

## RFP 2020-005 Audit Services

### *Answers to Questions submitted by potential Offerors*

1. Does the College anticipate on having the fiscal year 2020 audit filed by the reporting deadline of November 1st? If so, does the College anticipate on having a clean audit opinion in the current fiscal year?

*The College's goal is to meet the November 1<sup>st</sup> deadline, however, the College recognizes the need of the selected auditor to conduct a fully satisfactory financial audit to adequately portray the College's financial position which may result in the College not being able to meet the November 1<sup>st</sup> deadline. The College recognizes the possibility of not meeting the deadline. The College's ultimate goal is to anticipate having a clean opinion, however, the College does recognize a clean opinion for fiscal year 2020 may not be realistic.*

2. In prior years, how much time has been provided by the auditor related to “audit related procedures, and information as requested and/or required by Northern’s management, or Federal oversight agencies; Office of the State Auditor; State Treasurer’s Office; Department of Finance and Administration; Higher Education Department and the Legislative Finance Committee” as noted in the RFP.

*The exact amount of performed by the prior auditor(s) to respond to procedures requested by the aforesaid entities has been minimal; prior auditor(s) have at times have performed additional test work to address concerns by the federal oversight agency. However, requests for additional test work and/or procedures has decreased over the last two fiscal year audits. Northern has chosen to include those listed procedures as **possibly** anticipated.*

3. In the Scope of Work, item I.C.e, on page 3 of the RFP, indicates “Additional reporting required or desired by oversight agencies.” Has the College been notified of any such matters? If so, please explain some of these additional required procedures.
  - a. Has the Department of Education performed any recent monitoring that would add additional requirements to the audit of the Student Financial Assistance Cluster?

*The College has not been notified by any oversight entity, including the U.S. Department of Education, that additional requirements would be needed. To note the College is on a heightened cash monitoring method 1, as authorized by regulations at 34 CFR § 668.162(d), which means for some programs disbursements must be made prior to the College requesting reimbursement. The College has had reduced oversight reporting to the U.S. Department of Education during the past two and one-half years.*

4. Did or does the College have plans to liquidate their outstanding loans related to Perkins during fiscal years 2020, 2021 or 2022?

*The College is currently actively completing the necessary steps to liquidate the Perkins Loans. At this time all Perkins Loans have been accepted by the U.S. Department of Education. The College is awaiting a response from the Department on the final steps of the liquidation process. The timeline for liquidation will be determined upon this response from*

*the US Department of Education and will most likely not happen before the end of fiscal year 2020.*

5. What fiscal year is the El Rito campus becoming active? Once this campus becomes active, what is it going to be utilized for and how will this impact the College's financials?

*The El Rito campus has always remained active on an operational level only, so those costs have been continuous but exclude an active education component. However, with the passage of the mill levy in November 2019 the College expects classes directly related to the revenue source to fund the branch community college activities will commence in fall 2020. Courses for the branch community college will take place at campuses in Espanola and El Rito. The estimated revenue for the branch community college is \$2.4 million per year which at this time is estimated to match expenses. The College has collected \$1.3 million YTD. The funds will support vocational education and academic programs and staffing, business office functions and staffing, maintenance activities and staffing. The College has already expanded the chart of accounts to include the branch community college. The impact on the College's Financials should be minimal.*

6. Does the College still have buildings (housing, etc.) that are rented on the El Rito campus?

*Yes.*

7. Do you anticipate the predecessor auditor (REDW) bidding on this RFP for audit services?

*It is unknown and the College does not have knowledge of which IPA's will be bidding on the FY2020 financial audit.*

8. Has NNMC made a selection for the firm to perform the account reconciliation work in response to RFP 2020-04? If so, are you able to disclose the name of the firm performing this work?

*The College is following the procurement schedule as of this writing. The Chief Procurement Officer will release the name of the selected bidder once that entity has agreed to accept the award.*

9. When does NNMC expect the account reconciliation work as part of RFP 2020-04 to be complete?

*The College expects the majority of the bank accounts reconciliations, if not all, to be completed as of September 1, 2020, if not sooner. This strategy is to gain an opinion on the fair presentation of the financial statements. Other deliverables of the reconciliation RFP contract are expected to be completed by late fall.*

10. Does NNMC have a preference and/or what are the expectations for the timing of interim work and final substantive testing?

*The goal for interim work is beginning of September. The goals for final substantive test end of October. However the College will work closely with the selected IPA during the course of the audit in the event the audit is not on course to meet the November 1<sup>st</sup> deadline which will change the expectation dates.*

11. Has NNMC established a budget for the audit fees? Can you provide a breakout of the approximate \$138,000 fee from FY19 and how much was allocated to the financial audit, single audit, financial statement preparation and the Foundation?

*The College has anticipated budget for the audit to be consistent with past contract levels: However, due to anticipated legislative action in the future, the College anticipates a budget level that may be reduced in the subsequent months.*

*Following is a list the contracted expenses for FY2019 audit contract:*

<i>Financial statement audit</i>	<i>\$75,000</i>
<i>Federal single audit</i>	<i>\$37,500</i>
<i>Financial statement preparation</i>	<i>\$25,000</i>
<i>Other nonaudit services</i>	<i>\$0</i>
<i>Other</i>	<i>\$0</i>

*The total amount paid for the SFY2019 audit was \$146,890.88 including NMGRT. Amounts for the component unit were rolled into the financial statement audit portion of the contract. The College has had a contract with another IPA for the past two years to assist in the preparation of financials for the Foundation.*

12. Does the NNMC have a readily available document that details the current status of all corrective actions from the FY19 audit, matters that have been resolved, or the updated timing of resolution?

*The College does not have a readily available current status as of the time of this writing. However, the College is in the process of updating the status by the end of May 2020, if not sooner.*