



PERA

Public Employees
Retirement Association
of New Mexico

James Maxon, MPA
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INVESTED IN TOMORROW.

January 27, 2020

Brian S. Colón
State Auditor
Office of the State Auditor
2540 Camino Edward Ortiz, Suite A
Santa Fe, NM 87507

Dear State Auditor Colón,

Thank you for the invitation to provide comments on the proposed State Audit Rule for 2020. Our comments relate to NMAC 2.2.2.10(J)(6) and 2.2.2.10(Y)(d).

For reasons listed below, we at Public Employees Retirement Association (PERA) feel the following should be considered.

Impact to PERA:

NMAC 2.2.2.(J)(6)

- PERA request that the compliance work require a review of the payroll register and sample a few employees from the payroll register who are not contributing to PERA to ensure that they are eligible for the PERA exclusion. This would assist in ensuring eligible contributions are being remitted to PERA.

NMAC 2.2.2.10(Y)(d)

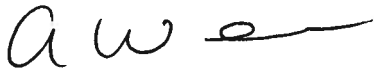
- As administrators of a qualified governmental retirement plan, PERA is a unique agency, and finding an IPA that has experience in pension plans is a challenge in New Mexico.
- The PERA Board holds all funds and assets of the Public Employees Retirement system in trust for the sole and exclusive benefit of the members, retirees and other beneficiaries. N.M. Const. article XX, § 22(A); NMSA 1978, §10-11-123(B) (1987); NMSA 1978, §10-11-130(A) (2005). The Board has a fiduciary duty and responsibility for administration of the Trust Fund. Similarly, NMSA 1978, 6-5-3, states that, “all expenditures have a public benefit or purpose, are necessary, and are consistent with the appropriation, the expenditures authority from the legislature and comply with the statute.”
 - PERA’s current Schedule of Employer Allocation report is audited and reviewed by an external auditor, CliftonLarsonAllen, who is an approved audit firm by the OSA.



- PERA's Schedule of Employer Allocation report will also go through an additional review at the OSA.
- PERA Board have a fiduciary duty to protect the Fund from unnecessary expenditures. The concurring review for the 2018 Schedule of Employer Allocation costed the Fund an additional \$6,500 in unnecessary expenditures.
- The cost and time associated with PERA having to procure an IPA to complete a concurring review does not provide any additional benefit to the public and members.
- PERA's staff and external auditor are qualified to prepare and review the employer's allocation report before it is submitted to the OSA.
- PERA concurring reviewer for 2016-2018 for the Schedule of Employer Allocation report did not find any additional items and PERA had no comments on its okay to print communications from OSA for its 2018 Schedule of Employer Allocation.

Based on the foregoing, your consideration of the PERA's request for waiver or that the requirements are removed from State Auditor Rule in NMAC 2.2.2.10(Y)(d) is appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Anna Williams', followed by a horizontal flourish.

Anna Williams, CPA
Chief Financial Officer