



State of New Mexico Office of the State Auditor

CONSTITUENT SERVICES
(505) 476-3821

MEMORANDUM

DATE: MARCH 24, 2021

TO: INDEPENDENT PUBLIC ACCOUNTANTS APPROVED BY
THE STATE AUDITOR

FROM: HONORABLE BRIAN S. COLÓN, STATE AUDITOR

SUBJECT: NOTIFICATION – CONTRACTING FOR AUDIT OR AGREED UPON
PROCEDURES SERVICES FOR FISCAL YEAR 2021

In accordance with the Audit Act, NMSA 1978, Sections 12-6-1 through 12-6-14, the Office of the State Auditor (OSA) has notified the agencies whose audits will not be conducted directly by the OSA to seek proposals for audits of Fiscal Year 2021. The Audit Rule and the audit contracts reflect the OSA's focus on increased accountability and enhanced accessibility to audit results.

As a reminder, all agency audit and agreed upon procedure contracts must be submitted through the OSA-Connect portal (www.osa-app.org). All local public bodies that fall under the tiered system must submit a certification or contract for an agreed-upon procedures engagement through OSA-Connect. The deadlines for all agencies to submit a draft contract to the OSA using the online OSA-Connect portal are available in Section 2.2.2.8 NMAC of the 2021 Audit Rule. Agencies and IPAs must ensure contract recommendations are approved prior to work commencing. The OSA will not process hard copy contracts and will not sign contracts. Each agency's contract will be sent electronically for review and approval. The OSA will transmit an approval or rejection letter to each agency, and if approved, the agency will obtain the necessary signatures. After the contract has been signed, the agency must upload the fully executed version in the OSA-Connect portal. Contracts will be processed in the order they are submitted. To obtain access to the OSA-Connect system to process contracts on behalf of your clients, please contact Rebecca Garcia at Rebecca.Garcia@osa.state.nm.us or (505) 476-3800.

Through the OSA's annual review of IPA firms, IPAs may be restricted with regard to governmental audit work in the State of New Mexico under the Audit Rule. It is the responsibility of each IPA to contract in accordance with any restrictions and notify existing or potential clients of restrictions.

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The following items are available on our website at www.osanm.org:

- **Schedule of Statewide Audit Rule Trainings for Governmental Agencies and IPAs** – These trainings provide the information IPAs need in order to submit complete, correct information to the OSA to contract for audit services or agreed upon procedures engagements. The OSA recommends that each IPA firm send appropriate personnel to at least one Audit Rule training course. Representatives of all agencies are also encouraged to attend.
- **Contract Log** – This log illustrates the prior year audit fees by agency, as reflected in the OSA's records. The list is provided for informational purposes only and is not intended to set the fee for any agency's audit.
- **Approved Contracts for Fiscal Year 2020 and Total Years Completed by an Independent Public Accounting Firm** – This list shows the auditor for each agency and the number of consecutive years completed including the Fiscal Year 2020. Please review Section 2.2.2.8 NMAC for the details of the auditor rotation rule and note that the eight-year rotation rule contains some exceptions.
- **Progress Billing Form** – Please copy the form onto your IPA letterhead for use in progress billing pursuant to Section 2.2.2.8(M)(3) NMAC.
- **List of Approved IPAs** – This list includes IPAs who submitted firm profiles and were approved by the OSA to conduct financial audits and/or agreed upon procedures engagements. Inclusion on this list does not mean in every instance that an IPA is free from restriction.

For delivery and release of audit reports, the OSA requires submission of an electronic copy of the draft report, management representation letter and the IPA review guide. The OSA requires submission of **final** audit reports or **final** AUP reports through the OSA-Connect portal.

Please submit correspondence to the following e-mail or physical address:

Office of the State Auditor
2540 Camino Edward Ortiz, Suite #A
Santa Fe, New Mexico 87507
reports@osa.state.nm.us

Thank you and do not hesitate to contact the OSA with any questions.