

NEW MEXICO OFFICE OF THE STATE AUDITOR
 REPORT REVIEW GUIDE FOR USE BY IPAs
 AUDITS FOR THE FISCAL YEAR ENDING **JUNE 30, 2016**

This review guide should be used for all agencies subject to the Audit Act that require an annual financial and compliance audit.

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| AGENCY NAME | | AGENCY NUMBER/FISCAL YEAR | |
| NAME OF AUDITING FIRM | | NAME OF AUDIT MANAGER | |
| DATE REPORT SUBMITTED TO STATE AUDITOR | | Yes <input type="checkbox"/> No <input type="checkbox"/> Was the audit report submitted by the due date? If not, the compliance finding is reported on p. _____. RECs, CES' & Independent Housing Authorities due Sept. 30 Hospitals and Special Hospital Districts due Oct. 15 Counties due Nov. 1 Schools and Higher Education due Nov. 15 District Courts, District Attorneys, Los Alamos Co./City due Dec. 1 State agencies due no later than Dec.1 Workforce Investment Bds., COGs, & Lcl. Public Bodies due Dec. 15 Other fiscal year end not 6/30 due 5 months after the end of fiscal year Component unit separate report by different IPA from primary government (PG) due 15 days before PG due date New Mexico Statewide CAFR due February 15 | |
| OPINION(S) RENDERED ON FINANCIAL STATEMENTS | | DATE OF OPINION | NUMBER OF FINDINGS |
| Is this report a CAFR that the agency plans to submit to GFOA? | | Yes <input type="checkbox"/> No <input type="checkbox"/> | |
| Please describe any special circumstances that the IPA is aware of relating to this report (ex. deadline for submission of the report to external parties, etc.): | | | |
| Was a member of the governing body (or head of a state agency) present at the exit conference as required by Section 2.2.2.10(J) NMAC? If not, the compliance finding is reported on p. _____. | | Yes <input type="checkbox"/> No <input type="checkbox"/> | |

Objective:

The objectives of the review are to: (1) ensure that audit reports meet applicable governmental auditing, accounting and financial reporting standards, reporting requirements for single audits, and the New Mexico Administrative Code 2.2.2 Requirements for Contracting and Conducting Audits of Agencies; and (2) identify any follow-up audit or reporting work needed.

Instructions:

The audit manager or the employee in charge of the audit firm’s quality control system is required to complete this review guide. You are required to answer all of the questions in the review guide. Insert page number references for all ‘yes’ answers. Submit comments to explain all ‘no’ answers, unusual circumstances, or why a reporting standard was not complied with. **Pursuant to 2.2.2.9(B) NMAC, the report will not be accepted by the Office of the State Auditor if the review guide is incomplete, or if the report is unfinished or contains an excessive amount of errors and omissions.** This review guide does not contain every auditing, accounting and financial reporting standard or requirement applicable to a financial audit. Agencies and auditing firms are required to ensure that all applicable auditing, accounting and financial reporting standards, laws and regulations are complied with during the preparation of the audit reports, financial statements, notes and schedules.

Key to Abbreviations:

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| SLG Guide | <i>AICPA Audit and Accounting Guide – State and Local Governments</i> (March 1, 2016 version) |
| GASSA Guide | <i>AICPA Audit and Accounting Guide - Government Auditing Standards and Single Audits</i> (April 1, 2016 version) |
| SAS | <i>AICPA Statement on Auditing Standards</i> |
| AU-C | U. S. Auditing Standards – AICPA (Clarified) |
| GAGAS | <i>Government Auditing Standards December 2011 Revision (Yellow Book)</i> |
| GAQC | Government Audit Quality Center of the AICPA |
| GASB | Governmental Accounting Standards Board |
| NMAC | New Mexico Administrative Code |
| 2.2.2 NMAC | <i>Requirements for Contracting and Conducting Audits of Agencies</i> (Audit Rule 2016) |
| Uniform Guidance | Uniform Guidance for Federal Awards |
| Office | Office of the New Mexico State Auditor |
| IPA | Independent Public Accountant |
| SI | Supplementary Information |
| RSI | Required Supplementary Information |
| GASB Cod. | GASB Codification |

| Required Documents, Important Communications, and Items of Note | |
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| <p>Note that the auditor must submit the following items with the report to the Office for review:</p> <ul style="list-style-type: none"> (a) the signed management representation letter; (b) a completed report review guide; (d) a complete and accurate bound hard copy of the audit report <p>If these items are not submitted together, the report will not be accepted or considered received by the Office. (Section 2.2.2.9 (A)(3) NMAC)</p> | <p>Noted _____</p> |
| <p>Please note that after the Office reviews the final version of the audit report, the Office will authorize the audit firm to submit the following electronic files to the Office within five business days:</p> <ul style="list-style-type: none"> (1) the required number of hard copies specified in the audit contract; (2) the electronic Excel version of the completed Summary of Findings report; (3) the electronic Excel version of the completed Vendor Schedule; (4) the electronic Excel version of the completed Fund Balance form; (5) the electronic version of the final report labeled “final” in SEARCHABLE PDF format pursuant to 2.2.2.9(B)(3) NMAC. | <p>Noted _____</p> |

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| Did the IPA inquire about and review documentation regarding whether the agency submitted its unsigned audit contract to the Office by the deadline indicated at 2.2.2.8(J)(11) NMAC? If applicable, and necessary in the auditor's professional judgment, did the auditor write a finding for noncompliance? | YES ____ NO ____ Comments: Page Ref: |
| Do the titles and page numbers in the Table of Contents agree with the actual contents in the report? For example, if the Table of Contents indicates that the report includes a Single Audit, is there a Single Audit? | YES ____ NO ____ Comments: Page Ref: |
| Does the audit report include an official roster including all members of the governing body and top management? (Section 2.2.2.10(R)(4) NMAC) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| Does the report include the Schedule of Vendor Information as required by 2.2.2.10(A)(2)(g) NMAC, and is the schedule presented in accordance with the specifications provided therein? | YES ____ NO ____ Comments: Page Ref: |
| Are the following independent auditors' reports all included in one report cover as required by 2.2.2.10(R)(4) NMAC: (1) the Independent Auditor's Report including: the AU-C 725 report on supplemental information and the AU-C 720 other matter paragraph to disclaim an opinion on the "Other Information"; (2) the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards; (3) if applicable, the Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and (4) if applicable, the AU-C 725 opinion on the Schedule of Expenditures of Federal Awards and the HUD Financial Data Schedule? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| Did the IPA read the report in its entirety, editing for typos such as spelling, grammar, etc. Did the IPA ensure that the name of the agency is correct on all the auditor's reports and all pages? Did the IPA verify that the correct pension (PERA or ERB) note disclosure, corresponding to the plan that the agency participates in, is included in the report? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| If the Compensation section of the Audit Contract includes a fee for Federal single audit, does the report contain a single audit? If the original contract includes a fee for a single audit but the agency and the auditor subsequently determined that a single audit was not necessary, the auditor may not bill the agency for the single audit portion of the contract as that service was not performed. A contract amendment is not required. | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| Did the IPA firm submit documentation to the Office relating to changes to the Firm Profile (such as personnel changes; license, firm permit and insurance renewals; and updated peer review letters) throughout the year as the information became available? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| New Standards Effective for FY 16 | |
| Single Audit, if applicable In performing the Single Audit did the auditor implement the requirements of Uniform Guidance at 2 CFR 200 (specifically Subpart F)? For the purpose of testing compliance, did the auditor audit against the criteria that the auditee is required to follow? The determination of the applicable criteria (i.e. OMB circulars or Uniform Guidance) is the responsibility of the agency. The IPA is responsible for auditing the agency's determination and should discuss concerns with agency management. | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| GASBS 72 This statement generally requires investments to be measured at fair value. This statement also requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. | YES ____ NO ____ N/A ____ Comments: |

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| <p>See Appendix C of GASBS 72, Illustration 5- Disclosures for two examples of the form of the required note disclosures. Did the agency implement GASBS 72 for FY 16 and have all requirements of GASBS 72 been met?</p> | <p>Page Ref:</p> |
| <p>GASBS 73 If the agency participates in a pension plan that is not accounted for as a trust, and therefore is not covered by GASBS 68, did the agency implement the provisions of GASBS 73 effective for fiscal years beginning after June 15, 2015 relating to financial reporting for assets accumulated for purposes of providing the pension?</p> <p>Note that GASBS 73 has additional provisions relating to employer pension reporting that will be effective for FY 17.</p> | <p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p> |
| <p>GASBS 79 This statement addresses accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. If the agency participates in an external investment pool that elects to measure investments at amortized cost (such as the State Treasurer’s Local Government Investment Pool), did the agency also measure their position in the pool at amortized cost? If the pool measures investments at fair value did the participant agency measure its position at fair value? Have the disclosure requirements of GASBS 79 been met?</p> <p>Note that some provisions of GASBS 79 relating to portfolio quality, custodial credit risk, and shadow pricing will be effective for FY17.</p> | <p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p> |
| <p>GASBS 68</p> | |
| <p>If the agency participates in a DEFINED BENEFIT pension plan that is accounted for as a trust, did the agency account for its pension liability and related information in accordance with GASBS 68? Note that if the audit is not a primary government but rather “some funds” of a primary government (like state agency audits) GASBS 68 does not establish specific requirements for allocation of the employer’s proportionate share of the collective net pension liability or other pension-related measures to individual funds. However, for proprietary and fiduciary funds, consideration should be given to NCGA Statement 1, paragraph 42, as amended, which requires that long-term liabilities that are ‘directly related to and expected to be paid from’ those funds be reported in the statement of net position or statement of fiduciary net position, respectively.” (2.2.2.10 (DD)(X) NMAC)</p> | <p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p> |
| <p>a. If the pension plan is a cost-sharing employer defined benefit pension plan (like ERB and the Public Employee Retirement Fund of PERA), did the employer report its proportionate share of the collective pension liability and expense in: the government-wide financial statements as required by GASBS 68.48 through 68.72; the fund financial statements as required by GASBS 68.73; the notes as required in GASBS 68.74 to 68.80; and RSI and related notes as required by GASB 68.81-.82? (The PERA Divisions that are included in this category are the State General, State Police/Adult Correctional Officers, Municipal General, Municipal Police/Detention Officer, Municipal Fire, and State Legislative Division. See also GASBS 68 Illustration #3.</p> | <p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p> |
| <p>b. If the pension plan is a single employer defined benefit pension plan (like PERA’s Judicial Retirement Fund and PERA’s Magistrate Retirement Fund) did the employer report: the net pension liability and expense in the government-wide financial statements in accordance GASBS 68.20 to 68.34; in the fund financial statements in accordance with GASBS 68.36; the notes as required by GASBS 68.37-.39; and RSI as required by</p> | <p>YES _____ NO _____ N/A _____ Comments:</p> |

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| GASBS 68.46? See also GASB 68 Illustration #2. | Page Ref: |
| <p>c. If the pension plan is a single employer defined benefit plan with special funding (like the Volunteer Firefighters Retirement Fund that PERA administers) did the employer (if applicable) report and disclose in accordance with GASBS 68.83 to .91 and GASB 68.119 to .122? Did the governmental nonemployer contributing entity (if that is the report being reviewed) recognize a net pension liability pursuant to GASB 68.97 and expense and deferred outflows of resources and deferred inflows of resources pursuant to GASBS 68.101 to .106, with the expense classified similar to a grant? And in the governmental nonemployer contributing entity's fund financial statements are the net pension liability and expenditures recognized pursuant to GASBS 68.107; with notes pursuant to GASBS 68.109 to .113 and RSI pursuant to GASBS 68.114 to .115?</p> | <p>YES ___ NO ___ N/A ___ Comments: Page Ref:</p> |
| <p>If the agency participates in a DEFINED CONTRIBUTION pension plan that is accounted for as a trust, and there is no special funding, did the agency account for its pension as required by GASBS 68.123-125 and present the note disclosure required by GASBS 68.126? See also GASBS 68 Illustration #6.</p> | <p>YES ___ NO ___ N/A ___ Comments: Page Ref:</p> |
| <p>If the agency participates in a DEFINED CONTRIBUTION pension plan that is accounted for as a trust, with special funding, did the agency employer (or nonemployer contributing government) account for its pension expense as required by GASBS 68.127-131 and present the note disclosure required by GASBS 68.132 to .133?</p> | <p>YES ___ NO ___ N/A ___ Comments: Page Ref:</p> |
| <p>For agencies that participate in PERA, does the ending Net Pension Liability reported in the agency's statement of net position tie to the 2015 Net Pension Liability reported in the Schedule of Pension Amounts (in summation) by Employers included in the PERA Schedule of Employer Allocations (2015)?</p> <p>For agencies that participate in ERB, does the ending Net Pension Liability reported in the agency's statement of net position tie to the Net Pension Liability reported in the Schedule of Pension Amounts by Employer included in the ERB Schedule of Employer Allocations and Pension Amounts (2015)?</p> | <p>YES ___ NO ___ N/A ___ Comments: Page Ref:</p> |
| 1. Independent Auditor's Report: | |
| A. Elements of the Independent Auditor's Report | |
| (1) Does the report include the following basic elements pursuant to AU-C 700.22-.41, AU-C 705? See also the examples provided in the AICPA Audit and Accounting Guide State and Local Governments (SLG Guide), Chapter 15, Appendix A, Updated March 1, 2016. | |
| (a) .23. Does the title include the word <i>independent</i> ? | <p>YES ___ NO ___ N/A ___ Comments: Page Ref:</p> |
| (b) .24 Is the report addressed to the State Auditor, the entity and governing body (if applicable)? | <p>YES ___ NO ___ N/A ___ Comments: Page Ref:</p> |
| <p>(c) .25 & .38. Before the introductory paragraph, is the subtitle "Report on the Financial Statements" inserted, and does the introductory paragraph:</p> <p>(i) identify the entity whose financial statements have been audited;</p> <p>(ii) state that the financial statements have been audited;</p> <p>(iii) identify the title of each statement that the financial statements comprise; and</p> <p>(iv) specify the date or period covered by each financial statement that the financial statements comprise?</p> | <p>YES ___ NO ___ N/A ___ Comments: Page Ref:</p> |

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| <p>(d) Was the “Report on the Financial Statements” paragraph of the report modified as follows (modifications in bold) to address the requirements of the 2016 Audit Rule? Note that the example language below is for an unmodified opinion.</p> <p>We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of [the agency], as of and for the year ended June 30, 20XX, and the related notes to the financial statements which collectively comprise [the agency’s] basic financial statements as listed in the table of contents. We also have audited the financial statements of each of [the agency’s] nonmajor governmental, nonmajor enterprise, internal service funds, fiduciary funds and the budgetary comparisons for the major capital project funds, debt service funds, permanent funds and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 20XX, as listed in the table of contents.</p> | <p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p> |
| <p>(e) .26-28.Does a section with the heading “Management’s Responsibility” follow the introductory paragraph, and include the following:</p> <p>an explanation that management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error?</p> | <p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p> |
| <p>(f) .29 Does a section with the heading “Auditor’s Responsibility” follow that includes statements that:</p> <p>.30 the responsibility of the auditor is to express an opinion on the financial statements based on the audit;</p> <p>.31 the audit was conducted in accordance with auditing standards generally accepted in the United States;</p> <p>.42 the audit was conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States; and</p> <p>.31 those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement?</p> <p>.32 Does the “Auditor’s Responsibility” section also include the following statements?</p> <p>(i) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements;</p> <p>(ii) The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the</p> | <p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p> |

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| <p>entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control, and accordingly, no such opinion is expressed.</p> <p>(iii) An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements.</p> <p>.33.Does the “Auditor’s Responsibility” section state that the auditor believes that the audit evidence the auditor has obtained is sufficient and appropriate to provide a basis for the auditor’s opinion?</p> | <p>Page Ref:</p> |
| <p>(g) .34-.36.Does a section with the heading “Opinion” follow, that includes a statement, when expressing an unmodified opinion on the financial statements, that the financial statements present fairly, in all material respects, the financial position of the agency as of the balance sheet date and the respective changes in financial position (results of its operations) and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.</p> | <p>YES _____ NO _____ N/A _____</p> <p>Comments:</p> <p>Page Ref:</p> |
| <p>(h) Was the “Opinion” paragraph of the report modified as follows (modifications in bold) to address the requirements of the 2016 Audit Rule? Note that the example language below is for an unmodified opinion.</p> <p>In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of [the agency], as of June 30, 20XX, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, internal service fund and fiduciary fund of [the agency] as of June 30, 20XX, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, debt service funds, permanent funds and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.</p> | <p>YES _____ NO _____ N/A _____</p> <p>Comments:</p> <p>Page Ref:</p> |
| <p>(i) .37. Does the following section appear with the subheading “Other Matters” and include this information regarding Required Supplementary Information (RSI) when the auditor applied specified procedures and no material departures from the prescribed guidelines were identified per AU-C 730.07:</p> <p>(i) AU-C 730.08a. A statement that accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and additional RSI if</p> | <p>YES _____ NO _____ N/A _____</p> <p>Comments:</p> |

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| <p>applicable on pages XX-XX, be presented to supplement the basic financial statements;</p> <p>(ii) .08b. A statement that such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context;</p> <p>(iii) 08ci. a statement that the auditor has applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to the auditor’s inquiries, the basic financial statements, and other knowledge the auditor obtained during the audit of the basic financial statements;</p> <p>(iv) .08cii.a statement that the auditor does not express an opinion or provide any assurance on the information because the limited procedures do not provide the auditor with sufficient evidence to express an opinion or provide any assurance.</p> <p>(v) .08d and following – If the auditor is unable to complete the RSI procedures, or if some of the RSI is omitted, or if the RSI departs materially from the prescribed guidelines, or if the auditor has unresolved doubts about whether the RSI is measured or presented in accordance with the prescribed guidelines, were the applicable statements from AU-C730.08(d) to (g) included?</p> <p>(vi) .09. If all the RSI was omitted, did the “other-matter” paragraph include the statements at AU-C 730.09(a) to (c)?</p> | <p>Page Ref:</p> |
| <p>(j) .37. Continuing under the subheading “Other Matters,” Do the following paragraphs regarding Supplemental Information (SI) appear below the RSI paragraph, and include the following elements pursuant to AU-C 725.09?</p> <p>.09a. a statement that the audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons (2.2.2.10(R)(1) NMAC);</p> <p>.09b. a statement that the SI is presented for purposes of additional analysis and is not a required part of the financial statements;</p> <p>.09c. a statement that the SI is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements;</p> <p>.09d. a statement that the SI has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America;</p> <p>.09e. if the auditor issues an unmodified opinion on the financial</p> | <p>YES _____ NO _____ N/A _____</p> <p>Comments:</p> |

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| <p>statements and the auditor has concluded that the SI is fairly stated, in all material respects, in relation to the financial statements as a whole, a statement that, in the auditor’s opinion, the SI is fairly stated, in all material respects, in relation to the financial statements as a whole;</p> <p>.09f and following – if the auditor issues a qualified opinion on the financial statements, or an adverse or disclaimer of opinion on the financial statements, did the IPA include the applicable statements from either AU-C 725.09(f) or 725.11?</p> | <p>Page Ref:</p> |
| <p>(i) If a Schedule of Changes in Assets and Liabilities for the Agency Funds is presented as required by Section 2.2.2.10(V) NMAC, is the required AU-C 725 opinion on that schedule included in the Independent Auditor’s Report? Is an AU-C 725 opinion expressed on all of the supplemental information schedules presented in the report; and are the schedules properly identified in the AU-C 725 paragraph as noted in the table of contents?</p> | <p>YES _____ NO _____ N/A _____</p> <p>Comments:</p> <p>Page Ref:</p> |
| <p>(ii) For Housing Authorities, is the Financial Data Schedule (FDS) included in the supplemental information section, and did the auditor include the FDS in the AU-C 725 opinion paragraph? (HUD UFRS II (C) Special Rules for Certain PHAs and Section 2.2.2.12.(B)(5)(a)(iii) NMAC)</p> | <p>YES _____ NO _____ N/A _____</p> <p>Comments:</p> <p>Page Ref:</p> |
| <p>(iii) For a Single Audit (\$750,000 or more of federal money expended), is the Schedule of Expenditures of Federal Awards specifically mentioned in the AU-C 725 opinion paragraph? [Uniform Guidance 200.515, AAG GAS 7.06 fn3]</p> | <p>YES _____ NO _____ N/A _____</p> <p>Comments:</p> <p>Page Ref:</p> |
| <p>(k) 37. Continuing under the subheading “Other Matters,” If applicable, does a paragraph regarding Other Information (OI) appear below the SI paragraphs, pursuant to AU-C 720.A2? The auditor is not required to make reference to the other information in the auditor’s report on the financial statements. However, the auditor may include an other-matter paragraph disclaiming an opinion on the other information. (The OSA prefers the inclusion of the disclaimer paragraph.) An example of such a paragraph follows: “The [accompanying other information] has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.” The Schedule of Vendor Information required by 2.2.2.10(A)(2)(g) NMAC is an example of such Other Information.</p> | <p>YES _____ NO _____ N/A _____</p> <p>Comments:</p> <p>Page Ref:</p> |
| <p>(l) 37. The subheading “Other Reporting Required by Government Auditing Standards” should appear next in the report, pursuant to AU-C 700.37. and .A32. See also SLG Guide Chapter 15, Appendix A, Example A-1. The paragraph example follows.</p> <p>In accordance with Government Auditing Standards, we have also issued our report dated XX/XX/XX on our consideration of the City of Example’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in</p> | <p>YES _____ NO _____ N/A _____</p> <p>Comments:</p> |

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| accordance with Government Auditing Standards in considering City of Example's internal control over financial reporting and compliance. | Page Ref: |
| .39 Does the report include the manual or printed signature of the auditor's firm? | YES ____ NO ____ N/A ____ Comments: |
| .40. Does the report include the name of the city and state where the auditor practices? (If the information appears in the letterhead it counts) | Page Ref: |
| (2) Dating the Audit Report – Has the independent auditor's report been dated after the audit documentation was reviewed; after the financial statements and notes were prepared; and management asserted that they have taken responsibility for the financial statements? (AU-C 700.41) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (3) Do the scope and opinion paragraphs follow SLG Guide Chapter 15 Appendix A, Example A-14 and the Office website example, and include the Supplemental Information (SI) listed at 2.2.2.10(A)(1)(e) and (A)(2)(d) NMAC as opinion units that received an auditor's opinion? If the financial statements are presented in accordance with the Business-Type Activities (BTA) model, did the auditor use an appropriate combination of language from Examples A-3 and A-14 at SLG Guide Chapter 15 Appendix A in writing the introductory paragraph? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| B. Yellow Book Requirement | |
| (1) Unmodified GAGAS compliance statement – If the auditor (a) followed unconditional and applicable presumptively mandatory GAGAS requirements, or (2) followed unconditional requirements, and documented justification for any departures from applicable presumptively mandatory requirements and achieved the objectives of those requirements through other means, is there a statement that the audit was conducted in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in <i>Government Auditing Standards</i> issued by the Comptroller General of the United States? (AU-C 700.42; GAGAS 2.24(a)) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (2) Modified GAGAS compliance statement – (1) If the auditor performed the audit in accordance with GAGAS except for specific applicable requirements that were not followed, or (2) because of significance of the departures(s) from the requirements, the auditor was unable to and did not perform the audit in accordance with GAGAS, did the auditor use the “modified GAGAS compliance statement” described at GAGAS 2.24(b)? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| C. Other Independent Auditor Report Requirements | |
| (1) Emphasis-of-a Matter and Other-Matter paragraphs AU-C 706.A14 Is an Emphasis-of-a-Matter paragraph included if any of the following apply? (a) Subsequent Events and Subsequently Discovered Facts; (b) The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern; (c) Consistency of Financial Statements; or (d) Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (2) If the budgetary comparisons for the general and major special revenue funds were unavailable because they are “mixed in with other budget information” (for example in organization or program budgets), the resulting budgetary comparison with a different perspective must be shown as RSI. When that is the case, the RSI budgetary comparison schedules must be opined on. If applicable, was this presented correctly? (GASBS 41, Section 2.2.2.10(A)(2)(c) NMAC and SLG Guide 15.103 Example A-14 and 15.62) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (3) If the report presents comparative financial statements did the auditor include the prior year's audit opinion in the current year Independent | YES ____ NO ____ N/A ____ Comments: |

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| Auditors' Report as required by AU-C 700.A.49? | Page Ref: |
| 2. Does the annual financial report include the following? | |
| A. Does the Management's Discussion and Analysis (MD&A) precede the basic financial statements as required supplementary information? (GASBS 34.8)? Are the following elements included in the MD&A, if relevant? (GASBS 34.11) | YES ___ NO ___ Comments: Page Ref: |
| (1) The brief discussion of the basic financial statements, including the relationships of the statements to each other, and the significant differences in the information they provide (GASB 34.11(a)) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (2) The condensed financial information derived from the government-wide financial statements comparing the current year to the prior year (GASB 34.11(b)) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (3) The analysis of the government's overall financial position and results of operations, including reasons for significant changes from the prior year (GASB 34.11(c)) | YES ___ NO ___ Comments: Page Ref: |
| (4) The analysis of balances and transactions of individual funds and the reasons for significant changes in fund balances or fund net position and whether fund resources are available for future use (GASB 34.11(d)) | YES ___ NO ___ Comments: Page Ref: |
| (5) The analysis of significant variations between original and final budget amounts and between final budget amounts and actual budget results for the general fund (GASB 34.11 (e)) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (6) A description of significant capital assets and long-term debt activity including commitments made for capital expenditures, changes in credit ratings, and debt limitations affecting the financing of planned facilities and services (GASB 34.11(f)) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (7) If applicable, a discussion of the modified approach as described at GASB 34.11(g) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (8) A description of currently known facts, decisions, or conditions that are expected to have a significant effect on net position or results of operations (GASB 34.11(h)) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (9) If applicable, do comments in the MD&A distinguish between information pertaining to the primary government and that of its component units, and does the MD&A refer readers to the component unit's separately issued financial statements? (GASB 34.10) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| B. Government-wide Financial Statements (GASBS 34.12-.63) Do the government-wide financial statements meet the following requirements? | |
| (1) Do the Government-wide financial statements exclude information about fiduciary activities, including component units that are fiduciary in nature; distinguish between the primary government and its discretely presented component units; and distinguish between governmental activities and business-type activities of the primary government as required by GASB 34.12? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (2) Do the Government-wide financial statements contain separate rows and columns for each of the following: a) governmental activities; b) business-type activities, and 3) discretely presented component units (GASBS 34.14-.15) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (3) Do the Government-wide financial statements include a total column for the primary government? (GASB 34.14) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (4) Are bond premiums and bond discounts amortized in the government-wide financial statements? (GASBS 34.87 and 34.146) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| C. Statement of Net Position | |
| (1) Are assets and liabilities presented in the order of their relative liquidity? (GASB 34.31) | YES ___ NO ___ N/A ___ Comments: |

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| (2) Is net position displayed in the following components: net investment in capital assets; restricted (distinguishing between major categories of restrictions); and unrestricted? (GASBS 63.8-.11) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (3) Does the net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets? If there are deferred outflows or resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt, are they also included in this component of net position? If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, is the portion of the debt or deferred inflows of resources that is attributable to the unspent amount included in same net position component as the unspent amount (restricted or unrestricted)? (GASBS 63.9) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (4) Does the restricted component of net position consist of restricted assets reduced by liabilities and deferred inflows of resources related to those assets? (GASBS 63.10) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (5) Are interfund receivables and payables eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities? (GASB 34.58) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (6) If permanent endowments or permanent fund principal amounts are included in restricted net position, are the expendable and nonexpendable components of restricted net position presented? (GASB 34.35) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (7) Are all items previously required to be reported as assets or liabilities properly classified as outflows/inflows of resources? (GASBS 65) | |
| a. If the agency had a current refunding or an advance refunding resulting in defeasance of debt, or a change in the provisions of a lease resulting from a refunding by the lessor of tax-exempt debt (including an advance refunding), did the agency account for the transaction pursuant to GASBS 65.5 to 65.7? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| b. If the agency received resources or recorded a receivable associated with imposed nonexchange revenue transactions (property taxes or fines) before the period when (1) the property taxes were levied; or (2) before the period when the resources were first permitted to be, or required to be used, did the agency report deferred inflows of resources pursuant to GASBS 65.9? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| c. If the agency received resources related to government-mandated or voluntary nonexchange transactions before the time requirements were met, but after all other eligibility requirements were met, did the agency report the resources as deferred inflow of resources pursuant to GASBS 65.10? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| d. If the agency had sales of future revenues, did the agency account for the related transactions pursuant to GASBS 65.12 to 65.13? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| e. Are prepaid insurance costs related to the issuance of debt reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt? Were other debt issuance costs recognized as an expense in the period incurred? (GASBS 65.15) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| f. If the agency had any initial direct costs of operating leases or sale-leaseback transactions, did the agency account for those transactions pursuant to GASBS 65.16 to 65.18? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| g. If the agency had acquisition costs related to insurance activities did the agency account for those costs pursuant to GASBS 65.19 to 65.20? | YES ____ NO ____ N/A ____ Comments: |

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| operating grants and contributions; and Program-specific capital grants and contributions? (GASBS 34.48) | Page Ref: |
| (3) Are general revenues reported after total net expense of the government's functions? Are all taxes reported by the specific type of tax such as sales, property, franchise and income taxes? Are other nontax revenues like interest, grants and contributions) that do not qualify as program revenues included as general revenues? (GASBS 34.52) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (4) In the Statement of Activities, are all governmental activities expenses reported by function, except for those that meet the criteria to be reported as special or extraordinary items? (GASBS 34.41) In the Statement of Activities are all business-type activities expenses reported by different identifiable activity as required by GASB 37.10(b)? | YES ___ NO ___ Comments: Page Ref: |
| (5) Is depreciation expense reported as a direct expense by function in the Statement of Activities, unless the asset is essentially used by all functions? (GASBS 34.44)? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (6) If the agency sold mortgage loans with the servicing retained, did the agency recognize transferor servicing fees related to the mortgage loans that were sold, in accordance with the updated requirements of GASBS 66.6 and 62.460 (as superseded)? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (7) Is a prior period adjustment (correction of an error in previously issued financial statements) reflected as an adjustment to the opening balance of net position pursuant to GASBS 62.61? Were the following line items included on the face of the financial statement: Beginning net position, Restatement, Beginning net position as restated, and Ending net position? (OSA Preference) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (8) Does Total Net Position reported on the Statement of Net Position agree to Ending Net Position reported on the Statement of Activities for the governmental activities and the business-type activities? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (9) Do the beginning-of-the period net position (government-wide, proprietary, fiduciary fund statements) and/or fund balances in the governmental fund financial statements tie to the respective prior year audit end-of-the-period balances? (Except when one of the following exceptions applies: (1) there was a prior period adjustment for the correction of an error; (2) the beginning net position was adjusted for the cumulative effect of a change to a new accounting principle; or (3) there was a change in the reporting entity [like a different number of component units]). | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| E. Governmental Fund Financial Statements (GASBS 34.64-.65, .78-.90). See GASB 34.138 for a description of which financial statements pertain to reports using the BTA model. | |
| (1) Does the Balance Sheet-Governmental Funds contain the following sections: Assets, plus deferred outflows of resources (if applicable), equals Liabilities plus deferred inflows of resources (if applicable), plus fund balance? (GASBS 63.12) Is fund balance classified as: Nonspendable, Restricted, Committed, Assigned, and Unassigned (as applicable)? Do either the financial statements or the notes disclose the purpose for which amounts are nonspendable, restricted, committed, or assigned? (GASBS 34.83-.84 and GASBS 54) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (2) A liability for compensated absences should not be reported in the governmental fund balance sheet unless it was actually due and payable at year end for payments due to retired or terminated employees, but not paid until shortly after year-end. Does the liability for compensated absences meet these requirements? (GASB Cod. Sec. C60.111) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (3) Is there an accompanying reconciliation of Total Fund Balance from Balance Sheet – Governmental Funds to the Total Net Position on the Statement of Net Position, (Governmental Activities Column only)? Do all of the | YES ___ NO ___ N/A ___ Comments: |

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| reconciling amounts agree with the financial statements and notes? (GASBS 34.77 as amended by GASBS 63.8) | Page Ref: |
| (4) Does the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds have the correct descriptions: (Revenues, Expenditures, Excess (deficiency) of revenues over expenditures, Other Financing Sources (Uses), Special and extraordinary items (if applicable), Net Change in Fund Balances, Beginning Fund Balance and Ending Fund Balance? Does the column presentation correspond to the columns in the Balance Sheet-Governmental Funds presentation? (GASBS 34.86-.89, illustration C-2) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (a) Are the revenues presented by major revenue source classifications as detailed in GASB Cod. Sec 1800.131 and NCGAS 1.110: taxes, licenses and permits, intergovernmental revenues, charges for services, fines and forfeits, and miscellaneous? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (b) Are intergovernmental revenues from federal sources and state sources presented separately as required by 2.2.2.10(D) NMAC? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (c) Are expenditures classified by character (current, capital outlay, debt service, and intergovernmental) as required by NCGAS 1.115) and at a minimum by function as required by GASBS 34.87? See GASBS 34 illustration C-2. | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (d) Are debt issuance costs like underwriter fees that were paid out of debt proceeds reported as expenditures? Are attorney fees, rating agency fees or bond insurance paid from existing resources reported as expenditures when the liability is incurred? (GASB 34.87) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (e) Is the face amount of long-term debt (including capital leases), bond premium or discount, payments to bond escrow agents for refundings, transfers, and sale of capital assets (unless the sale qualifies as a special item) reported as “Other Financing Sources and Uses” as required by GASBS 34.88-.89 and GASBS 37.16? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (f) If there were any restatements due to the correction of an error in a prior period or due to the cumulative effect of a change to a new accounting principle, was the fund balance-beginning “adjusted” per GASBS 62.61 or 62.76? In such an adjustment, the OSA prefers to see the following presented: Fund balance-beginning, restatement, fund balance-beginning as restated, Fund balance-ending. | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (5) Is there a Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds (net change in fund balances for total governmental funds) to the Statement of Activities (change in net position for governmental activities) at the bottom of the fund financial statements or in an accompanying schedule immediately following the statement? Were all of the reconciling amounts fully explained in the reconciliation or the notes to the financial statements? Do all of the reconciling amounts agree with the financial statements and notes? (GASBS 34.77 and 34.90 as amended by GASBS 63.8) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| F. Proprietary Fund Financial Statements (GASBS 34.66-.68, .91-.105 as amended by GASBS 62 and 63) See GASB 34.138 for a description of which financial statements pertain to reports using the BTA model. | |
| (1) Is there a Statement of Net Position – Proprietary Funds (or Balance Sheet – Proprietary Funds) that reflects the following descriptions: current and noncurrent assets; current and noncurrent liabilities; net position; net investment in capital assets; restricted (indicate for what), unrestricted; and total net position? (GASB 34.91a, 34.98 and illustration D-1 as amended by GASBS 63.164 & 167) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (2) Are assets with use restrictions (defined in GASBS 34.34 as amended by | YES ___ NO ___ N/A ___ |

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| GASBS 46) reported as restricted assets? (GASBS 34.99 and 63.10) | Comments: Page Ref: |
| (3) Is there a Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds that reflects the following descriptions: operating revenues and total operating revenues; operating expenses and total operating expenses; operating income (loss), nonoperating revenues and expenses “income (loss) before contributions and transfers,” capital contributions, additions to the principal of permanent and term endowments, special and extraordinary items, and transfers, “change in net position,” net position-beginning, and total net position-ending? (GASB 34.91b, 34.100, and illustration D-3 as amended by GASBS 63.164) Is any prior period adjustment (correction of an error in previously issued financial statements) reflected as an adjustment to the opening balance of net position pursuant to GASBS 62.61? Were the following line items included on the face of the financial statement: Net position-beginning, Restatement, Net position-beginning as restated, and Net position-ending? (OSA Preference) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (4) Do the proprietary fund financial statements include a single column for all internal service funds displayed to the right of the total enterprise funds column? (GASBS 34.96) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (5) Are proprietary fund revenues reported by major source and are revenues that are used as security for revenue bonds identified? Are revenues presented net: (1) with discounts and allowances parenthetically disclosed on the face of the statement or in the notes; or (2) with the discounts and allowances reported directly beneath the revenue amount? (GASBS 34.100 and the related footnote 41) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (6) If the agency has permanent endowments or permanent fund principal amounts, are the applicable amounts presented as two components of “restricted net position” expendable and nonexpendable? (GASBS 34.35) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (7) Net position and changes in net position in the proprietary fund financial statements for total enterprise funds usually equal the net position and changes in net position of business-type activities in the government-wide statement of activities. However, there may sometimes be differences caused by the reclassification of internal service fund transactions that affected proprietary funds. Are any such differences explained on the face of the fund statements or in an accompanying schedule as required by GASBS 34.104? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| G. Statement of Cash Flows - See GASB 34.91c for a description of which financial statements pertain to reports using the BTA model. | |
| (1) Is the Direct Method used for the Proprietary Fund Statement of Cash Flows showing the applicable four categories of cash flows from: operating activities; noncapital financing activities; capital and related financing activities; and investing activities? Does the statement separately report the net effect of cash flows of each of these categories on cash and cash equivalents during the period in a manner that reconciles beginning and ending cash and cash equivalents? (GASBS 34.105) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (2) Is a reconciliation of “Operating income (loss)” to “Net cash provided by (used for) operating activities” included? Does the reconciliation separately report all major classes of reconciling items including changes in receivables, inventory and payables? (GASBS 34.105 and illustration D-4; GASB Cod. Sec 2450.129) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (3) Do total amounts of cash and cash equivalents at the beginning and end of the period per the Cash Flow Statement tie to the related line items or | YES ____ NO ____ N/A ____ Comments: |

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| subtotals in the Statement of Net Position? | Page Ref: |
| (4) Does the statement separately report the classes of operating cash receipts and payments per GASB Cod. Sec. 2450.128? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (5) Is information about all investing, capital and financing activities that affect recognized assets or liabilities but do not result in cash receipts or payments in the period presented in a separate schedule? (GASB Cod. Sec. 2450.132) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| H. Governmental & Proprietary fund financial statements - Focus on Major Funds (GASBS 34.75-.76) | |
| (1) Is each major fund presented in a separate column, and are nonmajor funds aggregated and displayed in a single column in the governmental and proprietary fund financial statements? (GASB 34.75) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (2) Is the main operating fund (general fund or its equivalent) reported as a major fund? Are the other individual governmental and enterprise funds reported in separate columns as major funds based on the criteria in GASBS 34.76 and GASBS 37.15? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (3) Are the combining and individual fund statements for the nonmajor funds presented as supplemental information after the notes? (Section 2.2.2.10(A)(2)(d)(ii) NMAC and GASBS 34 illustrations H-1 and H-2 as amended by GASBS 63) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| I. Budgetary Comparison Statements – Are budgetary comparison statements for only the general fund and major special revenue funds presented before the notes as part of the basic financial statements? Do they appear after the statement of changes in revenues, expenditures, and changes in fund balances – governmental funds? (Sections 2.2.2.10(A)(2)(b)(iii) and 2.2.2.10(N)(3)(a) NMAC). There is an exception to this general rule if the budgetary information is not available on the GAAP fund structure basis for the general fund and major special revenue funds. (Section 2.2.2.10(A)(2)(c) and GASBS 41) If the entity has only enterprise funds, do all the budgetary comparisons appear in the supplementary information section of the report as required by Sections 2.2.2.10(A)(2)(d)(iii) and 2.2.2.10(N)(3) NMAC? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (1) For each fund that is not already presented before the notes as part of the basic financial statements, are individual fund budgetary comparison statements included in the report as audited SI after the notes? (Sections 2.2.2.10.(A)(2)(d)(iii) and 2.2.2.10(N)(3)(c) NMAC) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (2) Do all the budgetary comparison statements present the original budget, the final budget, actual expenditures or expenses on the budgetary basis, and a variance column? (GASBS 34.130 and Section 2.2.2.10(N)(3) NMAC) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (3) Does the Budget column include the required fund balance (if prepared on accrual or modified basis) or prior year cash balance if prepared on a cash basis (or fund balance on the cash basis) necessary to balance the budget? (Section 2.2.2.10(N)(1) NMAC) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (4) If actual expenditures exceeded budgeted expenditures at the legal level of budgetary control, is that fact reported in a finding and disclosed in the notes? The IPA should consult with the agency’s budgetary oversight entity to confirm that the agency is not in compliance with budgetary requirements before writing a finding for budgeted expenditures exceeding budgeted revenues. (GASBS 34.131; GASBS 37.19; Section 2.2.2.10(N)(2) NMAC) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (5) Are the differences between the budgetary basis and GAAP basis revenues and expenditures for each individual fund reconciled on the face of the budgetary comparison or in the notes to the financial statements? (GASBS 34.131; Section 2.2.2.10(N)(2) NMAC) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (6) For colleges and universities only - were the three required budgetary comparisons presented after the notes in the format approved by the NM | YES ___ NO ___ N/A ___ Comments: |

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| Higher Education Department as noted in Sections 2.2.2.12(E)(2) NMAC? | Page Ref: |
| (7) For colleges and universities only: is a reconciliation of actual revenue <u>and</u> expense amounts on the budgetary basis to the GAAP basis financial statements disclosed on the budgetary comparisons or in the notes to the financial statements? The reconciliation is required only at the “rolled up” level of Unrestricted and Restricted – All Operations and should include revenues <u>and</u> expenses. (Section 2.2.2.12 (E) (2) NMAC) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (8) For colleges and universities only: Did the auditor compare the financial statement budget comparison to the college or university’s September 15th budget submission to HED, and write a finding if the HED budget submission did not tie to the financial statement comparison (except for [1] adjustments made by the college or university after September 15 th and [2] audit adjustments? [Section 2.2.2.12(E)(2) NMAC])? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| J. Fiduciary Fund and Similar Component Unit Financial Statements- Are all fiduciary funds of the primary government, as well as component units that are fiduciary in nature included in the fiduciary fund financial statements? Did the auditor evaluate the agency’s relationship(s) with other parties to identify potential unreported fiduciary activities? Did the auditor evaluate whether, at the balance sheet date, the agency held funds on behalf of others, in a fiscal agent capacity or otherwise, and whether such transactions were reported in the agency’s financial statements and disclosed in the notes in accordance with GAAP? Do the statements provide a separate column for each applicable fund type (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trusts, (4) agency funds? (GASBS 34 Paragraphs 69-73 and 106-111 as amended by GASBS 63) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (1) Statement of Fiduciary Net Position – Do the Agency Fund assets equal the liabilities presented in the Statement of Fiduciary Net Position? If there are only agency funds, the title should be the Statement of Fiduciary Assets and Liabilities-Agency Funds (GASBS 34.110 and Illustration E-1 as amended for GASBS 63) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (2) Does the Statement of Changes in Fiduciary Net Position shown in the basic financial statements include information about the additions to, deductions from, and net increase (or decrease) for the year in net position for each applicable fiduciary fund type except for agency funds? The Statement of Changes in Fiduciary Net Position should be presented for all fiduciary fund types, except for agency funds, and appear after the Statement of Fiduciary Net Position and just before the notes. (GASB 34 Paragraph 109 and example E-2 as amended for GASBS 63) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (3) Agency funds are excluded from the Statement of Changes in Fiduciary Net Position since they have no “net position.” It is a requirement of the State Auditor that a Schedule of Changes in Assets and Liabilities for entities be included as other supplemental information (SI) for all entities that have agency funds. If applicable, was this schedule presented? (GASBS 34.110 as amended for GASBS 63, and Sections 2.2.2.10(V) and 2.2.2.12(C)(4)(d) NMAC) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (4) If the agency fund has been used as a clearing account to distribute financial resources to other funds of the primary government as well as other entities (such as property tax receivables in audits of Counties), have the portions of the clearing account balances that pertain to the primary government been reclassified and reported as assets of the appropriate funds as required by GASB 34.111? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| K. Notes to the Financial Statements | |
| (1) Do the notes include a Summary of Significant Accounting Policies with | |

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| disclosures for each of the twelve items listed below? (GASB Cod. Sec. 2300.106(a)) | |
| (a) Is there a description of the government-wide financial statements including an explanation that fiduciary funds and fiduciary component units are excluded? GASB Cod. Sec. 2300.106(a)(1) and 2200.111? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (b) Is a brief description of the component units, their relationship to the primary government and information about how the separate reports for individual component units can be obtained included with other information required by GASB Cod. Sec. 2300.106(a)(2)? (Remember with the implementation of GASBS 61, if an entity is a component unit because it is fiscally dependent on the primary government, there should also be a financial benefit/burden.) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (c) Do the descriptions of activities accounted for in each column (major funds, internal service funds, and fiduciary fund types) consist of: (1) a description that is specific to the particular government rather than general descriptions that could describe any government as required by GASBS 38.6; (2) disclose what kind of fund type each fund is (general, special revenue, capital projects, debt service, enterprise, internal service, agency, private purpose trust fund, etc.); and (3) the activities accounted for in each column? (GASB Cod. Sec. 2300.106(a)(3) and 1300.125) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (d) Is the measurement focus and basis of accounting used in the government-wide statements disclosed as required by GASB Cod. Sec. 2300.106(a)(4)? Does the description include deferred inflows of resources and deferred outflows of resources, if applicable? GASBS Cod. Sec. 1600.103 - .104 | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (e) Are the revenue recognition policies used in fund financial statements, disclosed as required by GASB Cod. Sec. 2300.106(a)(5) and 1600.106-.115 and .130 and .138? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (i) Is the period of availability disclosed? (GASB 33.30 and GASB Cod. Sec. 2300.106(a)(5)) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (ii) If derived tax revenues (such as sales taxes, gas taxes, motor vehicle taxes, etc.) are included in revenues, was the revenue recognized net of estimated refunds and uncollectible amounts, in the period when the exchange transaction occurred or when the resources were received, whichever occurs first? (GASBS 33.16 and 33.30(a)) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (iii) If grant revenue is included in the agency revenues, was the grant revenue recognized when the eligibility requirements were met? [GASBS 33.19 to 33.25 and 33.30(d)]? Note that according to GASBS 33.98, grant revenue recognition should not be delayed until purpose restrictions are met. Purpose restrictions are not the same as the eligibility criteria. | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (iv) Do the fund financial statements exclude from revenue the portion of these nonexchange transactions that are not available in accordance with GASB 33.29 and 33.30? Was excluded revenue reclassified as "deferred inflow of resources?" pursuant to GASBS 65.30. | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (v) If the agency received a portion of another government's derived tax revenues (income taxes, sales taxes) or imposed non-exchange revenues (property taxes, fines & penalties) did they follow the accounting guidance for government-mandated and voluntary nonexchange transactions per GASBS 36.13? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (f) Is the policy for eliminating internal activity in the government-wide statement of activities disclosed as required by GASB Cod. Sec. 2300.106(a)(6) and 2200.151? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (g) Is the basis upon which the inventory amount is stated disclosed in the | YES ____ NO ____ N/A ____ |

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| notes and the method for determining the cost (where practical)? (GASB Cod. Sec. 2300.106(a)(7)) | Comments: Page Ref: |
| (h) Is the policy for capitalizing assets and estimating useful lives disclosed as required by GASB Cod. Sec. 2300.106(a)(8) and 1400.102 and .104? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (i) Does the capital asset policy disclosure state that the capitalization threshold is \$5,000 per Section 12-6-10 NMSA 1978? Note that the items on the capital asset listing that were capitalized under previous lower thresholds should not be deleted from the capital asset listing until the agency disposes of them in accordance with applicable statute. (Section 2.2.2.10(U)(1) NMAC) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (ii) If the agency uses the infrastructure-modified approach is there a description of that approach? (GASB Cod. Sec. 2300.106(a)(8)) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (i) Are the types of transactions included in program revenues and the policy for allocating indirect expenses to functions disclosed as required by GASB Cod. Sec. 2300.106(a)(9) and 2200.135-.140 and .142? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (j) Is the policy for defining operating and nonoperating revenues of proprietary funds disclosed as required by GASB Cod. Sec. 2300.106(a)(10) and P80.115? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (k) Is the definition of cash and cash equivalents used in the statement of cash flows for proprietary funds disclosed as required by GASB Cod. Sec. 2300.106(a)(11) and 2450.106-.108? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (l) Is the agency's policy disclosed regarding whether to first apply restricted or unrestricted resources when there is an expense for purposes for which both restricted and unrestricted net position are available? GASB Cod. Sec. 2300.106(a)(12) and 1800.157? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (2) Do the notes include disclosures shown below for items (a) through (r) of GASB Cod. Sec. 2300.106 that apply to this entity? | |
| (a) Cash and Investment disclosures | |
| (i) Do the notes briefly describe the types of deposits and investments authorized by the New Mexico Constitution, New Mexico Statute charters, ordinance, resolution, grant or contract regulations, as applicable? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (ii) Does the report include a list of individual deposit and investment accounts held by the agency that includes the name of depository, account name, type of account, account balance as of the balance sheet date, and the reconciled balance of the accounts as of the balance sheet date, as reported in the financial statements? (Section 2.2.2.10(M)(3) NMAC and Section 12-6-5 NMSA 1978) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (iii) If the agency's deposits and investments are exposed to one or more of the following risks: credit risk; custodial credit risk; concentration of credit risk; interest rate risk; or foreign currency risk, has the agency disclosed its investment policy(ies) related to the risk(s) to which the agency is exposed? If the agency is exposed to one of the above risks but has not formally adopted deposit or investment policy(ies) to address the risk(s), is that fact disclosed in the notes? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (iv) If the government has deposits or investments exposed to foreign currency risk, did the government make the disclosures required by GASB 40.17? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (v) If risk exposures for deposits or investments are significantly greater at the governmental and business-type activities level, individual major funds, nonmajor funds in the aggregate, or fiduciary fund types level than risk exposure at the entire primary government | YES ___ NO ___ N/A ___ Comments: |

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| level, are the disclosures required by GASBS 40.5 included? | Page Ref: |
| (b) Cash disclosures – Do the notes disclose the definition of custodial credit risk and the custodial credit risk of any deposit that was not covered by depository insurance as required by GASBS 40.8 and as shown in Section 2.2.2.10(M)(4)(b) NMAC and GASBS 40 illustration 6? For State Agencies Only – Does the cash disclosure explain the facts about the statewide cash reconciliation as of the end of the fiscal year, and what the agency’s policies and procedures were during the fiscal year to mitigate the risk that the agency’s SGFIP balances would be misstated as of the end of the fiscal year? Reference DFA FCD memorandum dated August 8, 2016 for FY 2016 update. | YES ___ NO ___ N/A ___ Comments: Page Ref: YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (c) Investment Disclosures | |
| (i) Are investments disclosures organized by investment type as required by GASB 40.4? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (ii) If the agency has investments in the State Treasurer’s Local Government Investment Pool, are the interest rate risk and the current credit rating disclosed? See NM Office of the State Treasurer’s annual financial statements for the necessary information. (GASBS 40.7) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (iii) Credit Quality Risk - For investments like debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities, did the agency disclose the credit quality ratings as required by GASBS 40.7? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (iv) Custodial Credit Risk - If the agency has investment securities (including securities under repurchase agreements) at the end of the period that are exposed to custodial credit risk (securities that are uninsured and not registered in the name of the government), do the notes disclose the information required by GASBS 40.9? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (v) Interest Rate Risk - If the government had deposits or investments in either (1) debt investment pools such as bond mutual funds or (2) external bond investment pools that are not 2a7-like pools, is the disclosure information required by GASB 40.15 (as amended by GASB 59.6) included in the notes? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (vi) Concentration of Credit Risk - If the government had investments in any one issuer that totaled 5 percent or more of total investments in the agency or in any fund of the agency, did the government disclose that concentration as required by GASBS 40.11 and .12? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (d) Are significant contingent liabilities disclosed in accordance with GASB Cod. Sec. 1500.125 and claims and judgments disclosed in accordance with C50.115? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (e) Is there recording and/or disclosure of events or transactions subsequent to the statement date, but before the financial statements are issued, that have a significant effect on the financial statements, pursuant to GASB Cod. Sec. 2250.109 to .116 and 2300.106(e). | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (f) Budgetary disclosure required by 2.2.2.NMAC. | |
| (i) Do the notes disclose the legal level of budgetary control <u>and</u> the basis of accounting used to present the budgetary comparisons? For local governments the legal level of budgetary control is at the fund level. For school districts, the legal level of budgetary control is at the function level. For state agencies the legal level of budgetary control is at the appropriation program level (A-Code, P-Code, R-Code, and Z-Code). (Sections 2.2.2.10(N)(2) and 2.2.2.12.A(11) NMAC) | YES ___ NO ___ N/A ___ Comments: Page Ref: |

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| (ii) If a budgetary comparison is not presented for an individual fund, do the notes explain the reason for not presenting the budgetary comparison? (GASB Cod. Sec. 2300.108) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (g) Regarding required disclosure of annual pension costs and net pension obligations, see the questions above regarding the implementation of GASBS 68. Also see GASBS Cod. P20 (for employers that participate in pension plans that are accounted for as a trust) and P21 (for employers that participate in a pension that is not accounted for as a trust). Did the auditee follow the correct guidance and make the correct disclosures? If the agency is a department of the State of New Mexico, did the agency include the pension note disclosure referring the reader to the statewide CAFR required by 2.2.2.10(X)(2) NMAC? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (h) Is the required disclosure of other postemployment benefit (OPEB) cost and net OPEB obligations included in the notes as required by GASB Cod. Sec. 2300.106(g) and P50? If the employer participates in the cost-sharing employers plan the State of New Mexico RHCA, did the agency include note disclosure containing all the requirements included in GASB Cod. Sec. P50.122? If the agency participates in a “sole and agent employers” plan, did the agency present the disclosures and RSI required by GASB Cod. Sec. P50.123 to .125? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (i) Does the disclosure regarding significant violations of finance-related legal or contractual provisions include the entity’s actions to address the violations? (GASB Cod. Sec. 2300.106(h) and Sec. 1200.113) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (j) Are debt service requirements to maturity disclosed in accordance with GASB Cod. Sec. 2300.106(i) and Section 1500.129 and GASBS 38.10(a) and (b)? Are principal and interest requirements to maturity presented separate, for each of the five subsequent fiscal years and in five-year increments thereafter? Are interest requirements for variable-rate debt determined using the rate in effect at the financial statement date? Are the terms by which interest rates change for variable-rate debt disclosed? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (k) Are obligations under capital and noncancelable operating leases disclosed in accordance with GASB Cod. Sec. 2300.106(j) and L20.124-.127, and GASBS 38.11? Did the agency disclose future minimum payments for each of the five subsequent fiscal years and in five-year increments thereafter for their obligations under capital and noncancelable operating leases? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (l) Are disclosures made about construction and other significant commitments including encumbrances (if applicable) as required by GASB Cod. Sec. 2300.106k and 1700.127c? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (m) Do the notes include disclosures about capital assets and long-term liabilities required by GASB Cod. Sec. 2300.106(l) and (m) and GASB 34.116 to 34.120? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| Is disclosure made of current-year period depreciation expense and the amounts charged to each of the functions in the statement of activities? (GASBS 34.117(d)) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (n) Do the notes disclose deficit fund balances and deficit net position balances of nonmajor funds, if applicable, as required by GASB Cod. Sec. 2300.106(n)? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (o) Are required disclosures made regarding interfund balances reported in the fund financial statements, pursuant to GASB Cod. Sec. 2300.106(o) and 2300.126: amounts due from other funds by individual major fund, nonmajor governmental funds in the aggregate, nonmajor enterprise funds in the aggregate, internal service funds in the aggregate, and fiduciary fund type; the purpose for interfund balances; and interfund balances that are not expected to be repaid within one year from the date | YES ____ NO ____ N/A ____ Comments: |

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| of the financial statements? | Page Ref: |
| (p) Are interfund transfers disclosures required by GASB Cod. Sec. 2300.127 included: amounts transferred from other funds by individual major fund, nonmajor governmental funds in the aggregate, nonmajor enterprise funds in the aggregate, internal services funds in the aggregate, and fiduciary fund type; a general description of the principal purposes of the government's interfund transfers; and the intended purpose and amount of significant transfers that do not occur on a routine basis or are inconsistent with the activities of the fund making the transfer. | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (q) Is there disclosure of the nature and amount of significant transactions between the primary government and its component units? GASB Cod. Sec. 2300.106(p) and GASB 34.128? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (r) If the agency had donor-restricted endowments, is the required disclosure included: the amounts of net appreciation on investments of donor-restricted endowments that are available for authorization for expenditure by the governing board, and how those amounts are reported in net position; the state law regarding the ability to spend net appreciation; and the policy for authorizing and spending investment income, such as spending-rate or total-return policy. (GASB Cod. Sec. 2300.106(q), 2300.123 and GASB 34.121) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (3) If any of the items shown below apply to this entity, have the required disclosures been included in the notes? | |
| (a) Are the entity's risk management activities disclosed as required by applicable standards? For entities other than risk pools note disclosure should include: a description of the risks of loss to which the entity is exposed and the way in which those risks of loss are handled (purchase of insurance, participation in a public entity risk pool, risk retention); a description of significant reductions in insurance coverage and whether the amount of settlements exceeded insurance coverage for each of the past 3 years; if the entity participates in a risk pool, a description of the nature of the participation, including the rights and the responsibility of the entity and the pool; if the entity retains the risk of loss include the basis for estimating the liabilities, the carrying amount of liabilities for unpaid claims presented at present value and range of discount rates used to discount the liabilities, the aggregate outstanding amount of claims liabilities covered by annuity contracts for which the related liabilities have been removed from the financial statements, and a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year. (GASB Cod. Sec. 2300.107(a) and C50.145) If no accrual was made for a loss contingency because the loss was not probable and could not be reasonably estimated, was disclosure of the loss made if there was at least a reasonable possibility that a loss may have been incurred? Did the disclosure include the nature of the contingency and give an estimate of the possible loss or range of loss, or state that such an estimate could not be made? (GASB Cod. Sec. C50.115) For agencies that have self-insurance agreements, do the notes disclose the name of the agency that is providing the insurance and the amount of contribution by the agency to the fund during the year? (Section 2.2.2.10 (T)(2) NMAC) If the entity is a "public entity risk pool" is the disclosure in accordance | YES ___ NO ___ N/A ___ Comments: |

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| with the requirements of GASB Cod. Sec. Po.20.147? | Page Ref: |
| (b) Property Tax Revenue | |
| (i) If property taxes are included in revenues, do the government-wide full accrual basis financial statements recognize property tax revenues net of estimated refunds and estimated uncollectible amounts, in the period for which the taxes are levied, even if the enforceable legal claim arises or the due date for payment occurs in a different period? (GASBS 33.17 and 33.18) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (ii) If the period of availability for property taxes exceeds 60 days did the government disclose the facts that justify the longer period? (NCGAI 3 paragraph 8 and GASB Cod. Sec. P70.104) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (iii) If the government excluded some revenue from appropriation for cash liquidity purposes, did the government disclose the restricted revenue as a designation of fund balance? (NCGAI 3 paragraph 10) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (iv) Did the government disclose the details of the governmental unit's property tax calendar, lien dates, levy dates, due dates and collection dates? (NCGAI 3 paragraph 11) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (c) Is Segment Information disclosed for enterprise funds as required by GASB Cod. Sec. 2300.107(c) and 2500? Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For purposes of this disclosure, a segment is an <i>identifiable activity</i> (or grouping of activities), as discussed in Section 2200, "Comprehensive Annual Financial Report," footnote 17, reported as or within an enterprise fund or another stand-alone entity that has one or more bonds or other debt instruments (such as certificates of participation) outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial information in the notes, including the elements in a through c: (a) condensed statement of net position; (b) condensed statement of revenues, expenses and changes in net position; and (c) condensed statement of cash flows (GASB Cod. Sec. 2500.101). Segment reporting is not required when an individual fund is both a segment and is reported as a major fund. | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (d) Do the notes include disclosure regarding short-term debt instruments and liquidity as required by GASB Cod. Sec. 2300.107(e) and .124 and GASBS 38.12? This disclosure pertains to short-term debt activity during the year resulting from borrowings like anticipation notes, use of lines of credit, and similar loans, and applies even if no short term debt was outstanding at year-end. Disclosure should include a schedule of changes with beginning and end-of-year balances, increases, and decreases, and the purpose for which the debt was issued. | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (e) Are related party transactions disclosed as required by GASBS 56.5 and GASBS 62.54-57? Note that if the substance of a transaction is significantly different from its form because of the involvement of related parties, the financial statements should recognize the substance of the transaction rather than merely its legal form (GASBS 56.4) Disclosure regarding related party transactions includes: borrowing or lending on an interest-free basis or at a rate significantly above or below market rates; selling real estate at a price that differs significantly from | YES ___ NO ___ N/A ___ Comments: |

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| <p>the appraised value; exchanging property for similar property in a nonmonetary transaction; and making loans with no scheduled terms for when or how the loans will be repaid. (GASBS 56.5)</p> | <p>Page Ref:</p> |
| <p>(f) Do the notes contain the required disclosures for related organizations (organizations that the primary government (PG) appoints a voting majority of the board for, but is not financially accountable for) pursuant to GASBS 14.68? Disclosure includes the nature of the PG’s accountability for the organization. The financial statements of the related organization should disclose the primary government that is accountable for it and describe its relationship with that primary government. Related party transactions between the primary government and the related organization should be disclosed. (GASB 14.68 and GASB Cod. 2600.128)</p> | <p>YES ___ NO ___ N/A ___ Comments: Page Ref:</p> |
| <p>(g) Do the primary government’s notes contain required disclosure regarding the primary government’s joint ventures and jointly governed organizations including; a general description of each joint venture and the participant government’s ongoing financial interest (including equity interest if applicable) or ongoing financial responsibility; information regarding whether the joint venture is accumulating significant financial resources or experiencing fiscal stress that could cause financial benefit to or burden on the participating government in the future; information about the availability of separate financial statements of the joint venture; and related party transactions with the joint venture. The additional disclosures required by the Section 2.2.2(10)(T) NMAC should also be included. Regarding jointly governed organizations, if a participant does not retain an ongoing financial interest or responsibility in the organization, the only disclosure required is related party transactions. (GASB Cod. Sec.2300.107(h) and J50.109- .111)</p> | <p>YES ___ NO ___ N/A ___ Comments: Page Ref:</p> |
| <p>(h) If the agency extinguished any debt through an advanced refunding or current refunding were the disclosures required by GASB Cod. Sec. D20.114-.118 included? If the agency is a “debtor” that had “troubled debt restructurings” did the agency disclose the information required by GASB Cod. Sec. D20.138 and .139? If the agency is a “creditor” that had “troubled debt restructurings” did the agency make the disclosures required by GASB Cod. Sec. D20.153 and .154?</p> | <p>YES ___ NO ___ N/A ___ Comments: Page Ref:</p> |
| <p>(i) If nonexchange transactions (grants, taxes, and contributions) are not recognized because they are not measurable (reasonably estimable) or are not probable of collection, were they disclosed as required by GASB Cod. Sec. 2300.107(j) and GASBS 33.11.</p> | <p>YES ___ NO ___ N/A ___ Comments: Page Ref:</p> |
| <p>(j) Regarding disclosure of the agency’s fund balance classification policies and procedures, are the following disclosures included: (a) for committed fund balance, the highest level of decision-making authority and the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment; (b) for assigned fund balance, the body or official authorized to assign amounts to a specific purpose and the policy established by the governing body pursuant to which the authorization is given; (c) whether the government considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; and (d) whether committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. (GASB Cod. Sec. 2300.107(k) and 1800.183)?</p> | <p>YES ___ NO ___ N/A ___ Comments: Page Ref:</p> |
| <p>(k) Are any interfund eliminations in the fund or combining financial statements apparent from the headings or disclosed in the notes as</p> | <p>YES ___ NO ___ N/A ___ Comments:</p> |

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| references, as indicated in the GASBS Codification? | Page Ref: |
| (w) If the government is involved in conduit debt obligations are the disclosures required by GASB Cod. Sec. C65.102 included? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (x) If the agency is the sponsoring government of an external investment pool (such as the NM Office of the State Treasurer that sponsors the Local Government Investment Pool [LGIP]), does the agency's report include the disclosures required by GASB Cod. Sec. In5.103? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (y) Most interest on general long-term liabilities does not qualify as a direct expense and should be reported in the statement of activities as a separate line that clearly indicates that it excludes direct interest expenses (if any) reported in other functions. Do the notes or financial statements clearly indicate the amount of interest that is a direct expense of various functions and the amount of interest that is an indirect expense? GASB Cod. Sec. 2300.107(aa) and GASB 34.46. | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (z) Are significant transactions or other events that are either unusual or infrequent but are not within the control of management separately identified within the appropriate revenue or expenditure category in the statement of revenues, expenditures, and changes in fund balances or disclosed in the notes to the financial statements? (GASB Cod. Sec. 2200.144 and .168 and GASBS 34.89) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (aa) If aggregated information in the reconciliations of the fund financial statements to the government-wide financial statements obscures individual reconciling items, do the notes provide more detailed information about the reconciling items as required by GASB Cod. Sec. 2300.107(cc) and GASB 34.77? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (bb) If there are discounts and allowances that reduce gross revenues are they reported either parenthetically or directly beneath the revenues in the financial statements or in the notes as required by GASB Cod. Sec. 2300.107(dd) and 2200 footnote 44? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (cc) Aggregated receivables and payables | |
| (i) If receivables balances are aggregations of different components, do the notes include the disclosure of amounts due from taxpayers, other governments, vendors, customers, beneficiaries, and employees? (GASBS 38.13) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (ii) If the agency has significant receivable balances that are not expected to be collected within one year of the date of the financial statements, are they disclosed as required by GASBS 38.13? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (iii) If payables balances are an aggregation of different components, do the notes include the disclosure required by GASBS 38.13? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (dd) Were impaired assets accounted for and disclosed as follows? If the agency had a capital asset impairment loss that was not temporary, was the loss reported in the statement of activities and statement of revenues, expenses, and changes in fund net position as a direct program expense or operating expense, special item or extraordinary item as appropriate? If not apparent from the financial statements, were the following disclosures made in the notes: a general description, the amount, and the financial statement classification (i.e. public works or instruction) of the impairment loss? (GASB 42.17) Regardless of whether the impairment was considered temporary, did the notes disclose the carrying amount of the impaired capital assets that were idle at year-end? (GASBS 42.20) | YES ___ NO ___ N/A ___ Comments: |

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| <p>In the fund financial statements restoration or replacement of an impaired capital asset should be reported as a separate transaction from the related insurance recovery that is reported as “other financing source” or extraordinary item. (GASBS 42.21)</p> <p>In both governmental and business-type activities in Government-wide financial statements and proprietary fund financial statements, restoration or replacement of an impaired capital asset should be reported as a separate transaction from the impairment loss and related insurance recovery. The impairment loss should be reported net of the insurance recovery when the recovery and loss occur in the same year. Insurance recoveries reported in subsequent years should be reported as a program revenue, nonoperating revenue, or extraordinary item. Insurance recoveries should be recognized only when realized or realizable (the insurance company has admitted coverage). If not apparent from the financial statements, the amount and financial statement classification of the insurance recovery should be disclosed. (GASBS 42.21)</p> | <p>Page Ref:</p> |
| <p>(ee) Is there disclosure of the amount of the primary government’s net position that is restricted by enabling legislation as required by GASB Cod. Sec. 2200.119-.122 and by GASB 46.6 and Illustration 1?</p> | <p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p> |
| <p>(ff) Did the agency have termination benefits (as defined by GASBS 47.3) that require disclosure? (GASB Cod. Sec. T25.114-.117) Termination benefits are benefits provided by employers to employees as an inducement to hasten the termination of services or as a result of a voluntary early termination or as a consequence of the involuntary early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits. If applicable, were the required disclosures made?</p> | <p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p> |
| <p>(gg) If the agency has future revenues that are pledged (formally committed to directly collateralize or secure debt of the pledging government, or directly or indirectly collateralize or secure debt of a component unit), did the agency include in the notes: the identification of the specific revenue pledged and the approximate amount of the pledge (remaining principal and interest requirements of the secured debt); identify the general purpose for the debt secured by the pledged revenue; the term of the commitment (period the revenue will not be available for other purposes); the portion of that specific revenue stream that has been pledged; and a comparison of the pledged revenue recognized during the period to the principal and interest requirements of the debt collateralized by those revenues. (GASB Cod. Sec 2300.128)</p> | <p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p> |
| <p>(hh) If the agency had derivatives, were the note disclosures required by GASB Cod. Sec. D40.164 to .175 included as appropriate?</p> | <p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p> |
| <p>(ii) If applicable are the disclosures required by GASBS 56.19 included regarding substantial doubt about the government’s ability to continue as a going concern?</p> | <p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p> |
| <p>(jj) If applicable is disclosure required by GASBS 58.15 included about the government filing for a bankruptcy?</p> | <p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p> |
| <p>(kk) If the government has established a stabilization arrangement (even if it does not meet the criteria to be classified as restricted or committed) did the government make the related disclosures required by GASBS 54.26?</p> | <p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p> |
| <p>(ll) If the governing body has formally adopted a minimum fund balance policy (in lieu of separately setting aside stabilization amounts), did the government disclose the policy establishing that minimum amount?</p> | <p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p> |

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| (GASBS 54.27) | |
| (mm) If deferred outflows of resources and/or deferred inflows of resources are obscured by aggregation or if they have an effect on net position, was the note disclosure required by GASB Cod. Sec. 2300.107(eee), 2300.130 & 2300.131 included? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (4) If the beginning net position or fund balance was restated (1) due to prior period adjustment for correction of an error, or (2) for the cumulative effect of a change to a new accounting principle, or (3) due to a change in the reporting entity, do the notes (a) explain the prior period adjustment, or (b) the effect of adopting the new accounting principle, or (c) the nature of the change in the reporting entity, the reason for the change, and the effect of the change on beginning net position/fund net position? (GASBS 62.62, 62.81, and 62.87 as amended by GASBS 63) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (5) Do the notes appear in a logical order as illustrated at GASBS Cod. Sec. 2300.901? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| L. Other Accounting and Reporting Issues | |
| (1) Cash in the fund financial statements - If one fund has overdrawn its share of an internal investment pool, does that fund report an interfund liability to the fund that the government's management deems to have loaned the amount to the overdrawn fund? Does the fund deemed to have loaned the amount report an interfund receivable from the borrowing fund? If a cash account is overdrawn in total is the balance classified as a liability pursuant to SLG Guide 5.28? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (2) Accounts Receivable Account Balances – For nonexchange transactions, is the accounts receivable amount on the government-wide statement equal to the accounts receivable amount on the fund financial statement? The answer should be “yes” (at least for the current period) because amounts that are “unavailable” are debited out of revenue and credited to deferred inflows of resources in the fund financial statements only. The account receivable amount remains the same during the conversion from accrual to modified accrual basis. (GASBS 33.103) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (3) If the government has intangible assets were they accounted for in accordance with GASBS 51? Note the requirement for retroactive reporting in some cases. (GASBS 51.21 to 51.23) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (4) If the agency has an endowment fund with land or other investments in it, has the endowment fund properly reported its land and other real estate investments as required by GASBS 52? This is not applicable to lands granted by the Federal government in connection with a state being admitted to the United States. | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (5) Accrued liability for pollution remediation - If any of the five obligating events described in GASBS 49.11 occurred, did the agency estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability, or, if appropriate, be capitalized when goods and services were acquired? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (6) For defined benefit pension plans and defined contribution pension plans that are administered through trusts, are the GASBS 67 standards of financial reporting for separately issued financial reports and note disclosure met? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (7) Is the general fund the only fund that reports a positive unassigned fund balance amount? Are deficit fund balances in governmental funds other than the general fund classified as negative unassigned fund balance? A negative residual amount should not be reported for restricted, committed, or assigned fund balances in any fund (GASB 54.17 and .19) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| M. Audit Rule Requirements | |
| (1) Is the authority (i.e., cite the specific statute, federal regulation, executive | YES ___ NO ___ N/A ___ |

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| <p>order, ordinance, etc.) for creation of each special revenue fund disclosed in the notes or in the divider page that describes the purpose of each fund? (Section 2.2.2.10(L) NMAC, GASBS 54.32, GASB Cod. Sec. 2300.107(oo) and 1300.105)</p> | <p>Comments:</p> <p>Page Ref:</p> |
| <p>(2) Did the agency receive or administer any special capital outlay appropriations from the State Legislature?</p> <p>If capital outlay appropriations were received, were the following questions answered? Did the financial statements of the entity recognize the transactions (revenues, expenditures, and related assets and liabilities) in accordance with GASBS 33 as detailed in DFA’s instructions (“Accounting and Financial Statement Presentation of Appropriated Bond Proceeds”) that are posted on the Financial Control Division’s (FCD) website at http://www.nmdfa.state.nm.us/Forums.aspx? The revenues and receivables should be recognized when all of the eligibility requirements established by the Board of Finance (Section 2.61.6 NMAC) have been met (<u>when DFA-BOF approves the draw down request</u>). Refer to DFA’s instructions to review the applicable journal entries.</p> | <p>YES _____ NO _____ N/A _____</p> <p>Comments:</p> <p>Page Ref:</p> |
| <p>(3) For state agencies only - Are all Statewide Human resources Accounting and REporting system (SHARE) funds individually reported either as a major fund in the basic financial statements or in a combining statement in the supplementary information section? (Section 2.2.2.12(A)(2) NMAC).</p> | <p>YES _____ NO _____ N/A _____</p> <p>Comments:</p> <p>Page Ref:</p> |
| <p>(4) For state agencies only – If goods and services were received (as defined by GAAP) by the end of the fiscal year, but not paid for by the end of the fiscal year, an accounts payable should be reported for the respective amount due, in both the government-wide financial statements and the fund financial statements. Pursuant to Section 6-10-4 NMSA 1978, the “actual” expenditures in the budgetary comparison exclude any accounts payable that were not paid timely and therefore require a request to the DFA Financial Control Division to pay prior year bills out of current year budget.</p> <p>Do the accounts payable in the financial statements include the “requests to pay prior year bills with current funds” amounts; and do the actual expenditures reported in the budgetary comparisons exclude the “requests to pay prior year bills with current funds” amounts? Are the “requests to pay prior year bills with current year funds” amounts included in the related reconciliations? (Section 2.2.2.12.(A)(3) NMAC)</p> | <p>YES _____ NO _____ N/A _____</p> <p>Comments:</p> <p>Page Ref:</p> |
| <p>(5) For state agencies only – Are the amounts due to and from other state agencies disclosed in the notes? Are the names of the state agencies, the purposes of the due to/from balances, and the SHARE fund numbers for each state agency included in the disclosure as required by Section 2.2.2.12(A)(13) NMAC?</p> | <p>YES _____ NO _____ N/A _____</p> <p>Comments:</p> <p>Page Ref:</p> |
| <p>(6) For state agencies only – Are inter-agency transfers (between an agency’s internal funds and the other funds of the State) segregated from intra-agency transfers (between funds within the agency) and fully explained in the notes providing the agency name, number, SHARE fund numbers to which and from which the funds were transferred, and the purpose of the transfers? (Section 2.2.2.12(A)(7)(b) NMAC)</p> | <p>YES _____ NO _____ N/A _____</p> <p>Comments:</p> <p>Page Ref:</p> |
| <p>(7) For state agencies only, regarding reverting funds -</p> | |
| <p>(a) If non-reverting appropriations are commingled with reverting appropriations, <u>do the notes disclose</u> the methods and amounts used to calculate reversions. (Section 2.2.2.10(B) NMAC)</p> | <p>YES _____ NO _____ N/A _____</p> <p>Comments:</p> <p>Page Ref:</p> |
| <p>(b) In the description of each individual fund, do the notes disclose the reverting or non-reverting status of each fund? If the fund does not revert, do the notes to the financial statements disclose <u>the specific legislation</u> that</p> | <p>YES _____ NO _____ N/A _____</p> <p>Comments:</p> |

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| makes a fund or appropriation non-reverting? (Section 2.2.2.10(B) NMAC) | Page Ref: |
| (c) If applicable, does the report include an audit finding for failure to transfer reverting funds to the State General Fund in a timely manner (by September 30 th pursuant to Section 6-5-10(A) NMSA 1978)? (2.2.2.12(A)(6)(b) NMAC) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (8) For school districts only, regarding budgetary compliance findings- The legal level of budgetary control is at the function level for school districts (2.2.2.10.N(2)). Are budgetary compliance findings for school districts reported at the function level (not the fund level)? For guidance regarding assessment of budgetary compliance findings for school districts the please work with the Public Education Department. | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (9) Do the auditor's workpapers include a written audit program for fund balances and net position that includes tests for proper classification of fund balances pursuant to GASBS 54 and proper classification of net position as restricted or unrestricted pursuant to GASBS 34.34 to 34.37 (as amended) and GASBS 46.4 and 46.5 (as amended)? (NMAC 2.2.2.10.F) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (10) If the IPA received a "Referral for the FY 2016 Audit" letter from the Office, did the IPA: i. Meet with the Special Investigations Division, either in person or via telephone, to discuss the referral? ii. Take the circumstances described in the referral in to account in the risk assessment process and perform such procedures as, in the IPA's professional judgement, were necessary to determine what further action, if any, in the form of additional disclosure, findings, and/or recommendations were appropriate? iii. After the conclusion of fieldwork but prior to submitting the draft annual audit report to the Office for review, provide written confirmation to the Office that the IPA took appropriate action in response to the referral? Are any additional disclosures, findings, and/or recommendations associated with the referral referenced in the written confirmation? iv. Include adequate documentation in the audit workpapers to support the written confirmation to the Office that the IPA took appropriate action in response to the referral? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (11) For state agencies only – did the IPA obtain a confirmation of cash at the individual agency level from the state treasurer's office as required by 2.2.2.10.M(3)(f) NMAC? | YES ___ NO ___ N/A ___ Comments: |
| N. Combining and Individual Fund Financial Statements - | |
| (1) If applicable, are combining statements for the nonmajor funds included after the notes as audited supplemental information? Do the total amounts in the combining statements agree with the respective amounts shown in the basic financial statements? (2.2.2.10(A)(2)(d) NMAC and GASBS 34 Illustrations H-1 and H-2 as amended by GASBS 63) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (2) If the agency has multiple internal service funds is there a separate combining statement? Do the total amounts shown in the combining statement tie to the respective internal services column amounts in the Proprietary Fund Financial Statements? (2.2.2.10(A)(2)(d) NMAC and GASBS 34, Example H-3 and H-4 as amended by GASBS 63) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| O. Component Units – GASBS 34.124-128 and Illustrations F-1 and F-2 as amended by GASBS 63 | |
| (1) Regarding School Districts and Charter Schools – If PED or a school district and its IPA determined that a charter school is a component unit of PED or the district, is the charter school included in the financial statements of its | YES ___ NO ___ N/A ___ Comments: |

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| chartering entity as required by 2.2.2.12(C)(5)(b) NMAC? | Page Ref: |
| (2) If there are no component units, is that fact specifically stated in the Summary of Significant Accounting Policies note about the Reporting Entity, as required by Section 2.2.2.10(A)(1)(b) NMAC? | |
| (3) If a component unit is presented in any way other than “discretely,” did the agency obtain the required exemption from the State Auditor? If there was a change from the prior year’s method of presenting a component unit, do the notes disclose the reason(s) for changing the presentation? (Sections 2.2.2.10(A)(1)(a) and 2.2.2.12(B)(2)(b) NMAC) | YES _____ NO _____ N/A _____ Comments: Page Ref: |
| (4) If the component unit audit was performed by a different auditor from the primary government auditor, was an exemption obtained from the State Auditor’s Office as required by Section 2.2.2.10(A)(1)(c) NMAC? (Except for component unit housing authorities that are authorized by statute to use a different auditor, Section 12-6-3.E NMSA 1978) | YES _____ NO _____ N/A _____ Comments: Page Ref: |
| (5) If there are multiple discretely presented component units that are combined into one column in the government-wide financial statements, is information provided in the basic financial statements about each component unit by one of the 3 methods required by GASB 34.126 and GASBS 37.18: (1) presenting each major component unit in a separate column in the reporting entity’s statements of net position and activities; or (2) including combining statements of major component units in the primary government’s basic statements after the fund financial statements; or (3) presenting condensed financial statements in the notes to the reporting entity’s financial statements? Do the totals presented according to method (2) above, tie to the government-wide presentation of the component units as required by GASBS 34.126 (as amended)? | YES _____ NO _____ N/A _____ Comments: Page Ref: |
| (6) Is the level of detail reported consistent with the materiality level required for the component unit: in general, at the individual fund level within the component unit. (Section 2.2.2.10(A)(1)(d) NMAC) | YES _____ NO _____ N/A _____ Comments: Page Ref: |
| (7) If there are no separately issued financial statements for the component unit, are fund financial statements for the component unit included as audited supplemental information? (Section 2.2.2.10(A)(1)(e) NMAC and SLG Guide 3.22) | YES _____ NO _____ N/A _____ Comments: Page Ref: |
| (8) Are transactions between the primary government and discretely presented component units reported as external transactions, and are receivables/payables reported on a separate line? (GASBS 34.61) | YES _____ NO _____ N/A _____ Comments: Page Ref: |
| (9) Do the notes disclose for each major component unit, the nature and amount of significant transactions with the primary government and other component units as required by GASBS 34.128? | YES _____ NO _____ N/A _____ Comments: Page Ref: |
| (10) If separately issued financial statements of the component unit are not available, are individual fund budgetary comparisons included in the supplemental information section of the report, for each component unit fund with a legally adopted budget? The OSA interprets a “legally adopted budget” to exist any time the agency prepared a budget and in every case where an entity receives federal funds, state funds, or any other “appropriated funds.” (SLG Guide 11.04 and Section 2.2.2.10(A)(1)(e) NMAC) | YES _____ NO _____ N/A _____ Comments: Page Ref: |
| (11) Are the component unit audit findings included in the audit report of the primary government? (Section 2.2.2.10(I)(7) NMAC) | YES _____ NO _____ N/A _____ Comments: Page Ref: |
| (12) If the primary government has component units that are omitted due to materiality, did the agency and auditor ensure that all 501(c)3 component units of the primary government with gross annual incomes in excess of | YES _____ NO _____ N/A _____ Comments: |

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| <p>\$250,000 were audited as required by 6-5A-1 NMSA 1978? (Section 2.2.2.10(A)(1)(b) NMAC)</p> | <p>Page Ref:</p> |
| <p>(13) If there were any separate audit reports issued by the agency's auditor for any of the agency's component units, were all of them submitted to the Office of the State Auditor for review by the date the primary government audit report was due? If a separate audit firm audited a component unit, was the reporting package submitted to the State Auditor 15 days prior to the report due date of the primary government? Was a separate review guide and reporting package submitted to the State Auditor for each separate report of a component unit? (2.2.2.9(A)(1)(i))</p> | <p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p> |
| <p>P. RSI required by GAAP</p> | |
| <p>Are all RSI schedules required by any applicable GASB standard included in the report? RSI required by GAAP may include:</p> <ul style="list-style-type: none"> (a) RSI required by GASBS 25, 27, 68 and/or 73 for pension plans; (b) RSI required for postemployment benefits other than pensions by GASBS 43 (plan) and 45 (employer); (c) Infrastructure modified approach schedules derived from the asset management system (GASBS 34.132); (d) RSI schedules required by GASBS 67 for pension plans that are administered as trusts; (e) RSI schedules required by GASBS 68 for employers that participate in pension plans administered as trusts? | <p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p> |
| <p>Q. Other Supplementary Information</p> | |
| <p>(1) Special, Deficiency, Specific and Capital Outlay Appropriations: If special, deficiency, or specific appropriations (including those for capital outlay projects) were appropriated to the agency, is the following information disclosed in the notes or a Schedule of Special Appropriations: the original appropriation, the appropriation period, expenditures to date; outstanding encumbrances; and related unencumbered balances (if applicable)? If there is an unexpended balance, does either the schedule or the notes disclose fully explain the accounting treatment of the unexpended balance? (Section 2.2.2.10(O)(2) NMAC)</p> | <p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p> |
| <p>(2) Are all of the government's Memorandums of Understanding disclosed in the notes or a schedule including the elements required by Section 2.2.2.10(T) NMAC?</p> | <p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p> |
| <p>(3) For counties only: does the audit report include the following schedules: 1) a "Tax Roll Reconciliation of Changes in the County Treasurer's Property Taxes Receivable" showing the June 30th receivable balance and a breakout of the receivable for the most recent fiscal year ended, and a total for the previous nine fiscal years; and 2) a "County Treasurer's Property Tax Schedule" showing by property tax type and agency, the amount of taxes levied; collected in the current year; collected to-date; distributed in the current year; distributed to-date; the amount determined to be uncollectible in the current year; the uncollectible amount to-date; and the outstanding receivable balance at the end of the fiscal year? If the county does not have a system set up to gather and report the necessary information, was a finding reported? (Section 2.2.2.12(D) NMAC)</p> | <p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p> |
| <p>(4) For housing authorities only: Does the audit report include a Financial Data Schedule? If there are material differences between the schedule and the financial statements, are the differences reconciled and explained in notes to the schedule? (Sections 2.2.2.12(B)(5)(a)(ii-iv) NMAC).</p> | <p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p> |
| <p>(5) For School Districts and REC's – Does the audit report include a cash reconciliation schedule that reconciles the cash balances as of the end of the previous fiscal year to the cash balances as of the end of the current fiscal</p> | <p>YES _____ NO _____ N/A _____ Comments:</p> |

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| year? Does the schedule account for cash in the same categories used by the District or REC in its monthly cash reports to the PED? If there are differences in cash per the agency financial statements and the cash per the agency's accounting records, did the IPA provide the adjusting entries to the agency to reconcile cash per the financial statements to cash per the accounting records? If the cash per the agency accounting records differed from the cash amount per the agency reports to PED in the monthly cash report, did the IPA write a finding stating that the PED reports do not reconcile to the agency records? [Sections 2.2.2.12(C)(3)(d) and (4)(b) NMAC] | Page Ref: |
| (6) If the audit report includes a statistical section (in a CAFR or non-CAFR report), does it comply with the GASBS 44.6 requirements to include the five categories of information: financial trends; revenue capacity; debt capacity; demographic and economic; and operating? | YES _____ NO _____ N/A _____ Comments: Page Ref: |
| (7) Does the Schedule of Expenditures of Federal Awards (SEFA) include the required information listed below? | |
| a. Does the SEFA list individual federal programs by federal agency? (Guide 7.21) | YES _____ NO _____ N/A _____ Comments: Page Ref: |
| b. For federal programs included in a cluster of programs, does the SEFA provide the cluster name, list individual federal programs within the cluster of programs, and provide the applicable federal agency name? For research and development, are the total federal awards expended shown either by individual award or by federal agency and major subdivision within the federal agency (GASSA Guide 7.21) | YES _____ NO _____ N/A _____ Comments: Page Ref: |
| c. For federal awards received as a subrecipient, does the schedule include the name of the pass-through entity and the identifying number assigned by the pass-through entity? (GASSA Guide 7.21) | YES _____ NO _____ N/A _____ Comments: Page Ref: |
| d. Does the schedule provide the total federal awards expended for each individual federal program and the CFDA number or other identifying number when the CFDA number is not available? (GASSA Guide 7.21) | YES _____ NO _____ N/A _____ Comments: Page Ref: |
| e. Are all noncash awards presented on the face of the schedule? (GASSA Guide 7.21 and 7.31-.33) | YES _____ NO _____ N/A _____ Comments: Page Ref: |
| f. Does the schedule include the total amount of federal awards expended for loan or loan guarantee programs? (GASSA Guide 7.21) | YES _____ NO _____ N/A _____ Comments: Page Ref: |
| g. Does the schedule include the total amount provided to subrecipients from each federal program? (GASSA Guide 7.21) | YES _____ NO _____ N/A _____ Comments: Page Ref: |
| h. Do the notes to the schedule describe the significant accounting policies used in preparing the schedule, include year-end loan balances, and note whether or not the auditee elected to use the 10-percent de minimis indirect cost rate? (GASSA Guide 7.22) | YES _____ NO _____ N/A _____ Comments: Page Ref: |
| i. Do the notes to the schedule include the balances of loan and loan guarantee programs (loans) outstanding at the end of the audit period for those loans described in 2 CFR 200.502(b)? (GASSA Guide 7.22) | YES _____ NO _____ N/A _____ Comments: Page Ref: |
| (8) If a Single Audit was performed did the auditor use the criteria listed in the GASSA Guide, Chapter 8, paragraph 21 to determine whether the auditee is low risk? | YES _____ NO _____ N/A _____ Comments: |
| (9) Single Audit Percentage of Coverage Rule- GASSA Guide 18.17 | YES _____ NO _____ N/A _____ |

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| <p>For an auditee that did not meet the criteria for a low risk auditee, did the auditor audit federal programs as major programs such that the total federal awards expended in the major programs, in the aggregate, encompass at least 40 percent of the total federal awards expended?</p> <p>If the auditee met the criteria for a low-risk auditee, did the auditor audit as major programs federal programs with federal awards expended that, in the aggregate, encompass at least 20 percent of the total federal awards expended?</p> | <p>Comments:</p> |
| <p>(10) Does the audit report include a supplementary schedule or note that discloses the collateral pledged by each bank and savings and loan that is a depository for public funds? The schedule should disclose the type of security, security number, CUSIP number, fair market value, and maturity date. (Section 2.2.2.10(M)(4)(a) NMAC)</p> | <p>YES ____ NO ____ N/A ____ Comments: Page Ref:</p> |
| <p>(12) Do the amounts reported in the notes and schedules agree to the amounts reported in the financial statements, including the reconciliations in the basic financial statements?</p> | <p>YES ____ NO ____ N/A ____ Comments: Page Ref:</p> |
| <p>(13) Have all the financial statements, notes and schedules been footed and cross-footed for clerical accuracy?</p> | <p>YES ____ NO ____ N/A ____ Comments: Page Ref:</p> |
| <p>R. Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i></p> | |
| <p>(1) Does the report follow the relevant example (4-3 through 4-9) available in the Appendix of Chapter 4 of the GASSA Guide, paragraph 88?</p> <p>Please indicate as a comment which example was followed.</p> | <p>YES ____ NO ____ N/A ____ Comments: Page Ref:</p> |
| <p>(2) Was the first paragraph of the report modified as follows (modifications in bold) to address the requirements of the 2016 Audit Rule?</p> <p>We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds, of the [the agency] as of and for the year ended June 30, 20XX, and the related notes to the financial statements, which collectively comprise [the agency's] basic financial statements, and the combining and individual funds and related budgetary comparisons of [the agency], presented as supplementary information, and have issued our report thereon dated month day, 20XX.</p> | <p>YES ____ NO ____ N/A ____ Comments: Page Ref:</p> |
| <p>(3) Were findings required by Section 12-6-5 NMSA 1978 that do not rise to the level of a significant deficiency included in the Compliance and Other Matters paragraph?</p> | <p>YES ____ NO ____ N/A ____ Comments: Page Ref:</p> |
| <p>S. Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance</p> | |
| <p>Does the report follow the relevant example (13-1 through 13-6) available in the Appendix of Chapter 13 of the GASSA Guide, paragraph 70?</p> <p>Please indicate as a comment which example was followed.</p> | <p>YES ____ NO ____ N/A ____ Comments:</p> |

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| (1) Did the auditor review 2.2.2.10.I NMAC relating to Audit Findings and ensure that all requirements have been met? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (2) Section 2.2.2.10(I)(3)(a) NMAC, which is based on updated Data Collection Form requirements, mandates that finding reference numbers have a standard format with the four digit audit year, a hyphen and a three digit sequence number (e.g. 2013-001). All current year audit findings must follow this required format. In addition, depending on the IPA’s classification of the finding, the finding reference number should be followed by one of the following descriptions: “material weakness” in internal control; “significant deficiency” in internal control; “material noncompliance”; “other noncompliance”; or “findings that do not rise to the level of a significant deficiency”. Does each finding have this required information? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (3) If the audit firm entered into any professional services contract with the agency, or if the scope of work on any engagement the agency entered into with any IPA related to fraud, did the agency obtain the prior written approval of the State Auditor before accepting the services of the proposed engagement? (2.2.2.8(P)(1) and (2) NMAC) If the required prior written approval was not obtained, did the auditor write a related finding as required by 2.2.2.10.I(5) NMAC? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (4) Are the findings presented in sufficient detail and do they include the following information: Condition, Criteria, Effect, Cause, Recommendation, and Agency Response? (2.2.2.10.I(3)(c)) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (5) Is there a reference number for each finding? For all modified or repeated prior year audit findings, does the original finding number appear after the current year finding number (if repeated) to preserve the history of when the finding originated? (2.2.2.10(I)(2)(a) NMAC) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (6) For all federal award findings, is the information required by 2 CFR 200.516(b) included in the finding? (GASSA Guide 13.41) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (7) For each finding, are the facts and amounts supporting the deficiency clearly identified in the condition paragraph? Is information included that provides a proper perspective for judging the prevalence and consequences of the audit findings, such as whether the findings represent an isolated instance or a systemic problem? Where appropriate, are instances identified in the finding related to the universe and the number of cases examined, and quantified in terms of dollar value? (2 CFR 200.516(b)) Does the condition on each repeat finding include management’s progress or lack of progress towards implementing the prior year corrective action plan as required by 2.2.2.10(I)(3)(c)(i) NMAC? | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (8) If applicable, are questioned costs identified, including how they were computed? (GASSA Guide 13.41) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (9) Is the criteria or specific requirement upon which each audit finding is based, including the statutory, regulatory, or other reference, reported in the criteria paragraph? (GASSA Guide 13.41) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (10) For each finding, does the effect paragraph explain the impact or potential impact of the difference between the situation that exists (condition) and the required or desired state (criteria)? Is there a clear, logical link to establish the impact or potential impact of the difference between the condition and the criteria? (GASSA Guide 13.41) | YES ____ NO ____ N/A ____ Comments: Page Ref: |
| (11) Does the cause paragraph of each finding explain the reason for difference between the situation described in the “condition” and the required or desired state described in the “criteria”? Common factors include poorly designed policies, procedures, or criteria; inconsistent, incomplete, or incorrect | YES ____ NO ____ N/A ____ Comments: |

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| implementation; or factors beyond the control of program management. A properly determined cause will facilitate an appropriate recommendation. (GASSA Guide 13.41) | Page Ref: |
| (12) For each finding are recommendations to prevent future occurrences of the deficiencies identified in the finding? (2.2.2.10(I)(3)(c) NMAC and GASSA Guide 13.41) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (13) Are views of responsible officials and management's planned corrective actions, including a timeline and designation of what employee position(s) are responsible for meeting deadlines in the timeline included in the agency response paragraph? (2.2.2.10(I)(3)(c) NMAC, and GASSA Guide 13.41) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (14) If management's response or planned corrective actions did not adequately address the auditors' recommendations, did the auditor state his/her reasons for disagreeing with the management response or planned corrective actions in an "Auditor's Rebuttal" as required by GAGAS 4.38 and GASSA Guide 13.42 fn 33? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (15) If the data collection form and the reporting package were not submitted to the federal clearing house within the earlier of 30 days after receipt of the auditor's reports, or 9 months after the fiscal year end (unless a longer period is agreed to in advance by the cognizant or oversight agency), was a compliance finding reported? (GASSA Guide 13.57) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (16) Were the findings separated into two sections; (1) for the financial statement findings required by GAGAS and (2) for the Federal award findings and questioned costs required by Uniform Guidance as described above? (GASSA Guide 13.36 and 13.38) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (17) Are audit findings that relate to both (1) the financial statements and (2) the federal awards reported in both sections, with the reporting in one section of the schedule in summary form with a reference to the more detailed reporting in the other section of the schedule? (GASSA Guide 13.39) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (18) Is the status of all prior year findings (if applicable) included in "a summary schedule of prior audit findings" as required by 2.2.2.10(I)(2) NMAC? Are all the findings from the prior year audit report included as resolved, modified and repeated, or repeated? (Section 2.2.2.10(I)(2) NMAC) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (19) Were indications of fraudulent or illegal acts of a criminal nature or other sensitive matters affecting federal awards or other funds noted during the audit? If so, did the auditor or the agency report these matters in a letter to the Office of the State Auditor as required by Section 2.2.2.10(K)(2) NMAC and Section 12-6-6 NMSA 1978? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| (20) If the IPA prepared the financial statements for management's review and approval, were the requirements of 2.2.2.8.R NMAC met? Did the auditor document his/her evaluation of threats to independence and safeguards applied in accordance with the conceptual framework for independence at GAGAS 3.24? (GAGAS 3.46 and 3.59 and GASSA Guide 2.27) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| 3 Exit Conference | |
| A. Are the date of the exit conference and the names and titles of those in attendance at the exit conference listed on the last page of the audit report? (Section 2.2.2.10(J)(1) NMAC) | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| B. If there is a component unit, was a representative of the component unit present at an exit conference or was a separate exit conference held for the component unit as required by Section 2.2.2.10(J)(1) NMAC? | YES ___ NO ___ N/A ___ Comments: Page Ref: |
| C. If a quorum of a public body subject to the Open Meetings Act was present at the exit conference, was the exit conference held in a closed meeting to preserve the confidentiality of the information? If so, the disclosure should state that it was held in a closed session. If not, is there a related finding for noncompliance with the Open Meetings Act? (Sections 2.2.2.10(J)(1-5) NMAC) | YES ___ NO ___ N/A ___ Comments: Page Ref: |

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| 4 Management Representation Letter | | |
| A. Are the following representations included in the management representation letter? | | |
| <ul style="list-style-type: none"> We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated XX/XX/XX, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. (AU-C 580.10) | YES _____ NO _____ N/A _____ | Comments: |
| <ul style="list-style-type: none"> We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. (AU-C 580.10) | YES _____ NO _____ N/A _____ | Comments: |
| <ul style="list-style-type: none"> Management has provided the auditor with all relevant information and access, as agreed upon in the terms of the audit engagement. (AU-C 580.11) | YES _____ NO _____ N/A _____ | Comments: |
| <ul style="list-style-type: none"> Management has recorded all transactions and they are reflected in the financial statements. (AU-C 580.11) | YES _____ NO _____ N/A _____ | Comments: |
| B. If the auditor provided the agency with nonaudit services (formatting the working trial balances, recommending adjusting journal entries, updating the depreciation schedules, drafting the financial statements, etc.) is there management representation stating that the agency designated an individual with suitable skill, knowledge, or experience to oversee the nonaudit services and that management made all the management decisions and performed all of the management functions, and that management reviewed, approved, and accepted responsibility for those financial statements and related notes? (GASSA Guide 3.67 and 3.68) | YES _____ NO _____ N/A _____ | Comments: |
| C. For Single Audits Only - does the management representation letter include the applicable management representations below that are required by AU-C 935.23? | YES _____ NO _____ N/A _____ | Comments: |
| <ul style="list-style-type: none"> Management is responsible for understanding and complying with the compliance requirements; Management is responsible for establishing and maintaining controls that provide reasonable assurance that the entity administers government programs in accordance with the compliance requirements; Management has identified and disclosed to the auditor all of its government programs and related activities subject to the governmental audit requirement; Management has made available to the auditor all contracts and grant agreements, including amendments, if any, and any other correspondence relevant to the programs and related activities subject to the governmental audit requirement; Management has disclosed to the auditor all known noncompliance with the applicable compliance requirements or stated that there was no such noncompliance; Management believes that the entity has complied with the applicable compliance requirements (except for noncompliance it has disclosed to the auditor); Management has made available to the auditor all documentation related to compliance with the applicable compliance requirements; Management identified management's interpretation of any applicable compliance requirements that are subject to varying interpretations; Management has disclosed to the auditor any communications from grantors and pass-through entities concerning possible noncompliance with the applicable compliance requirements, | | |

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| <p>including communications received from the end of the period covered by the compliance audit to the date of the auditor’s report;</p> <ul style="list-style-type: none"> • Management has disclosed to the auditor the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor’s report; • Management has disclosed to the auditor all known noncompliance with the applicable compliance requirements subsequent to the period covered by the auditor’s report or stating that there were no such known instances; and • Management is responsible for taking corrective action on audit findings of the compliance audit. | |
| <p>D. Dating of the Management Representation Letter – is the management representation letter dated the same day as the auditor’s report on the financial statements, and is the written representation for all financial statements and periods referred to in the auditor’s report? (AU-C 580.20)</p> | <p>YES ____ NO ____ N/A ____ Comments:</p> |

Note: this review guide should be completed and signed by the Audit Manager or the audit firm employee responsible for the firm’s quality control system.

I hereby represent that the financial statements were presented in accordance with applicable auditing, accounting and financial reporting standards, Uniform Guidance and/or OMB Circulars, and 2.2.2 NMAC. I also represent that all of the questions noted above were answered accurately, page numbers were properly referenced for all “yes” answers, and all “no” answers were fully explained or corrected.

Print Name

Print Title

Signature

Date