

STATE OF NEW MEXICO
AUDIT CONTRACT ADDENDUM
CONTINGENCY SUBCONTRACTOR FORM

Pursuant to Section J of 2.2.2.8(L)(1) NMAC *Requirements for Contracting and Conducting Audits of Agencies* the Contractor hereby enters into an agreement with _____, hereinafter referred to as the Contingency Subcontractor, to subcontract a portion (or all) of the services to be performed under all the Contractor's outstanding audit contracts, in the event the Contractor becomes incapacitated. The Contractor will be deemed "incapacitated" if the Contractor is unable to complete services under outstanding audit contracts due to the Contractor's impairment by reason of mental illness, physical illness, or other cause.

Regarding all outstanding audit contracts the Contractor has at the time the Contractor becomes incapacitated, the Subcontractor may have the following responsibilities (depending on when the Contractor becomes incapacitated):

- (1) oversight and supervision of the Contractor's audit staff (if applicable) or the Subcontractor's audit staff, for the completion of all audit field work, audit documentation preparation, report drafting, and other nonaudit services;
- (2) review of all audit documentation;
- (3) issuance and signing of the audit report;
- (4) timely submission of audit report to the State Auditor;
- (5) correction of any deficiencies indicated by the State Auditor;
- (6) Submission of the final report to the State Auditor;
- (7) production and distribution of all copies of the report per the audit contract;
- (8) electronic HUD submissions (if applicable);
- (9) billing and collection of contract amounts per the audit contract;
- (10) payment of wages to the Contractor's audit staff (if applicable) from the audit contract proceeds;
- (11) requests for justifiable contract amendments from the State Auditor; and
- (12) distribution of a percentage of all the contract profits to my firm based on the percentage of completion when the Contractor became incapacitated.

These Subcontractor responsibilities regarding the Contractor's outstanding audit contracts will be carried out by the Subcontractor in accordance with all applicable auditing standards and Section 2.2.2. NMAC, the Audit Rule.

Responsibility for the audit will be shared based on the percentage of completion at the time the Contractor becomes incapacitated.

_____ Remain with the Contractor; or
_____ Be shared between the Contractor and Subcontractor.

The audit report will be signed by the Contractor and Subcontractor if the Contractor is able to sign the report. Otherwise the report will be signed by the Subcontractor.

The Subcontractor is authorized by the Contractor to bill the audit client for work performed and enter into a temporary employee/employer relationship with the Contractor's audit staff (if applicable) during the completion of the Contractor's outstanding audit contracts.

SUBCONTRACTOR

CONTRACTOR

(Name)
BY: _____
TITLE: _____
DATE: _____

(Name)
BY: _____
TITLE: _____
DATE: _____

AGENCY

STATE AUDITOR

(Name)
BY: _____
TITLE: _____
DATE: _____

BY: _____
HECTOR H. BALDERAS
DATE: _____