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**RFP No. 24-337-0014**  
**Questions and Answers**

The following questions are related to section I(B):

1. Why is NMSIC going out for audit? Prior to the OSA rules hearing, that was cancelled, we received a bit of pushback on the 4<sup>th</sup> year of a 4 year proposal from GSD, which would have taken us to 7 years with the current firm leaving one year. GSD subsequently backed off of their position, after the rules hearing was cancelled, but it was decided to go ahead and complete a two-year proposal. If the incumbent firm is successful it would take them to the maximum of 8 years before a firm rotation is required.
2. Were there any issues with the current auditor? Absolutely no issues.
3. What were the fees for fiscal years 2022 and 2023 for the annual audit and for the agreed upon procedures? For fiscal year 2022 the fees were \$126,000 + GRT, and for fiscal year 2023 the fees were \$127,100 + GRT. This includes Agreed Upon Procedures.
4. The Scope in the RFP notes Agreed Upon Procedures to be performed quarterly, including a report. Can you provide the price of fiscal year 2023's AUP? For fiscal year 2023 the fees for the Agreed Upon Procedures was \$20,000.
5. Were there any journal entries discovered by the auditors during the 2023 audit process? If so, what were they? No adjustments other than client proposed entries to catch up the valuation lags.
6. Outside of the audit process, what does NMSIC find/define value from its auditors? Knowledge, responsiveness, professionalism, and ability to meet deadlines with minimum disruptions.
7. What reconciliation procedures are performed between the different investment managers and custodian and how often? Monthly reconciliations are completed by investment managers to the custody bank.
8. What controls are in place to monitor and record calls and distributions for alternative investments (i.e. real estate, private equity investments, etc.)? (internal or outside consultants?) Multiple levels of approvals by accounting and investors. The custody bank and Invient (outside contractor for alternative investment monitoring) are key to smooth monthly closes.
9. Have any 'hard to value' investments such as investments in private equity, limited partnerships, real estate, derivatives and similar been 'written down' or 'written off' in the past three years? National program valuations change as the market changes. Real estate has had some meaningful write-downs. For the NM PE program there have been some write-downs as certain exits have been difficult to achieve in the current market.
10. Are there any foreign investments that issue non U.S. GAAP financial statements? Generally, US GAAP is required.
11. Have there been any significant changes in key staff in the past year that would affect the 2024 audit? The investment accounting manager is retiring at the end of May after 18 years. The position is being filled internally.

The following questions are related to section I(E):

12. How many auditors and how many days were the auditors in the field for interim and final fieldwork?  
Over the past several years, 85% of the audit, or more, has been done remotely. We are expecting more in-person work in the future.
13. What is NMSIC's preferred timing for the audit? The due date is the Wednesday before Thanksgiving. Until the valuation lags are caught up nothing can be finalized. This causes the last several weeks of the audit to be fairly intense.
14. Were there any major audit issues identified for 2023? Any anticipated ones for 2024? None. None.
15. What part of the audit process would NMSIC like to improve over the past audits? The audit process, over the past 6 years, has been extremely smooth.
16. What transition issues would NMSIC be concerned about if the audit is awarded to new auditors? Getting up to speed is a multi-year process no matter how experienced the firm is. In the best of circumstances getting up to speed will not be an easy process.
17. Assuming each bidders proposed fees are equal, what is the next most important thing to NMSIC? Experience with organizations our size or bigger with similar asset mixes.
18. What is the NMSIC's expectation of the audit process, such as length of time the audit team would spend on site for interim and final fieldwork? For a new firm, expectations would be high for an on-site presence because that is the only way a new firm is likely to be successful and meet all the required deadlines.