

NOTICE OF PROPOSED RULEMAKING AND PUBLIC HEARING

The Office of the State Auditor is in the process of amending 2.2.2 NMAC, Requirements for Contracting and Conducting Audits of Agencies ("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 engagements of governmental agencies and local public bodies 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, at Section 12-6-12 NMSA 1978 and Subsection A of Section 12-6-3 NMSA 1978.

A copy of the full text of the proposed amendments to the Audit Rule is available on the Office of the State Auditor's website, at <https://www.saonm.org/auditing/financial-audits/state-auditor-rule>. The Office of the State Auditor will consider adopting the proposed new Audit Rule at a public hearing on March 1, 2021, at 1:30 p.m. The hearing will be a virtual meeting and members of the public may attend, listen, and participate via live streaming or telephone. Please see the prior link for additional information on attending the virtual public hearing. Public comment is allowed prior to and at the public hearing on March 1, 2021. Please e-mail written comments on the proposed new Audit Rule to Liza Kerr, Director of Compliance and Quality Control, at Liza.Kerr@osa.state.nm.us between January 26, 2021 and March 1, 2021. If you are unable to e-mail comments, you may deliver written comments to the Office of the State Auditor, 2540 Camino Edward Ortiz, Suite A, Santa Fe, New Mexico 87507, as soon as possible and no later than February 26, 2021. All written comments shall be posted to the Office of the State Auditor's website within three days of receipt and can also be accessed from the link above.

Proposed amendments to the Audit Rule include the following: (i) distinguishing between attest and other types of engagements; (ii) removing requirement to list professional service contracts in the firm profile; (iii) clarifying certain definitions; (iv) providing more flexibility with respect to the rotation requirement; (v) requiring reports be e-mailed to the Office of the State Auditor; (vi) adding language regarding ownership of confidential audit documentation; (vii) removing requirement to obtain confirmation of cash from STO; (viii) clarifying confidentiality provisions; (ix) expanded options for exit conferences to include virtual or telephonic meetings; (x) removing requirement to submit electronic version of findings summary form. To the extent applicable, the full text for relevant technical information that served as a basis for proposed changes is available at gasb.org and at gao.gov.

If you are an individual with a disability who is in need 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 if any such assistance is needed.

At the start of the meeting, the Office of the State Auditor shall announce the names of those members of the public body participating remotely. All members of the Office of the State Auditor participating remotely shall identify themselves whenever they speak and be clearly audible to the other members of the public body and to the public. The Office of the State Auditor shall suspend discussion if the audio or video is interrupted until restored.