

**NEW MEXICO OFFICE OF THE STATE AUDITOR
 OSA VERSION - REPORT REVIEW GUIDE FOR REVIEWING AU-C 805
 REPORTS ON PARTICIPANT EMPLOYER ALLOCATION SCHEDULES
 PENSION PLANS**

This review guide should be used for reviewing the AU-C 805 reports on the Participant Employer Allocation Schedules produced by PERA and ERB pursuant to 2.2.2.10(Y)(1) NMAC (2022 Audit Rule)

AGENCY NAME (Indicate whether the report being reviewed is the PERA AU-C 805 Audit Report or the ERB AU-C 805 Audit Report)	AGENCY NUMBER/FISCAL YEAR		
NAME OF AUDITING FIRM	NAME OF AUDIT MANAGER		
DATE REPORT SUBMITTED TO STATE AUDITOR	Yes <input type="checkbox"/> No <input type="checkbox"/> Was the AU-C Report submitted to the OSA timely?		
OPINION(S) RENDERED ON THE AU-C 805 AUDIT	DATE OF OPINION	NUMBER OF FINDINGS	
Were representatives of the governing authority (or head of a state agency) and top management present at the exit conference as required by Section 2.2.2.10(M) NMAC? Yes <input type="checkbox"/> No <input type="checkbox"/> If not, the compliance finding is reported on p. _____.			

Objective:

The objectives of this review guide are to ensure that the audit report follows: (1) the requirements of 2.2.2.10(Y) NMAC; and (2) the example provided by AU-C 9805.02 which is found in the AU-C 800 section “Auditor of Governmental Cost-Sharing Multiple-Employer Pension Plan,” to AU-C 805; and (3) provides the participant governments with the information necessary to prepare the disclosure required by GASBS 68 Illustration #3, Note Disclosures and Required Supplementary Information for a Cost-Sharing Employer (No Nonemployer Contributing Entities).

<ul style="list-style-type: none"> • Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about (<i>PERA or ERB</i>) Pension Plan's ability to continue as a going concern for a reasonable period of time. <p>We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.”</p>	Pg. Ref. _____
<p>(7) Is the previous information followed by the subheading “Other Matters” with the following wording?</p> <p>“We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of (<i>PERA or ERB</i>) Pension Plan as of and for the year ended June 30, 20XX, and our report thereon, dated Month, Day 20XX, expressed an unmodified opinion on those financial statements.”</p>	YES_____ NO_____ N/A_____ Comments: Pg. Ref. _____
<p>(8) Continuing under the subheading “Other Matters,” do the following paragraphs regarding the Supplemental Information (SI) include the following elements pursuant to AU-C 725.09(a) to (d); AU-C 725.09(e) or (f) or AU-C 725.11?</p> <p>.09a The audit was conducted for the purpose of forming opinions on the audits of the schedule of employer allocations and the specified column totals in the schedule of pension amounts by employer;</p> <p>.09b The SI [list schedules] is presented for purposes of additional analysis and is not a required part of the schedule of employer allocations and the specified column totals in the schedule of pension amounts by employer;</p> <p>.09c. The SI is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the schedule of employer allocations and the specified column totals in the schedule of pension amounts by employer; and</p> <p>.09d. The SI has been subjected to the auditing procedures applied in the audit of the schedule of employer allocations and the specified column totals in the schedule of pension amounts by employer and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the schedule of employer allocations and the specified column totals in the schedule of pension amounts by employer or to the schedule of employer allocations and the specified column totals in the schedule of pension amounts by employer themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America.</p> <p>.09e. If the auditor issues an unmodified opinion on the schedule of employer allocations and the specified column totals in the schedule of pension amounts by employer and the auditor has concluded that the SI is fairly stated, in all material respects, in relation to the schedule of employer allocations and the specified column totals in the schedule of pension amounts by employer as a whole, is there a statement that, in the auditor’s opinion, the SI [list schedules] is fairly stated, in all material respects, in relation to the schedule of employer allocations and the specified column totals in the schedule of pension amounts by employer as a whole?</p>	YES_____ NO_____ N/A_____ Comments:

<p>.09f. & .11 If the auditor issues a qualified, adverse or disclaimer of opinion on the schedule of employer allocations and the specified column totals in the schedule of pension amounts by employer, did the IPA include the applicable statements from AU-C 725.09(f) or 725.11, as applicable?</p>	<p>Pg. Ref. _____</p>
<p>(9) Is there a paragraph with the subheading “Report on Other Legal and Regulatory Requirements” (or another heading that is appropriate to the content of the section see #10 below Other Reporting Required by Government Auditing Standards), pursuant to AU-C 700.39, .A32and .A47.</p> <p>[The form and content of this section of the auditor’s report would vary depending on the nature of the auditor’s other reporting responsibilities]</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Pg. Ref. _____</p>
<p>(10) Other Reporting Required by Government Auditing Standards, pursuant to AU-C 700.A47 & .A49, AAG SLV 16.27, footnote 11.</p> <p>In accordance with Government Auditing Standards, we have also issued our report dated XX/XX/XX on our consideration of (<i>PERA or ERB</i>)’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering (<i>PERA or ERB</i>)’s internal control over financial reporting and compliance.</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Pg. Ref. _____</p>
<p>(11) Is there a paragraph with the subheading “Restrictions on Use” after the other matters paragraph that has wording similar to the following?</p> <p>“Our report is intended solely for the information and use of (<i>PERA, ERB</i>) management, members of the Retirement Board of Public Employees Retirement Association of New Mexico, the New Mexico State Legislature, (<i>PERA, / ERB</i>) employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.</p> <p>AU-C-9805.02 found in AU-C 800 Section</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Pg. Ref. _____</p>
<p>(12) Does the report include the manual or printed signature of the auditor’s firm? AU-C 700.41</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Pg. Ref. _____</p>
<p>(13) Does the report include the name of the city and state where the auditor practices? (If the information appears in the letterhead, that is sufficient) AU-C 700.42</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Pg. Ref. _____</p>
<p>(14) Does the auditor’s report include the date of the auditor’s report? AU-C 700.43</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Pg. Ref. _____</p>
<p>B. Schedules and Contents - (See the report example at AU-C 9805)</p>	<p>See below</p>
<p>(1) Is there a schedule titled “Schedule of Employer Allocations”?</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref: _____</p>
<p>(a) Does the “Schedule of Employer Allocations” have three columns: (1) that shows each employer; (2) each employer’s actual employer contributions; and (3) each employer’s allocation percentage based on the contributions shown?</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref: _____</p>

(b) In the column labeled "Actual Employer Contributions" do all the contribution amounts total to the amount shown at the bottom of the column?	YES _____ NO _____ N/A _____ Comments: Page Ref: _____
(c) In the column labeled "Employer Allocation Percentage" do all the percentages add up to 100%?	YES _____ NO _____ N/A _____ Comments: Page Ref: _____
(2) Is there a schedule titled "Schedule of Pension Amounts by Employer"?	YES _____ NO _____ N/A _____ Comments: Pg. Ref. _____
(a) Does the first column on the left show each participant employer?	YES _____ NO _____ N/A _____ Comments: Pg. Ref. _____
(b) Is the second column from the left "Net Pension Liability" by employer? And does the total amount of this column equal the total net pension liability for the entire plan?	YES _____ NO _____ N/A _____ Comments: Pg. Ref. _____
(c) Do the next five columns show various "Deferred Outflows of Resources"?	See below
(i) "Differences Between Expected and Actual Experience" by employer?	YES _____ NO _____ N/A _____ Comments: Pg. Ref. _____
(ii) "Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments" by employer?	YES _____ NO _____ N/A _____ Comments: Pg. Ref. _____
(iii) "Changes of Assumptions" by employer?	YES _____ NO _____ N/A _____ Comments: Pg. Ref. _____
(iv) "Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions" by employer?	YES _____ NO _____ N/A _____ Comments: Pg. Ref. _____
(v) "Total Deferred Outflows of Resources" by employer?	YES _____ NO _____ N/A _____ Comments: Pg. Ref. _____
(d) Do the next four columns show "Deferred Inflows of Resources" as listed below?	See below
(i) "Differences Between Expected and Actual Experience" by employer?	YES _____ NO _____ N/A _____ Comments: Pg. Ref. _____
(ii) "Changes of Assumptions" by employer?	YES _____ NO _____ N/A _____ Comments: Pg. Ref. _____
(iii) "Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions" by employer?	YES _____ NO _____ N/A _____ Comments: Pg. Ref. _____
(iv) "Total Deferred Inflows of Resources" by employer?	YES _____ NO _____ N/A _____ Comments: Pg. Ref. _____
(e) Does the "Schedule of Pension Amounts by Employer" include a section labeled "Pension Expense" consisting of the following three columns?"	See below
(i) "Proportionate Share of Plan Pension Expense" by employer?	YES _____ NO _____ N/A _____ Comments: Page Ref: _____

(ii) "Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions" by employer?	YES _____ NO _____ N/A _____ Comments: Page Ref: _____
(iii) "Total Pension Expense" by employer?	YES _____ NO _____ N/A _____ Comments: Page Ref: _____
(f) Does each column described in (b) through (e) above show a total amount at the bottom of each column for all the employers?	YES _____ NO _____ N/A _____ Comments: Page Ref: _____
(g) Do the amounts shown in the columns add down and across? (test a few columns and rows)	YES _____ NO _____ N/A _____ Comments: Page Ref: _____
(3) Test the amortization amounts to be sure that they total to the sum of the current year additions to the deferred outflow and deferred inflow of resources that will be amortized in the future.	YES _____ NO _____ N/A _____ Comments: Page Ref: _____
(4) Is there a schedule presenting the following pursuant to GASBS 68.80(i)?	See below
(a) For each subsequent five years, and in the aggregate thereafter, the net amount of the employer's balances of deferred outflows of resources and deferred inflows of resources in GASBS 68.80 subparagraph (h) that will be recognized in the employer's pension liability?	YES _____ NO _____ N/A _____ Comments: Page Ref: _____
C. Additional Required Information for Participant Employers	See below
(1) For each participating employer, is the employer's proportionate share disclosed of the collective net pension liability calculated using (a) a discount rate that is 1 –percentage-point higher; and (b) a discount rate that is 1-percentage-point lower? (GASBS 68.78(g))	YES _____ NO _____ N/A _____ Comments: Page Ref: _____
(2) If applicable, was the employer's proportion (percentage) of the collective net pension liability, the basis on which its proportion was determined, and the change in its proportion since the prior measurement date disclosed. (GASBS 68.80(b))	YES _____ NO _____ N/A _____ Comments: Page Ref: _____
D. Note Disclosures (GASBS 68 Illustration 3 and the items listed below)	YES _____ NO _____ N/A _____
(1) Do the note disclosures detail each component of allocable pension expense at the fund level, excluding employer-specific pension expense for changes in proportion plan? GASBS 68.49	Comments:
(2) Do the note disclosures include a detailed collective fund-level deferred outflows of resources and deferred inflows of resources by fund? GASBS 68.49	Page Ref: _____
E. Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Schedules Performed in Accordance with Government Auditing Standards	
These reports should follow the examples available from the latest version of the AAG GAS Chapter 4 Appendix.	
(1) Example report wording is provided below for instances with "no material weaknesses identified; no significant deficiencies, no reportable instances of noncompliance or other matters identified" (AAG GAS Chapter 4 and Example 4-3). Refer to the other examples provided in the AAG GAS Chapter 4 and appendices as needed based on the types of findings.	YES _____ NO _____ N/A _____ Comments: Page Ref: _____

Independent Auditor's Report

YES _____ NO _____ N/A _____

[Appropriate Addressee]

Comments:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the schedule of employer allocations and the specified column totals in the schedule of pension amounts by employer of (*PERA or ERB*) as of and for the year ended June 30, 20XX, and the related notes and have issued our report thereon dated month day, 20XX.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the schedules of employer allocations and the specified column totals in the schedule of pension amounts by employer, we considered (*PERA or ERB*)'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the schedule of employer allocations and the specified column totals in the schedule of pension amounts by employer, but not for the purpose of expressing an opinion on the effectiveness of (*PERA or ERB*)'s internal control. Accordingly, we do not express an opinion on the effectiveness of (*PERA or ERB*)'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's schedule of employer allocations and the specified column totals in the schedule of pension amounts by employer will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether (*PERA or ERB*)'s the schedule of employer allocations and the specified column totals in the schedule of pension amounts by employer are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the schedule of employer allocations and the specified column totals in the schedule of pension amounts by employer amounts. However, providing an opinion on compliance with those provisions was not an objective of our

<p>audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.</p> <p>Purpose of this Report The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.</p> <p>[Auditor’s signature] [Auditor’s city and state] [Date of the auditor’s report]</p>	<p>Page Ref: _____</p>
<p>F. Exit Conference</p>	<p>See below</p>
<p>(1) Are the date of the exit conference and the names and titles of those in attendance at the exit conference listed on the last page of the audit report? (Section 2.2.2.10(M)(1) NMAC)</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments: Page Ref: _____</p>
<p>(2) If a quorum of a public body subject to the Open Meetings Act was present at the exit conference, was the exit conference held in a closed meeting to preserve the confidentiality of the information? If so, the disclosure should state that it was held in a closed session. If not, is there a related finding for noncompliance with the Open Meetings Act? (Section 2.2.2.10(M)(1-3) NMAC)</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments: Page Ref: _____</p>

Note: When this review guide is used by PERA or ERB’s audit firm, it should be completed and signed by the audit manager or the audit firm employee in charge of the firm’s quality control system and the concurring reviewer by the outside IPA firm.

I hereby certify that the employer allocations of PERA or ERB’s Pension Plan and related notes were presented in accordance with applicable auditing, accounting and financial reporting standards, and 2.2.2 NMAC. I also certify that all of the questions noted above were answered correctly, page numbers were properly referenced for all “yes” answers, and all answers were fully explained or corrected.

IPA:

Print Name

Title

Signature

Date