



State of New Mexico
OFFICE OF THE STATE AUDITOR

“At-Risk” Designations: Frequently Asked Questions

What is the purpose of the “At Risk” list? The At-Risk list was initially established in 2009 to help address the problem of audits being submitted late or not at all. The list now contains two distinct components. The “Late Reports” section of the list highlights certain categories of entities that have not filed timely financial reports in compliance with the deadlines set forth in the Audit Act (NMSA 1978, Section 12-6-3) and the Audit Rule (2.2.2. NMAC). Entities on the Late Reports section of the list are “at-risk” in the sense that their financials have not been examined during the relevant fiscal year(s). If entities receiving public funds are not audited the risks of misstatements or fraud, waste and abuse increase.

In January 2016, the Office of the State Auditor (OSA) added a second component of the list to bring greater awareness to entities that filed their financial reports on time, but whose independent auditors have concluded that there may be material and pervasive misstatements in the financial statements (adverse opinion) or that there is insufficient basis to form an opinion and any undetected misstatements could be material and pervasive (disclaimer of opinion). These entities are listed under the “Adverse or Disclaimer of Opinion” section.

When are entities placed on the list? A new list is released in January of each year and is updated on an ongoing basis as financial reports are submitted. However, entities may also be added after January depending on the close of their respective fiscal years.

How are entities removed from the list? If an entity is on the list due to a late report, the agency will be removed when its required financial reports are filed with the OSA. The list is updated on a weekly basis as new reports come in. If an entity is on the list due to an adverse or disclaimed audit opinion, the agency will remain on the list until the entity can produce audited financial statements in a subsequent fiscal year that do not have an adverse opinion or disclaimer.

Which types of entities are subject to placement on the list? The following categories of governmental entities are currently subject to listing under the program: Council of Governments; Counties; Courts; District Attorneys; Hospitals; Higher Education; Housing Authorities; Land Grants; Municipalities, Towns and Villages; Regional Educational Cooperatives; Schools; Special Districts; State Agencies; and Workforce Development Boards.

Are there any additional reporting requirements if my agency is placed on the list? Yes. When an entity is notified that it is being placed on the list, the OSA informs the agency and the independent public accounting firm then under contract, if the agency has one, of the requirement to provide the OSA with written quarterly updates (March, June, September, December) explaining the status of any ongoing work, any obstacles they are facing, and a projected competition date for the applicable financial report.