervised situation with or in the vicinity of students. This applies not only to school staff but also to contractors. CES needs to make certain your staff is those with the highest morals. State what is included in the background checks of your employees and indicate what drug screening you perform. Any staff member who is to be a part of this contract that has been terminated from a professional position within the past seven (7) years must provide information about the termination. CES reserves the right to approve and/or reject any staff member assigned by the offeror to work the contract based on the information submitted. Contractor agrees to update the qualifications brief of staff members assigned on a yearly basis. For new staff members to be assigned to the contract, the offeror will provide all the above information prior to appointment to the contract. (2.2.2 NMAC III.B.1.) (2.2.2 NMAC III.B.3.)
- n. Indicate the professional education seminars or meetings on auditing, accounting and regulations directly related to state and local government audits and CES that your staff plans to attend. (2.2.2 NMAC III.C.)

E. LISTING OF GENERAL TERMS AND CONDITIONS:

For the purposes of this REQUEST FOR PROPOSALS, the following terms shall be defined as indicated below.

Acceptance of Delivered Services: CES will be the sole determining judge of whether materials and services delivered under the contract satisfy the requirements as identified in the contract order.

Amendment of Offer: An offer can be amended up to the time of opening by submitting a sealed letter to the place indicated on the front of the response to this RFP.

Announcement of Successful Offeror: Selection will be made via written communication to successful offeror.

Applicable Law: This contract will be governed by the laws of the state of New Mexico, both as to interpretation and performance. Suits pertaining to this contract can be brought only in courts in the state of New Mexico. Offerors doing business with CES must be in compliance with the Federal Civil Rights Acts of 1964 and Title VII of that Act, Rev. 1979. All work under this contract will be done in strict accordance with the most recent edition of any relevant regulation, standard, document or code that relates to these laws. Where conflict among the requirements or with these specifications exists, the most stringent requirement will be used. The requirements of 2.2.2 NMAC Audit Rule 2006 shall apply.

Arbitration: This contract is subject to arbitration to the extent required by the New Mexico Procurement Code.

Assignment: No right or interest in this contract will be assigned or transferred by the contractor without prior written permission by CES, and no delegation of any duty of the contractor will be made without prior written permission by CES. CES will not unreasonably withhold approval and will notify the contractor within 15 days of receipt of written notice by the contractor.

Audit Rights: In accordance with applicable New Mexico law, the contractor's books and records related to this contract may be audited at a reasonable time and place.

Authority: This RFP, as well as any resultant agreement, is issued under the New Mexico Procurement Code, 2.2.2 NMAC Audit Rule 2006, CES Board Policies and CES Procurement Guidelines.

Best and Final Offer: After initial receipt of proposals, CES reserves the right to conduct discussions with responsible offerors who submit responsive proposals.

Billing: All invoices will be from the contractor to CES and will list the purchase order number issued by CES.

Bribes, Gratuities and Kickbacks: Sections 13-1-191 and 13-1-198 Procurement Code, NMSA, 1978 prohibits bribes, gratuities and kickbacks, and provides for criminal prosecution for the violation thereof.

Upon receipt of a written Notice of Concern, the offeror will have 10 days to provide a satisfactory response in writing to CES. Failure on the part of the contractor to satisfactorily respond can result in CES canceling the contract.

Captions, Headings, and Illustrations: The captions, headings and subheadings in this RFP are for convenience, enjoyment, and ease of perusal only and in no way define, limit, or describe the scope or intent of the request.

Certification: By signature in the offer section of the offer page, the contractor certifies:

1. The submission of the offer did not involve collusion or other anti-competitive practices.
2. The contractor will not discriminate against any employee or applicant for employment in violation of Federal and State Laws (see Federal Executive Order 11246).
3. The contractor has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted offer.
4. The contractor agrees to promote and offer to members of CES only those materials, and/or services allowed under resultant contract(s) as CES contract items.

Christian Doctrine: Any clause required by rule or regulation to be included in this contract will be read as if in this contract, whether or not physically included.

Clarification: As used in the RFP, clarification means communication with a contractor for the sole purpose of eliminating minor irregularities, informalities or apparent clerical mistakes in the proposal. It is achieved by explanation or substantiation, either in response to an inquiry by CES, or as initiated by the contractor. Unlike "Discussion" (see below), clarification does not give the offeror an opportunity to revise or modify its proposal, except to the extent that correction of apparent clerical mistakes results in a revision.

Competitive Range: Since CES often receives many proposals for one solicitation, it may be necessary to establish, as part of the evaluation process, a competitive range of acceptable proposals for the purpose of further discussions. Proposals not in the competitive range are unacceptable and not considered further.

Competitive Sealed Proposals: As required in the 2.2.2 NMAC Audit Rule 2006, solicitations shall be through a competitive, sealed, qualification-based Request for Proposals method of procurement.

Confidential Information: If an offeror believes that any part of its proposal should be withheld from public inspection, a statement advising CES of this fact will accompany the submission. The CES Executive Director will review the statement and will determine in writing whether the information will be withheld. If the Executive Director determines that the information should be disclosed, the offeror will be informed in writing of such determination, and should the offeror object in writing within five (5) days after notification thereof, no disclosure will be made and the proposal may be rejected.

Contract: Any agreement for the procurement of items of tangible personal property, services or construction.

Contractor: Offeror who has been awarded contract for delivery of material goods or completion of services in response to this document

Contractor Invoice: Contractor will invoice CES after delivery of goods and/or services.

Contractor Payment: CES will issue payment to contractor after receipt of contractor's invoice and contractor's invoice has been verified and approved for payment.

Cost of Proposal Preparation: CES will not reimburse the cost of developing, presenting or providing any response to this solicitation.

Disclosure: Offerors submitting proposals will disclose any and all owners, contractors or employees who are active employees of CES or are immediate relatives of an employee of CES.

Discussions: Discussions occur when oral or written communications between CES and the offeror are conducted for the purpose of minor clarifications involving information essential for determining the acceptability of a proposal or that provides the offeror an opportunity to revise or modify its proposal. CES will not help an offeror bring its proposal up to the level of other proposals through discussions. CES will not disclose technical information pertaining to a competing proposal. CES will neither indicate to an offeror a cost nor price that it must meet to obtain further consideration, nor will it provide any information about other offerors' proposals or prices. CES is willing to discuss with an offeror, having a proposal in the competitive range, any weaknesses, excesses, or deficiencies in its proposal.

Exculpatory Provisions: All parties to this contract agree to save harmless one another from simple negligence.

Force Majeure: Except for payments of sums due, neither party shall be liable to the other nor deemed in default under this contract, if and to the extent that such party's performance of this contract is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence, including, but not limited to, the following: acts of God; acts of the public enemy; war; riots; strikes; mobilization; labor disputes; civil disorders; fire; flood; earthquakes; famine; volcanic eruptions; meteor strikes; lockouts; injunctions-intervention-acts or failures or refusals to act by government authority; and other similar occurrences beyond the control of the party declaring force majeure which such party is unable to prevent by exercising reasonable diligence. The force majeure shall be deemed to commence when the party declaring force majeure notifies the other party of the existence of the force majeure, and shall be deemed to continue as long as the results or effects of the force majeure prevent the party from resuming performance in accordance with this agreement. Force majeure shall not include late deliveries of software or materials caused by congestion at a manufacturer's plant or elsewhere, an over-sold condition of the market, inefficiencies and poor management practices, or similar occurrences. If either party is delayed at any time by force majeure, then the delayed party shall notify the other party in writing of such delay within 48 hours.

Indemnification: Contractor shall indemnify, defend and save harmless CES for any and all claims, demands, suits, proceedings, loss, cost and damages of every kind and description, including any attorney's fees and/or litigation expenses which may be brought or made against or incurred by CES on account of loss or damage to any property or for injuries to or death of any person, caused by, arising out of, or contributed to, in whole or in part, by reasons of any act, omission, profession error, fault, mistake, or negligence of contractor, its employees, agents, representative, or subcontractor, their employees, agents, or representative in connection with or incident to the performance of this agreement, or arising out of Worker's Compensation claims, Unemployment Compensation claims, or Unemployment Disability Compensation claims of employees of contractor, and/or its subcontractors or claims under similar such laws or obligations. Contractor's obligation under this section will not extend to any liability caused by the sole negligence of CES or its employees.

Inquiries: Any question related to the RFP will be directed to CES. Submit all questions about the RFP in writing to Cooperative Educational Services, Max Luft, Executive Director. Replies will be made to all who have received this RFP, as addenda, and will become part of the proposal documents. CES may require any and all questions to be submitted in writing. Any inquiries related to this RFP should not have the solicitation number on the envelope, since it might then be confused with a sealed proposal response and not be opened until the due time and date. Inquiries may be faxed or sent by e-mail to mluft@nmedu.org.

Late Offers: Late offers will not be considered and will be returned, upon request, unopened.

Legal Remedies: All claims and controversies will be subject to the New Mexico Procurement Code and 2.2.2 NMAC Audit Rule 2006.

Member: Any public educational institution within the state of New Mexico that has, by their board resolution, resolved to become a party of the Joint Powers Agreement and has been approved for membership by CES' Board of Directors and the New Mexico Department of Finance and Administration

Money: All transactions are payable in U.S. currency only

Multi-Term Contract: A contract having a term longer than one (1) year

Negotiations: Where there is not competition that would result in a better contract, negotiation may be conducted until a detail agreement is reached.

Non-Responsive Offer: Any offer that does not conform to the mandatory or essential terms, conditions and/or specified requirements for this solicitation is considered non-responsive.

Notation: If the original contractor sells or transfers all assets or the entire portion of the assets used to perform this contract, a successor in interest must guarantee to perform all obligations under this contract. CES reserves the right to accept or object to the new party with the original contractor being obligated if the new party fails to perform. A simple change of name agreement will not change the contractual obligations of the contractor.

Notice: Notices under this contract will be in writing and will, for all purposes, be deemed to have been fully given when sent by registered or certified mail, return receipt requested, postage prepaid, properly addressed to the respective parties as specified herein or at such other address as may be specified by either party from time to time.

Offer Acceptance Period: In order to allow opportunity to evaluate the proposals offered, CES requires that an offer in response to this solicitation be valid and irrevocable for 90 days after opening time and date.

Parol Evidence: This contract represents the final written expression of agreement. All agreements are contained herein, and no other agreements or representations that materially alter it are acceptable.

Prime Contractor: For the purpose of this solicitation, a contractor will be considered a prime contractor and not a subcontractor. Any contractor paid directly by the buyer is a prime contractor; a subcontractor is paid by another contractor. Prime contractors using subcontractors are responsible for all actions of their subcontractors.

Progress Payments: CES will permit its members to make progress payments on purchased services in accordance with 2.2.2 NMAC Audit Rule 2006:

Project Director: The contractor will assign a project director to coordinate operational activities with the Executive Director of CES and shall make mutually agreeable periodic reports to the Executive Director.

Protests: Protests will be filed and resolved in accordance with the State of New Mexico Procurement Code. Venue for any and all legal actions regarding or arising out of the transactions covered herein shall be solely in the District Court in and for the County of Bernalillo, State of New Mexico. The laws of the State of New Mexico will govern this RFP and resulting transactions.

Provisions Required by Law: Each and every provision of law and any clause required by law to be in the contract will be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon application of either party, the contract will forthwith be physically amended to make such insertion or correction.

Public Record: All proposals submitted in response to this invitation will become the property of CES and be a matter of public record available for review, subsequent to the award notification, under the supervision of the Executive Director of CES from 9:00 a.m. to

4:00 p.m., Monday through Friday, at 4216 Balloon Park Road NE, Albuquerque, New Mexico.

Request for Proposals or RFP: All documents, including those attached or incorporated by reference, which are used for soliciting proposals

Responsible Offeror: 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 described in the proposal.

Responsive Proposal: An offer which conforms in all material respects to the requirements set forth in the Request for Proposals. Material respects of a request for a proposal include, but are not limited to, price, quality, quantity or delivery requirements.

Right to Assurance: Whenever one party to this contract in good faith has reason to question the other party's intent to perform, it may demand that the other party give a written assurance of this intent to perform. In the event that a demand is made and no written assurance is given within 10 days, the demanding party may treat this failure as an anticipatory repudiation of the contract.

Severability: The provisions of this contract are severable to the extent that any provision or application held to be invalid will not affect any other provision or application of the contract, which may remain in effect without the invalid provision or application.

Smoking: All contractors and subcontractors must adhere to local smoking policies when inside a building working on this contract. Smoking will only be allowed in posted areas or on premises where permitted.

Specifications: All Scope of Work specifications in this RFP are designed to enable an offeror to satisfy a requirement for a product, material, process or service. A specification may be expressed as a standard, a part of a standard or independent of a standard. No specifications are intended to unnecessarily limit competition by eliminating items capable of satisfactorily meeting the actual needs of the procurement. Any offeror believing a specification is unnecessarily restrictive who submits a proposal must indicate such in its initial response.

Suspension or Debarment Status: If any firm, business, person or offeror submitting an offer has been debarred, suspended or otherwise lawfully precluded from participating in any public procurement activity with any federal, state or local government, the offeror must include a letter with its response or offer setting forth the name and address of the public procurement unit, the effective date of the suspension or debarment, the duration of the suspension or debarment and the relevant circumstances relating to the suspension or debarment. Any failure to supply such a letter, or to not disclose in the letter all the pertinent information, shall result in the cancellation of any contract. By signing the offer section, the offeror certifies that no suspension or debarment exists.

Taxes: Prices offered will not include applicable state and local taxes. All applicable taxes must be listed as a separate item on all invoices and will be paid by the educational agency issuing the purchase order to CES. No gross receipts tax can be collected on delivery charges to the member's location.

Term of Contract and Extension: The term of the agreement will commence on award and continue until June 5, 2007, unless terminated, canceled or extended. By mutual written agreement, the contract may be extended for two (2) additional 12-month periods, ending on June 5, 2008 and June 5, 2009. CES may require a contractor to respond to a new RFP rather than extend a contract secured under this RFP.

Termination of RFP: The Request for Proposals (RFP) in no manner obligates CES to the eventual purchase of any product or services described or which may be proposed, until confirmed by a written Acceptance of Offer and Contract Award. Progress toward this end is solely at the discretion of CES and can be terminated without penalty or obligation at any time prior to the signing of a contract. CES reserves the right to cancel this RFP at any time and for any reason and to reject any or all proposals.

Token Offer: If any offeror submits a perfunctory offer with no serious intent of being accepted, CES reserves the right to remove the offeror from its potential contractor's list. If an offeror wishes to remain on the contractor's list, either a no response or a request to remain on the list is all that is needed.

Withdrawal of Offer: An offeror can withdraw its proposal, provided such written notice is received at the CES office prior to the specified due date and time.

SECTION II

SCOPE OF WORK AND SPECIFICATIONS

A. SCOPE OF WORK

1. Cooperative Educational Services (CES), which is based in Albuquerque, New Mexico, is comprised of all of the 89 New Mexico public school districts and other public educational institutions that are parties to the Joint Powers Agreement to Establish an Educational Cooperative. CES was organized in 1979 as a direct response to the needs of small and rural Local Education Agencies (LEAs). CES offers numerous programs and services. Currently, 160 public educational institutions are members and most use one or more of the CES-provided programs or services each year. It is the responsibility of the auditor to present to the management of CES a list of all applicable rules and regulations which will be used in the audit.
2. CES is seeking an independent program auditor to perform the audit and deliver reports in accordance with the completion dates established by the state auditor. CES requires 10 copies of the report for its operations, and one PDF copy suitable for electronic duplication for each member, each ex-officio member and the New Mexico Department of Finance and Administration.
3. Read through this section and prepare a rough draft of your offer, fill out the forms necessary and gather all the advertising slicks you want to send along with your proposal. Finally, print a final offer, write the executive summary and organize everything into a three-ring binder.

B. DUTIES OF THE CONTRACTOR

Once the award is made to the offeror, the offeror, as contractor, will assign a project director to coordinate operational activities with the designated representative of CES and will develop a timetable for completing the CES audit.

C. DUTIES OF CES

The general duties of CES shall include:

1. Inform the state auditor of the selection of the contractor
2. Provide access to records as requested
3. Process pay requests for payment
4. Follow up as needed on problems
5. Periodic review with contractor as to projects and problems

D. SPECIFICATIONS

CES has provided General Terms and Conditions. In the following part of this section, CES is providing additional Categorical Terms and Conditions that apply. In case of conflict between the General Terms and Conditions and Categorical Terms and Conditions, the latter will apply. Additional items may be requested in the specific Categorical Terms and Conditions.

E. LISTING OF CATEGORY

CES has prepared this RFP document for an Independent Program Auditor. This category includes the Categorical Scope of Work.

Category **Independent Program Auditor**

Categorical Scope of Work

The independent program auditor shall complete the audit in accordance with the terms and conditions of this RFP and the State of New Mexico, Office of the State Auditor, Requirements for Contracting and Conducting Audits of Agencies dated March 31, 2006.

A. General Criteria

1. Audit Scope – The audit shall cover the entire operations of the governmental agency.
2. Governmental Auditing, Accounting and Financial Reporting Standards
 - a. Audits shall be conducted in accordance with:
 - 1) Generally accepted Government Accounting Standards, issued by the U.S. General Accounting Office
 - 2) Classification of Statements on Auditing Standards, issued by AICPA
 - 3) OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations
 - 4) SOP 98-3, Audits of States, Local Governments, and Not-for-Profit Organizations Receiving Federal Awards
 - 5) AICPA Audit and Accounting Guide, Audits of State and Local Governmental Units
 - 6) 2.2.2 NMAC Audit Rule 2006, Requirements for Contracting and Conducting Audits of Agencies
 - b. Financial statements and notes to the financial statements shall be prepared in accordance with generally accepted accounting principles.
3. State Compliance – An independent program auditor shall identify significant state statutes and rules and regulations applicable to the governmental agency under audit and perform tests of compliance. The following state statutes will be tested:
 - a. Procurement Code
 - b. Per Diem and Mileage Act
 - c. Personnel Act
 - d. Public Money Act
 - e. Public School Finance
 - f. Investment of Money
 - g. Educational Retirement Act
 - h. Sale of Public Property
 - i. Anti-Donation Clause
 - j. Special, Deficiency and Specific Appropriations
 - k. Budget Compliance
 - l. Lease Purchase Agreements
 - m. Accounting and Control of Fixed Assets of State Government
 - n. 2.2.2 NMAC Audit Rule 2006
4. Federal Compliance – The following government pronouncements establish requirements and give guidance for a single audit:
 - a. Single Audit Amendments of 2002

- b. Generally accepted Government Auditing Standards
 - c. OMB Circular A-21, Cost Principles for Educational Institutions
 - d. OMB Circular 87, Cost Principles for State, Local and Indian Tribal Governments
 - e. OMB Circular A-102, Grants and Cooperative Agreements to State and Local Governments
 - f. OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institution of Higher Education, Hospitals and other Non-Profit Organizations
 - g. OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations
 - h. OMB Circular A-133, latest supplement
 - i. OMB Catalog of Federal Domestic Assistance
5. Audit Findings – The audit report will set out in detail, in a separate section, any violation of law or good accounting practices found by the audit or examination. All findings should be included in the annual audit report.
 - a. Previous Audits – The auditor is required to follow up on known material findings and recommendations from the previous audits.
 - b. Current Year
 - 1) All current year findings should have a reference number and a short title.
 - 2) A memorandum on potential audit findings should be prepared and submitted to agency management as soon as the auditor becomes aware of the findings so the agency has time to respond to the findings prior to the exit conference.
 - 3) Each audit finding should specifically state and describe the following:
 - a) Condition
 - b) Criteria
 - c) Effect
 - d) Cause
 - e) Recommendation
 - f) Agency Response
 6. Exit Conference – The auditor must hold an exit conference with representatives of the agency’s governing authority and top management.
 7. Possible Violations of Criminal Statutes in Connection with Financial Affairs – Every agency and auditor shall notify the State Auditor immediately, in writing, upon discovery of any possible criminal statute violation in connection with its financial affairs.
 8. Compensated Absences – The vacation pay and compensated absences amounts compute in accordance with the requirements of GASB Statement No. 16 must be reported in the financial statements with appropriate disclosure in the notes to the financial statements.
 9. Public Monies
 - a. Pledged collateral by banks – All audit reports should disclose the collateral requirements in the notes to the financial statements.
 - b. Listing of Individual Deposit Accounts and Investments – Each audit report shall include a list of individual deposit and investment accounts held by the agency.
 10. Budgetary Presentation – The Statement of Revenues and Expenditures – Budget and Actual shall include the amount of prior-year cash balance required to balance the budget. The difference between the budgetary basis and GAAP basis revenues and expenditures should be reconciled and disclosed in the notes to the financial statements.

11. Appropriations to Agencies – The budget comparison in the financial statements must be at least at the same level as the approved budget to demonstrate compliance with legal requirements.
 12. Deferred Compensation Plans - Review shall be made of the deferred compensation plans.
 13. Consideration of the Internal Control in a Financial Statement. Financial audits performed under 2.2.2 NMAC Audit Rule 2006 requires the same level of consideration of internal control as that required by a Single Audit performed in accordance with OMB Circular A-133.
- B. Specific Criteria – The applicable specific criteria should be considered in planning and conducting governmental audits. The appropriate state statutes should be reviewed in performing the CES audit.
1. Pertaining to state agencies
 2. Pertaining to local public bodies and school districts
 3. Pertaining to universities

SECTION III CONDITIONS LEADING TO AND INCLUDING CONTRACT AWARD

A. CONTRACT FORM

The form of the contract between CES and the contractor will be as per that in Section IV.

B. PROPOSAL SUBMISSION

Sealed proposals will be received until 1:30 p.m. local time, on Friday, May 19, 2006, whether hand delivered or mailed to the agency offices, 4216 Balloon Park Road NE. Documentation will be included and submitted in a binder.

C. PROPOSAL REVIEW

Commencing on Monday, May 22, 2006, proposals will be reviewed by the Executive Director and a committee designated by the CES Board of Directors. Notification to all respondents will be made by Monday, June 8, 2006.

D. EVALUATION FACTORS

To qualify for evaluation, a proposal must be responsive, must have been submitted on time, and materially satisfy all mandatory requirements identified throughout the RFP. To be considered responsive, a proposal must reasonably and substantially conform to all of the specified requirements in the RFP in the judgment of the evaluation committee. Any deviation from requirements indicated herein must be stated on an attached sheet(s). Otherwise, it will be considered that proposals are in strict compliance with all requirements, and any successful offeror will be held responsible therefore. Deviations or exceptions stipulated in offeror responses, while possibly necessary in the view of a particular offeror, can result in a penalty assessment being assigned during the evaluation process. Language to the effect that the offeror does not consider this proposal to be part of a contractual obligation will result in that offeror's proposal being disqualified. Due to the unpredictable nature of what any particular offeror may wish to stipulate with regard to exceptions, exclusions or limitations of liabilities, offerors are forewarned that CES reserves the right to assign any penalties it considers warranted. Terms of the RFP that any offeror considers particularly unwarranted, and to which that offeror would have to take significant exception in its response, should be stated in the proposal clearly and concisely as exceptions and/or deviations.

The form for evaluation is that stipulated in Appendix B of 2.2.2 NMAC Audit Rule 2006 Requirements for Contracting and Conducting Audits of Agencies. Points for evaluation will be distributed as follows for Part One of the Evaluation. The top three respondents will then be evaluated on Part Two. Recommendation for an award will be made to the State Auditor for the respondent whose total score, the sum of Part One and Part Two, is the greatest.

EVALUATION CRITERIA

Part One

Section I – Capability of Firm

- A. Resources of firm 0 - 5 points
- B. Independence to perform audit 0 - 2 points
- C. External quality control review 0 - 10 points
 - 1. Peer review
 - 2. Opinion received (Note: If report is less than modified, firm does not qualify)
 - 3. Results of reference checks 0 - 10 points
- D. Organization and completeness of proposal 0 - 3 points

Section II – Work Requirements and Audit Approach

- A. Specific knowledge 0 - 5 points
- B. Technical plan 0 - 5 points
- C. Staffing plans 0 - 3 points
- D. Plans for multi-year implementation 0 - 2 points

Section III – Technical Experience

- A. Governmental experience of on site manager 0 - 10 points
- B. Team audit experience (governmental and JPA)
 - 1. Cooperative/JPA experience 0 - 10 points
 - 2. GASB 34 and 35 experience 0 - 10 points
 - 3. Experience with component units 0 - 5 points
- C. General continuing education 0 - 5 points

Section IV – Firm Strengths and Weaknesses

0 - 5 points

Sub-Total of Part 1

0 - 90 points

Part Two

Section I – Cost

0 - 10 points

Sub-Total of Part 2

0 - 10 points

TOTAL POINTS

0 - 100 points

E. NEGOTIATIONS

In order to obtain the most favorable price and support for member schools, CES reserves the right to enter negotiations with responsible offerors (see also Best and Final Offer, Section I.E).

F. SPECIAL NOTICE TO INDEPENDENT PROGRAM AUDITOR OFFERORS

CES regularly publishes RFPs as a part of its procurement efforts. In an effort to have independent program auditor offerors learn the CES procurement process, CES has chosen to modify its standard RFP rather than create an abbreviated RFP solely for the audit. There may be instances when items do not relate to the audit process. Included in the RFP are references to providing software and other materials. This is not an oversight, but a realization that innovative, forward thinking offerors may include these type items in their price to assist CES to monitor its financial accounting practices. If, however, other items in the RFP appear not to relate to your proposal, ignore them, or if a response is required.

SECTION IV: PROPOSAL FORMS

Form A **OFFER AND ACCEPTANCE OF OFFER AND CONTRACT AWARD**

PROJECT: Independent Program Auditor

OFFER
ACCEPTANCE OF OFFER
and
CONTRACT AWARD

OFFER TO BE COMPLETED BY CONTRACTOR

In compliance with the Request for Proposal, the undersigned warrants that I/we have examined the Instruction to Offerors, and, being familiar with all of the conditions surrounding the proposed projects, hereby offer and agree to furnish all labor, materials, and supplies incurred in compliance with all terms, conditions, specifications and amendments in this Request for Proposal and any written exceptions in the offer. Signature also certifies understanding and compliance with the certification requirements of the Categorical Terms and Conditions. The under-signed understands that his/her competence and responsibility and that of his/her proposed subcontractors, time of completion, as well as other factors of interest to CES as stated in the evaluation section will be a consideration in making the award.

Company Name _____ Contact Person _____
Address _____ Authorized Signature _____
City _____ State ___ Zip _____ Printed Name _____

ACCEPTANCE OF OFFER AND CONTRACT AWARD TO BE COMPLETED ONLY BY AGENCY

Your offer for services and materials is hereby accepted. As contractor, you are now bound to sell the materials and services listed by the attached offer based upon the solicitation, including all terms, conditions, specifications, amendments as set forth in the Request for Proposal. As contractor you are hereby cautioned not to commence any billable work or provide any material or service under this contract until contractor receives an executed purchase order from agency.

The parties intend this contract to constitute the final and complete agreement between agency and contractor, and no other agreements, oral or otherwise, regarding the subject matter of this contract, will bind any of the parties hereto. No change or modification of this contract will be valid unless it is in writing and signed by both parties to this contract. If any provision of this contract is deemed invalid or illegal by any appropriate court of law, the remainder of this contract will not be affected thereby. The term of the agreement will commence on award and continue until June 5, 2007, unless terminated, canceled or extended. By mutual written agreement, the contract may be extended for two (2) additional 12-month periods, ending June 5, 2009.

Authorized Signature Contract Number _____
Awarded this ____ day of _____, 2006.

AGENCY
SEAL
or
STAMP

INDEFINITE QUANTITY UNIT PRICE SCHEDULE

Use this form, or duplicate it, to price all equipment, services, supplies, and other commodities you wish to place on contract. **When completed, place in a 9" x 12" envelope, SEAL and place behind Tab 6.**

<u>Description</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Extension</u>
<u>YEAR ONE</u>			
Financial Statement Preparation			
Audit Examination			
Other compilation Services			
Sub Total	xxx		
Gross Receipts Tax	xxx	xxx	
Total Compensation	xxx	xxx	
<u>YEAR TWO</u>			
Financial Statement Preparation			
Audit Examination			
Other compilation Services			
Sub Total	xxx		
Gross Receipts Tax	xxx	xxx	
Total Compensation	xxx	xxx	
<u>YEAR THREE</u>			
Financial Statement Preparation			
Audit Examination			
Other compilation Services			
Sub Total	xxx		
Gross Receipts Tax	xxx	xxx	
Total Compensation	xxx	xxx	

Acceptance of Terms and Conditions

Rather than duplicate each term and condition and indicate acceptance, offeror may sign the statement below. Any exceptions must be listed on this page (additional pages may be attached, if necessary).

I accept the General Terms and Conditions of this RFP, except as listed below.

Printed Name and Title

Signature (should match cover signature)

I accept the additional Categorical Terms and Conditions for Independent Program Auditor except as listed below.

Signature (should match cover signature)

QUESTIONNAIRE FOR OFFEROR

Company Name: _____

1. Where should CES mail purchase orders?

Contractor Name _____

Attention Line _____

UPS Address _____

Mailing Address _____

City _____ State _____ Zip _____

Email Address _____

Telephone (to verify prices) _____ Fax _____

If you want CES to send purchase orders by a private, NEXT DAY carrier, please identify the carrier and your account number: _____

2. Where do you want payments sent?

Contractor Name _____

Attention Line _____

UPS Address _____

Mailing Address _____

City _____ State _____ Zip _____

Telephone (invoice questions) _____ Fax _____

If you want CES to send payments by a private, NEXT DAY carrier, please identify the carrier and your account number: _____

3. Additional contacts for CES

New Mexico Representative _____

Telephone _____ Fax _____

Email Address _____

Contact for RFP/Contract _____

Telephone _____ Fax _____

Email Address _____

4. Will you offer CES a quick pay discount? If YES, what is the discount? _____ days? _____

SUBMISSION CHECK-OFF FORM

In order for CES to clearly understand the proposal being presented by the offeror, a complete response to this RFP must contain the following:

It is suggested that the offeror preparing a response check off each required item as it is completed.

- _____ 1. **Form A** – The signed Offer and Contract Award (page 25) (**PLACE BEHIND TAB 1**)
- _____ 2. **Form B** – The signed Affidavit (page 26) (**PLACE BEHIND TAB 1**)
- _____ 3. **Form C** – Price of the Independent Audit Services offered (page 27) (**PLACE IN A SEALED 9” X 12” ENVELOPE AND PUT BEHIND TAB 6**)
- _____ 4. **Form D** – A list of any exemptions or modifications of General Terms and Conditions (page 28) (**PLACE BEHIND TAB 3**)
- _____ 5. **Form D** – A list of any exemptions or modifications of Categorical Terms and Conditions (page 28) (**PLACE BEHIND TAB 5**)
- _____ 6. **Form E** – Questionnaire for Offeror (page 29) (**PLACE BEHIND TAB 7**)
- _____ 7. A point-by-point response for the 10 items (a–n) under Offeror Qualifications (pages 8-10) (**PLACE BEHIND TAB 4**)
- _____ 8. All miscellaneous forms that apply (**PLACE BEHIND TAB 8**) (requested in No. 7 above)
- _____ 9. **Form F** – Submission Check-Off Form (page 30) (**PLACE BEHIND TAB 9**)

Signature