



State of New Mexico
OFFICE OF THE STATE AUDITOR

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Contact: Justine Freeman
justine.freeman@osa.state.nm.us
505-476-3819

New Mexico Auditor Tim Keller Revises Audit Rule
New Rule Shines a Light on Use of Taxpayer Dollars

SANTA FE – State Auditor Tim Keller released the 2015 updated Audit Rule, providing the framework for the audit of governmental entities in New Mexico. The Office of the State Auditor (OSA) oversees the financial review of almost 1,000 entities across the state – from small land grants to large state agencies. The Audit Rule, which is promulgated on an annual basis in association with standardized audit contracts, is focused on ensuring audits are conducted in compliance with relevant and applicable auditing standards.

“The Audit Rule is a critical tool for transparent and accountable government,” stated Auditor Keller. “This year, we have refined regulations on the use of taxpayer dollars from the smallest acequia associations to the entire state’s financial standing. This new Audit Rule will enhance efforts to protect public funds from fraud, waste, and abuse. In particular, we are going to push the state to report on its checkbook in a timely manner, and will be analyzing the use of local state contractors, unspent funds, and dedicated education funds for targeted populations such as Native Americans and women.”

Highlights from the Audit Rule and associated contract requirements include:

TRANSPARENCY

- Each audit must include reporting on contracts awarded during the fiscal year, including whether the in-state business preference or veterans’ preference was used (2.2.2.10.A.2.g)
- Each audit must include a Summary of Findings Form that will be made public, allowing citizens to access and easily understand information about audits of interest (2.2.2.9.A.3)
- Each audit must disclose whether the entity has reverting or non-reverting unspent funds in its accounts (2.2.2.10.C)
- Each educational entity will be required to identify specific dedicated funding uses, for example Title IX and Title II federal funds for women and Native Americans (2.2.2.10.G)

ACCOUNTABILITY

- A deadline was included for the completion of the state’s Comprehensive Annual Financial Report (CAFR) to ensure it is finalized in a timely manner (2.2.2.9)

(continued)

- Audits must test whether government agencies are in compliance with laws that are designed to protect public funds, including the Procurement Code, the Per Diem and Mileage Act, the Anti-Donation Clause, the Governmental Conduct Act, and more (2.2.2.10.G)
- Auditors must report any potential criminal activity, and instances of fraud and abuse, to the State Auditor. The State Auditor will report any allegations to the proper prosecuting authority, along with any relevant documentation (2.2.2.10.K)
- Auditors must review performance measures of state agencies, enhancing cost-effective and responsive government services (2.2.2.11)
- Outside of the annual audit process, the State Auditor may conduct performance audits, forensic audits, and other investigations to address fraud, waste and abuse (2.2.2.15)

For the last two months, OSA has conducted trainings across the state for government entities, Independent Public Accountants (IPAs), and professional associations to ensure compliance to the 2015 Audit Rule.

The complete 2015 Audit Rule is available here: http://www.saonm.org/state_auditor_rule

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