



National State Auditors Association

November 6, 2008

Mr. Hector H. Balderas, State Auditor
Office of the State Auditor
State of New Mexico
2113 Warner Circle
Santa Fe, New Mexico 87505-5499

Dear Mr. Balderas:

We have reviewed the system of quality control of the New Mexico Office of the State Auditor (the office) in effect for the period October 1, 2007 through September 30, 2008. A system of quality control encompasses the office's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with government auditing standards. The design of the system and compliance with it are the responsibility of the office. Our responsibility is to express an opinion on the design of the system, and the office's compliance with the system based on our review.

We conducted our review in accordance with the policies and procedures for external peer reviews established by the National State Auditors Association (NSAA). In performing our review, we obtained an understanding of the office's system of quality control for engagements conducted in accordance with government auditing standards. In addition, we tested compliance with the office's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the office's policies and procedures on selected engagements. The engagements selected represented a reasonable cross-section of the office's engagements conducted in accordance with government auditing standards. We believe that the procedures we performed provide a reasonable basis for our opinion.

Our review was based on selective tests; therefore it would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it. Also, there are inherent limitations in the effectiveness of any system of quality control; therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control of the New Mexico Office of the State Auditor in effect for the period October 1, 2007 through September 30, 2008 has been suitably designed and was complied with during the period to provide reasonable assurance of conforming with government auditing standards.

As is customary in a peer review, we have issued a letter under this date that sets forth comments that were not considered to be of sufficient significance to affect the opinion expressed in this report.

Doug Pirkle, Jr., CPA, CFE, CGFM
Team Leader
National State Auditors Association
External Peer Review Team

Deann Haeffner, CPA
Concurring Reviewer
National State Auditors Association
External Peer Review Team



National State Auditors Association

November 6, 2008

Mr. Hector H. Balderas, State Auditor
Office of the State Auditor
State of New Mexico
2113 Warner Circle
Santa Fe, New Mexico 87505-5499

Dear Mr. Balderas:

We have reviewed the system of quality control of New Mexico Office of the State Auditor (the office) in effect for the period October 1, 2007 through September 30, 2008 and have issued our report thereon dated November 6, 2008. That report should be read in conjunction with the comments in this letter, which were considered in determining our opinion. The matters described below were not considered to be of sufficient significance to affect the opinion expressed in that report.

Reporting

Comment – Government auditing standards require that an auditor's report be distributed in a timely manner to officials interested in the results.


Our review disclosed that audit reports were not issued timely or within the required time frame.


- The 46 Soil and Water Conservation District Reports were issued at least 1 year after the end of the fiscal year audited. Additionally, the 8 reports we reviewed were issued approximately a year or more after the report dates.

Recommendation – We recommend that the state audit organization establish quality control policies and procedures to ensure compliance with standards that require reports to be issued in a timely manner.

In the attached correspondence dated November 6, 2008, the New Mexico Office of the State Auditor provided its response to the letter of comments recommendation(s).

Respectfully submitted,


Doug Pirkle, Jr., CPA, CFE, CGFM
Team Leader
National State Auditors Association
External Peer Review Team


Deann Haeffner, CPA
Concurring Reviewer
National State Auditors Association
External Peer Review Team