



New Mexico Office of the State Auditor Fiscal Year 2020 Application for Financial Assistance to Complete Financial Reporting Requirements Under the Audit Act

Application Information: The Office of the State Auditor (OSA) is offering limited financial assistance to “small political subdivisions” for the specific purpose of assisting these agencies in completing their financial reporting requirements under the Audit Act (NMSA 1978, Sections 12-6-1 through 12-6-14) for fiscal year 2019 and prior years. The term “small political subdivisions” includes mutual domestic water consumers associations, land grants, certain municipalities and special districts (including but not limited to soil and water conservation districts, acequias, water and sanitation districts, etc.).

Financial assistance awarded by the OSA may be used by agencies that must complete, on an annual basis, either 1) a full financial and compliance audit or 2) an agreed-upon procedures under the “tiered system of financial reporting.” In general, agencies that qualify for the tiered system do not have to complete annual financial and compliance audits. However, the agency must comply with the requirements of the specific “tier” that corresponds with the agency’s annual revenue. This may include the requirement that your agency submit an “agreed-upon procedures” financial report for a specific fiscal year. If your agency is a small political subdivision and has less than \$500,000 in annual revenue in a fiscal year, you may qualify for the tiered system. Under the tiered system, an agency’s annual revenue is calculated on a cash basis of accounting and excludes federal grant revenue, private grant revenue and capital outlay awards received by the agency from the State of New Mexico. This application packet contains information to assist you in determining which tier, if any, applies to your agency.

Depending on the specific circumstances that apply to your agency, you may be eligible for financial assistance to cover the costs of completing your audit reports or agreed-upon procedures reports for fiscal year 2019 or prior years in which your agency has failed to submit the required reports. The engagements may either be performed by the OSA or an independent public accountant (IPA) procured by your agency and approved by the State Auditor.

The OSA will give priority in its financial assistance determinations to small political subdivisions that 1) demonstrate financial need or hardship associated with completing their audit reports or agreed-upon procedures reports; and 2) demonstrate that their noncompliance with financial reporting requirements will adversely impact its eligibility to receive other federal or state funding.

About the Application Process: The application process includes these steps:

- Determine whether your agency is required to submit audit reports or agreed-upon procedures reports for fiscal year 2019 or prior years. Please refer to the “Exhibit A – Determination Form” to assist in your determination. Please note that the tiered system of financial reporting became effective on July 1, 2010. Only agencies that fall within Tiers 3, 4, 5 or 6 are required to submit agreed-upon procedures reports.
- Complete the application form in this packet with supporting documentation. Agencies that fail to provide the OSA with necessary information about their finances will be deemed ineligible for financial assistance.
- **The priority deadline for small political subdivisions to submit the application to the OSA is by September 2, 2019 (forms must be postmarked by that date).** An email will be sent to the Agency Primary Contact email listed in the application after the application is received. If you do not receive this email within 7 days of your application submission, contact Chantal.Montano@osa.state.nm.us.
- The OSA will review the application and determine the level of financial assistance, if any, is necessary to assist your agency in complying with financial reporting requirements.
- The OSA will notify your agency regarding the determination. If the OSA makes a determination that your agency should receive financial assistance, the notification will specify the amount of funding and whether the financial audit agreed-upon procedures engagement(s) is to be performed by the OSA or an IPA procured by the agency and approved by the State Auditor.

Filing Your Application: Please mail your completed application form and copies of all supporting documentation to:

Financial Assistance Evaluation Committee
Office of the State Auditor
2540 Camino Edward Ortiz, Suite A
Santa Fe, NM 87507

All applications must be postmarked or hand delivered no later than September 2, 2019 for the priority deadline. Failure to meet the application submission priority deadline of September 2, 2019 may reduce your agency’s likelihood of obtaining funding.

Please call the Office of the State Auditor (Chantal Montano) at 505-476-3800 should you have any questions about this application.