



State of the OSA

State Auditor, Brian S. Colón, Esq.


Office of the State Auditor

Accountability, Transparency and Excellence!

- ▶ Annual audit accountability and finding reduction
- ▶ Accessible and responsive to agencies and IPAs
- ▶ Support for At Risk entities and Small Political Subdivisions
- ▶ Robust investigative efforts and case load reduction
- ▶ Provide useful and accessible information to the public and policy makers (GAO)

Office of the State Auditor Divisions

- ▶ Financial: Financial Compliance Audits, Agreed-Upon Procedures (AUP).
- ▶ Special Investigations: Special Audits, Performance Audits and Forensic Audits.
- ▶ Government Accountability Office: Transparency and Accountability, Research and Reporting.
- ▶ Regulation and Compliance: Tier System Reporting, Firm Profile Management and Contracting.
- ▶ Administrative: Information Technology, Budget & Finance and Human Resources.

A photograph of a paved road with double yellow lines curving through a desert landscape. The road is flanked by sand dunes and sparse, low-lying vegetation. The sky is a clear, bright blue. The quote is overlaid on the image in three stacked red boxes.

Remember to celebrate
milestones as you prepare
for the road ahead.

Nelson Mandela

Celebrating Milestones In Excellence

▶ 30 Days

- ▶ Deputy State Auditor Announced
- ▶ First Budget Hearing
- ▶ Audit Rule Hearing

▶ 60 Days

- ▶ Full Leadership Team
- ▶ Audit Rule Changes Draft Published
- ▶ 361 Audits Reviewed and Released

Celebrating Milestones In Excellence

▶ 90 Days

- ▶ First Audit Rule Roadshow
- ▶ Active Recruitment - Join Team OSA!

▶ 120 Days and Beyond

- ▶ New reporting built into FY18 and beyond reports
- ▶ What's next? 33-County Tour

A wooden arrow-shaped sign pointing to the right is mounted on a weathered tree stump. The sign has the words "NEW MEXICO" written in bold, black, sans-serif capital letters. The background is a vast, arid desert landscape with rolling sand dunes and sparse vegetation under a clear blue sky.

NEW MEXICO

Hit the Road with OSA: 33-County Tour

- ▶ Community Outreach and Constituent Services
- ▶ Educational Opportunities and Trainings
- ▶ Audit Rule Lite & Focused Trainings



**Some cause happiness
wherever they go; others
whenever they go.**

Oscar Wilde

Annual Audit Rule

Annual Process:

- Revisions to the Audit Rule
- Timing
 - 30 day vs 60 day session
 - Final legislation impact
 - Budget
 - Rule/Audit Act
- Hearing
- Review Process
- Finalization

Report Review Process

- ▶ **Review:** OSA reviews all reports for adherence to professional standards and compliance with the state audit rule prior to their release.
- ▶ **Requirement:** 12-6-14 (B) NMSA 1978 states “...The state auditor or personnel of the state auditor’s office designated by the state auditor shall examine all reports of audits of agencies made pursuant to contract...”
- ▶ **Assignment:** Once OSA receives a draft report, the report is assigned to a first reviewer. OSA’s goal is to turn around the report to the agency and IPA in the most efficient way possible.

Report Review Process (continued)

Report Review Specifics:

- ▶ First, second and final reviews occur.
- ▶ Professional guidelines established to ensure all key report areas are considered;
- ▶ Ensure findings are adequate to the user;
- ▶ Collaboration regarding difficult technical issues and uncommon audit rule interpretations;
- ▶ Calls to IPA's and agencies for further clarification when necessary;
- ▶ Sending out an "OK to Print Notification" for the IPA and the agency.

Agencies know best what belongs in their report - allocate adequate time to review before submission.

Common Topics: Comments in the “OK to Print” Notification

In review of approximately 700 reports annually, common items in the “OK to Print” are:

- ▶ Pledged Collateral - Updating the description in accordance with Public Money Act 6-10 NMSA 1978
- ▶ GASB 77 - “If an agency does not need to make a GASB 77 disclosure that fact shall be disclosed in a note to the financial statements” 2.2.2.10 (BB) (3) NMAC
- ▶ Approval for blended component unit - per 2.2.2.10 (A) (1) - Need to include approval copy with draft.

Common topics: Comments in the OK to Print Notification for FINDINGS

Here are the most common topics related to findings:

- ▶ Repeated Findings: Please update the condition per 2.2.2.10.(L)(1)(d)(i) NMAC
- ▶ Management Response to findings: *MUST* contain a responsible position and a timeline for corrective action per 2.2.2.10 (L)(1)(d)(vi) NMAC
- ▶ Invalid Criteria: Please review the criteria to ensure it actually applies to the audited entity.

Classification of Findings: Please use the classifications listed at 2.2.2.10 (L) (1)NMAC. This information will now be on our website.

Other Reminders

- ▶ MAP's, PSAB's & other Official Policies and Procedures (such as DFA-LGD official memos);
- ▶ Please document your presentation to governing authority in the workpapers;
- ▶ JPA's - review for applicable audit responsibility;
- ▶ No need to submit engagement letter to our office.
- ▶ Please do not bind the IPA review guide

Final Report Tips

Key Reminders for final reports:

- ▶ The final report is not considered “received” until our office has received the report AND all the required electronic schedules
- ▶ Please ensure the final report is in a searchable PDF format
 - ▶ More usable report for readers
- ▶ Ensure that any changes in the final report other than changes addressing comments on the OK to Print are disclosed to OSA
 - ▶ In writing and with page number reference
 - ▶ Ensures changes were intentional
 - ▶ Facilitates more efficient final review

Report Due Dates

Section 2.2.2.9 NMAC:

- ▶ REC's, CES's and Independent Housing Authorities - September 30th;
- ▶ Hospitals and Hospital Special Districts - October 15th
- ▶ Higher Education, District Courts and District Attorneys, most State Agencies, NMFA and the Lottery Authority - November 1
- ▶ Counties - December 1
- ▶ Municipalities and other local public bodies - December 15th

Component unit note: If the component unit report is prepared by a different auditor the due date is 15 days prior to the primary government's report due date.



What is the GAO?

“The Government Accountability Office (GAO) is a division of the Office of the State Auditor, focused on bringing transparency and accountability to the agencies that receive and spend public money. The GAO aims to make the important information buried in the 900+ audits and financial reports that New Mexico state and local agencies produce each year accessible and understandable to the public.”



Accountability and Transparency

**Greater Oversight and
Accountability**

**Deeper Dive into Audit
Findings**

- Trends
- Critical Issues

Improved quality assurance!



Data, Data, Data

The GAO as a data gathering tool

- Through information gathering by FAD and SID
- Aggregate and Report

Leverage information gathered to provide improved:

- data accessibility;
- data quality; and
- more efficient sharing opportunities



Reviews, Bulletins, Reports, and Advisories

Risk Reviews

- Communicate concerning issues to those charged with governance of state and local governmental agencies and other decision-makers

Bulletins

- Technical in nature, and discuss new accounting or auditing standards or regulations

Reports (GAO and Transparency)

- Aggregate and analyze trends revealed by audit
- Discuss specific issues of interest that relate to how our public dollars are managed and spent.

Risk Advisories

- Notice of concerns that the OSA has discovered regarding transparency, accountability or compliance



Engagement and Research

Research arm of the OSA

- Conduct studies
- Engage with knowledge partners
- Publically available
- Support policy leaders

Submitting a Report or Complaint

ALLEGATIONS OF GOVERNMENTAL FRAUD, WASTE, AND ABUSE



Reports may be made anonymously through the OSA Hotline by visiting our website and submitting a complaint through our online portal or by calling: **1-866-OSA-FRAUD (1-866-672-3728)**.

You may also speak to an investigator by calling: **505-476-3800**

You may write to the office at:

New Mexico Office of the State Auditor
2540 Camino Edward Ortiz, Suite A
Santa Fe, NM 87505

www.saonm.org

**OFFICE OF THE
STATE AUDITOR**



**ACCOUNTABILITY,
TRANSPARENCY AND
EXCELLENCE**

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The image features a background of a complex network of black lines and nodes on a light gray background. A large, semi-transparent blue rectangle is centered over the image, containing the text 'THANK YOU' in white, bold, uppercase letters. The blue rectangle is flanked by dark blue vertical bars at the top and bottom. The overall design is modern and professional, suggesting a theme of technology, communication, or business.

THANK YOU