



State of New Mexico
Office of the State Auditor

MEMORANDUM TO INDEPENDENT PUBLIC ACCOUNTANTS APPROVED BY THE STATE AUDITOR

FROM: HONORABLE BRIAN S. COLÓN, STATE AUDITOR

DATE: MARCH 14, 2019

SUBJECT: NOTIFICATION - CONTRACTING FOR AUDIT OR AGREED UPON PROCEDURES SERVICES FOR FISCAL YEAR 2019

In accordance with the Audit Act, Sections 12-6-1 through 12-6-14 NMSA 1978, the Office of the State Auditor (OSA) has notified the agencies whose audits will not be conducted directly by the OSA to seek proposals for audits of Fiscal Year 2019. The Audit Rule and the audit contracts reflect the OSA's focus on increased accountability and enhanced accessibility to audit results.

As a reminder, all proposed audit contracts will be submitted for approval through the OSA-Connect portal (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 contract to the OSA using the online OSA-Connect portal are available in Section 2.2.2.8 NMAC of the 2019 Audit Rule. As in the past, OSA will not process hard copy contracts and will not sign contracts. Each agency's contract will be sent to the OSA electronically for review and approval. The OSA 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 OSA for our records. 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 or (505) 476-3800.

Through the OSA's 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 contract in accordance with any restrictions and notify existing or potential clients of restrictions.

The following items are currently available on our website at www.saonm.org:

- **Schedule of Statewide Audit Rule Trainings for Governmental Agencies and IPA's** – These trainings provide the information IPAs need in order to submit complete, correct information to the OSA to contract for audit services or agreed upon procedures engagements. You should have already received a schedule of the trainings. The OSA 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 OSA'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 2018 and Total Years Completed by an Independent Public Accounting Firm** – This list shows the auditor for each agency and the number of consecutive years audits completed including the Fiscal Year 2018. Please review for the details of the auditor rotation rule, and note that the six-year rotation rule contains some exceptions.

Office of the State Auditor

Independent Public Accountants

March 14, 2019

Page 2

- **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 OSA to conduct financial audits and/or agreed upon procedures engagements. Inclusion on this list does not mean that an IPA is free from restriction.

For delivery and release of audit reports, the OSA requires submission of a bound and organized hard copy of the draft report, management representation letter and the IPA review guide. The OSA accepts **final** audit reports or **final** AUP reports by e-mail.

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

Thank you.