

## NOTICE OF PROPOSED RULEMAKING AND PUBLIC HEARING

The Office of the State Auditor is in the process of amending 2.2.2.1 NMAC, *et seq.* (“Audit Rule”). The Audit Rule establishes policies, procedures, rules, and requirements for contracting and conducting financial audits, special audits, attestation engagements, performance audits, and forensic audits of governmental agencies of the state of New Mexico, and is governed by Sections 12-6-1 to 12-6-14 NMSA 1978 (“Audit Act”). The amendments to the Audit Rule are proposed pursuant to the Audit Act, Subsection A of Section 12-6-3 NMSA 1978.

Proposed amendments to the rule address the following: modifications to the definition of “Agency” to include joint power agreements; modifications to the definition of “Report” to include “special audit”; modifications to firm profile due date; modifications to the disqualification of firms; modifications for the approval/disapproval of unsigned contracts; modifications regarding independent public accountants’ (IPAs) independence requirements; modifications; modifications and new requirements related to the delivery and release of audit reports; modifications to the scope of annual financial and compliance audits; modifications to exit conference and related confidentiality issues; modifications regarding possible violations of criminal statutes in connection with financial affairs; modifications to requirements for school activity funds; modifications to GASBS 77 requirements; modifications to GASBS 75 requirements; modifications to continuing professional education requirements; modifications to special audit confidentiality requirements; modifications to the exemption from financial reporting; modifications to the requirements related to the review of AUP reports and related workpapers; modifications and new requirements for special audits; modifications and new requirements for annual revenue reporting; modifications and new requirements for progress payments; modifications and new requirements related to report due dates, notification letters, and confidentiality; new requirements for audit findings; new requirements for procurement of IPA service; repeal of schedule of changes in assets and liabilities for agency funds. To the extent applicable, the full text for relevant technical information that served as a basis for proposed changes is available at [gasb.org](http://gasb.org) and at [gao.gov](http://gao.gov).

Copies of the full text of the proposed amendments to the Audit Rule are available at the Office of the State Auditor, 2540 Camino Edward Ortiz, Suite A, Santa Fe, New Mexico 87507, and on the Office of the State Auditor’s website, <http://www.osanm.org>. The Office of the State Auditor will consider adopting the proposed new rule at a public hearing on February 17, 2020, at 1:30 p.m., at the Office of the State Auditor, 2540 Camino Edward Ortiz, Suite A, Santa Fe, New Mexico 87507. Public comment is allowed at the public hearing on February 17, 2020. Please mail or deliver written comments on the proposed new rule to: Elise Mignardot, Director of Compliance and Quality Control, at the Office of the State Auditor, 2540 Camino Edward Ortiz, Suite A, Santa Fe, New Mexico 87507, or by email at [Elise.Mignardot@osa.state.nm.us](mailto:Elise.Mignardot@osa.state.nm.us) between January 15, 2020 and February 17, 2020.

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the public hearing, please contact the Office of the State Auditor at least one week prior to the public hearing. Please contact Frank Valdez at 505-476-3841 or [Frank.Valdez@osa.state.nm.us](mailto:Frank.Valdez@osa.state.nm.us) if any such assistance is needed.