



State of New Mexico  
Office of the State Auditor

**MEMORANDUM TO INDEPENDENT PUBLIC ACCOUNTANTS APPROVED BY THE STATE AUDITOR**

FROM: WAYNE A. JOHNSON, STATE AUDITOR

DATE: FEBRUARY 27, 2018

SUBJECT: NOTIFICATION - CONTRACTING FOR AUDIT OR AGREED UPON PROCEDURES SERVICES FOR FISCAL YEAR 2018

In accordance with the Audit Act, Sections 12-6-1 through 12-6-14 NMSA 1978, the Office of the State Auditor (Office) has notified the agencies whose audits will not be conducted directly by the Office to seek proposals for audits of Fiscal Year 2018. This year the Audit Rule and the audit contracts reflect this Office's focus on increased accountability and enhanced accessibility to audit results.

All audit contracts will be submitted through the OSA-Connect Online Portal ([www.osa-app.org](http://www.osa-app.org)). In addition, all local public bodies that fall under the tiered system will be able to submit a certification or contract for an agreed-upon procedures engagement through OSA-Connect. The deadlines for all agencies to submit their draft contracts to the Office using the online OSA-Connect system are available in 2.2.2.8 of the 2018 Audit Rule. The Office will not be processing hard copy contracts and will not sign contracts. Instead, each agency's contract will be sent electronically for review and approval. The Office will transmit an approval or rejection letter to each agency, and if approved, the agency will obtain the necessary signatures. After the contract has been signed, the agency will send an electronic copy of the signed contract to the Office for our records. As was the case with paper contracts, rejected contracts will move to the end of the processing queue. If you believe that you will need access to the OSA-Connect system in order to process contracts on behalf of your clients, please contact Frank Valdez at [Frank.Valdez@osa.state.nm.us](mailto:Frank.Valdez@osa.state.nm.us) or (505) 476-3800.

Through the annual review of IPA firms, some IPAs have been restricted or disqualified from governmental audit work in the State of New Mexico under the Audit Rule. It is the responsibility of each IPA to notify existing and potential clients of restrictions.

The following items are currently available on our website at [www.osanm.org](http://www.osanm.org):

- Schedule of Statewide Audit Rule Trainings for Governmental Agencies and IPAs** - These trainings provide the information IPAs need in order to submit complete, correct information to the Office to contract for audit services or agreed upon procedures engagements. You should have already received a schedule of the trainings. The Office recommends that each IPA firm send appropriate personnel to at least one Audit Rule training course. Representatives of all agencies are also encouraged to attend.
- Contract Log** - This log illustrates the prior year audit fees by agency, as reflected in the Office's records. The list is provided for informational purposes only and is not intended to set the fee for any agency's audit.
- Approved Contracts for Fiscal Year 2017 and Total Years Completed by an Independent Public Accounting Firm** - This list shows the auditor for each agency and the number of consecutive years completed including the Fiscal Year 2017. Please review NMAC Section 2.2.2.8 for the details of the auditor rotation rule, and note that the six-year rotation rule contains some exceptions.
- Progress Billing Form** - Please copy the form onto your IPA letterhead.

- **List of Approved IPAs** – This list includes IPAs who submitted firm profiles and were approved by the Office to conduct financial audits and/or agreed upon procedures engagements. Inclusion on this list does not mean that an IPA is free from restriction.

As always, the Office will require submission of a bound and organized hard copy of the draft report and IPA review guide. However, this year, the Office will be accepting **final** audit reports by e-mail, and no longer requires the submission of two paper copies of each **final** audit or AUP report.

Please submit draft audit reports or other correspondence to the following address:

Office of the State Auditor  
2540 Camino Edward Ortiz, Suite #A  
Santa Fe, New Mexico 87507