

**NEW MEXICO OFFICE OF THE STATE AUDITOR
 OSA VERSION - REPORT REVIEW GUIDE FOR REVIEWING AU-C 805
 REPORTS ON PARTICIPANT EMPLOYER ALLOCATION SCHEDULES
 OTHER POST EMPLOYMENT BENEFITS (OPEB)**

This review guide should be used for reviewing the AU-C 805 reports on the Participant Employer Allocation Schedules produced by Retiree Health Care Authority (RHCA) pursuant to 2.2.2.10(AA) NMAC (2023 Audit Rule)

AGENCY NAME New Mexico Retiree Health Care Authority AU-C 805 Audit Report		AGENCY NUMBER/FISCAL YEAR	
NAME OF AUDITING FIRM		NAME OF AUDIT MANAGER	
NAME OF CONCURRING REVIEW AUDITING FIRM		NAME OF CONCURRING REVIEW 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? If not, the compliance finding is reported on p. _____.		Yes <input type="checkbox"/> No <input type="checkbox"/>	

Objective:

The objectives of this review guide are to ensure that the audit report follows: (1) the requirements of 2.2.2.10(AA) NMAC; (2) AUC-C 805 Illustration #3, An Auditor’s Report of a Specific Element, Account or Item of a Financial Statement Prepared in Accordance with a General Purpose Framework; and (3) provides the participant governments with the information necessary to prepare the disclosure required by GASBS 75 Appendix C, Illustration #2, Note Disclosures and Required Supplementary Information for a Cost-Sharing Employer (No Nonemployer Contributing Entities).

Instructions:

The agency and/or IPA should review the AU-C report by answering the questions below with a “yes” or “no” answer. Any “no” answers require further explanation from the New Mexico Retiree Health Care Authority or their respective AU-C 805 auditors. Pursuant to 2.2.2.9(A)(3) NMAC, the completed review guide should be submitted to the Office of the State Auditor along with the report.

Authoritative References:

- AU-C *U.S. Auditing Standards – AICPA (Clarified)*
- GASBS *Governmental Accounting Standards Board Statement*
- NMAC *New Mexico Administrative Code*
- 2.2.2 NMAC *Requirements for Contracting and Conducting Audits of Agencies (Audit Rule 2023)*
- AAG-GAS *AICPA Audit and Accounting Guide: Government Auditing Standards and Single Audits (4/1/2022)*

Documents Required by the Office of the State Auditor	
Did the auditor submit an electronic copy of the AU-C 805 audit report along with a copy of the management representation letter pursuant to AU-C 805.A16 and 2.2.2.(9)(A)(3) NMAC?	YES _____ NO _____ Comments: _____ Page Ref: _____
Did the IPA complete a copy of this review guide and submit it to the OSA with the audit report pursuant to 2.2.2.(9)(A)(3) NMAC?	YES _____ NO _____ Comments: _____ Page Ref: _____

1 Requirements for the AU-C 805 Audit Report from Retiree Health Care Authority pursuant to 2.2.2.10(AA) NMAC	
A. Elements of the Independent Auditor’s Report (AU-C 805 Illustration 3 and AU-C 9805)	See below
(1) Does the title include the word <i>independent</i> ? AU-C 700.22	YES _____ NO _____ N/A _____ Comments: _____ Pg. Ref. _____
(2) Is the report addressed to the State Auditor, the entity and the governing body (if applicable)?	YES _____ NO _____ N/A _____ Comments: _____ Pg. Ref. _____
(3) Does the introductory paragraph titled “ Opinion ” state: “We have audited the schedule of employer allocations of the Retiree Healthcare Authority Postemployment Benefits (OPEB) Plan(s) as of and for the year ended June 30, 20XX, and the related notes. We have also audited the total for all entities of the columns titled net OPEB liability, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense (specified column totals) included in the accompanying schedule of OPEB amounts by employer (specified column totals) as of and for the year ended June 30, 20XX, and the related notes. In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the employer allocations and net OPEB liability, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense for the total of all participating entities for OPEB Plan as of and for the year ended June 30, 20XX, in accordance with accounting principles generally accepted in the United States of America.	YES _____ NO _____ N/A _____ Comments: _____ Pg. Ref. _____

<p>(4) Does a section with the heading “Basis for Opinions” follow the introductory paragraph, and include the following wording?</p> <p>“We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of OPEB and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.”</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Pg. Ref. _____</p>
<p>(5) Does a section with the heading “Responsibilities of Management for the Schedules” follow the previous paragraph and include the following paragraphs and wording?</p> <p>“Management is responsible for the preparation and fair presentation of these schedules and specified column totals in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.”</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Pg. Ref. _____</p>
<p>(6) Does a section with the heading “Auditor's Responsibilities for the Audit of the Schedules” follow the previous paragraph and include the following paragraphs and wording?</p> <p>“Our objectives are to obtain reasonable assurance about whether the schedules are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedules.</p> <p>In performing an audit in accordance with GAAS, we:</p> <ul style="list-style-type: none"> • Exercise professional judgment and maintain professional skepticism throughout the audit. • Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedules. • Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of <i>OPEB</i> Plan's internal control. Accordingly, no such opinion is expressed. • Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedules. 	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p>

<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>OBEP</i> 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>	<p>Pg. Ref. _____</p>
<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 Retiree Health Care Authority OPEB 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>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Pg. Ref. _____</p>
<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 OPEB 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 OPEB 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 OPEB 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 OPEB 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 OPEB amounts by employer or to the schedule of employer allocations and the specified column totals in the schedule of OPEB 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 OPEB 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 OPEB 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 OPEB amounts by employer as a whole?</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p>

<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 OPEB 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. [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 GAS 4.52, AAG Example 4-1.</p> <p>In accordance with Government Auditing Standards, we have also issued our report dated XX/XX/XX on our consideration of <i>OPEB</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 solely 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 the effectiveness of 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 OPEB’s internal control over financial reporting and compliance.</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page 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 RHCA and those charged with governance, New Mexico State Auditor, the State of New Mexico Legislature, participating employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties” pursuant to AU-C 805, Illustration #3.</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 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</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>
<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?</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref: _____</p>

(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 OPEB 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 OPEB Liability" by employer? And does the total amount of this column equal the total net OPEB liability for the entire plan? (GASBS 75.96)	YES____ NO____ N/A____ Comments: Pg. Ref. _____
(c) Do the next five columns show "Deferred Outflows of Resources" as listed below?	See below
(i) "Differences Between Expected and Actual Experience" by employer? GASBS 75.96(h)(1)	YES____ NO____ N/A____ Comments: Pg. Ref. _____
(ii) "Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments" by employer?	YES____ NO____ N/A____ Comments: Pg. Ref. _____
(iii) "Changes of Assumptions" by employer? GASBS 75.96(h)(2)	YES____ NO____ N/A____ Comments: Pg. Ref. _____
(iv) "Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions" by employer? GASBS 75.96(h)(4)	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? GASBS 75.96(h)(2)	YES____ NO____ N/A____ Comments: Pg. Ref. _____
(iii) "Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions" by employer? GASBS 75.96(h)(4)	YES____ NO____ N/A____ Comments: Pg. Ref. _____
(iv) Is the next column "Total Deferred Inflows of Resources" by employer?	YES____ NO____ N/A____ Comments: Pg. Ref. _____
(e) Does the "Schedule of OPEB Amounts by Employer" include a section labeled "OPEB Expense" consisting of the following three columns?	See below
(i) "Proportionate Share of Plan OPEB Expense" by employer? (GASBS 75.63)	YES____ NO____ N/A____ Comments: Page Ref: _____
(ii) "Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions" by employer? (GASBS 75.64)	YES____ NO____ N/A____ Comments: Page Ref: _____

(iii) "Total OPEB Expense" by employer? (GASBS 75.96(g))	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 75.96(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 75.96 subparagraph (h) that will be recognized in the employer's OPEB 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 OPEB 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 75.94(g))	YES ____ NO ____ N/A ____ Comments: Page Ref: _____
(2) Regarding an employer's portion of the collective net OPEB liability, is the basis on which the proportion was determined disclosed, and any change in an employer's proportion since the prior measurement date (if applicable)? (GASBS 75.96(b))	YES ____ NO ____ N/A ____ Comments: Page Ref: _____
D. Note Disclosures (GASBS 75 Illustration 2 and the items included below)	YES ____ NO ____ N/A ____
(1) Do the note disclosures detail each component of allocable OPEB expense at the fund level, excluding employer-specific OPEB expense for changes in proportion plan? GASBS 75.60	Comments:
(2) Do the note disclosures include a detailed collective fund-level deferred outflows of resources and deferred inflows of resources by fund? GASBS 75.60	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 <i>Government Auditing Standards</i> 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 appendix as needed based on the types of findings.	YES ____ NO ____ N/A ____ Comments: Page Ref: _____

Independent Auditor's Report

YES _____ NO _____ N/A _____

Comments:

[Appropriate Addressee]

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 OPEB amounts by employer of RHCA 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 OPEB amounts by employer, we considered RHCA'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 OPEB amounts by employer, but not for the purpose of expressing an opinion on the effectiveness of the RHCA's internal control. Accordingly, we do not express an opinion on the effectiveness of the RHCA'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 OPEB 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 RHCA's schedule of employer allocations and the specified column totals in the schedule of OPEB 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 OPEB amounts by employer amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of

<p>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) Is 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 RHCA’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 RHCA’s OPEB 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