

STATE OF THE OSA YEAR FOUR

Accountability | Transparency | Excellence



Brian S. Colón, Esq., CFE
State Auditor

ACCOUNTABILITY, TRANSPARENCY, & EXCELLENCE

YEAR ONE: 2019



Special Audit Designation Leads to Major Updates to Control, Policies, Procedures at a State Agency.

The OSA, through the designation of a Special Audit, identified several weaknesses and opaque processes That allowed millions in taxpayer dollars to be paid out for what was a possible abuse of power.

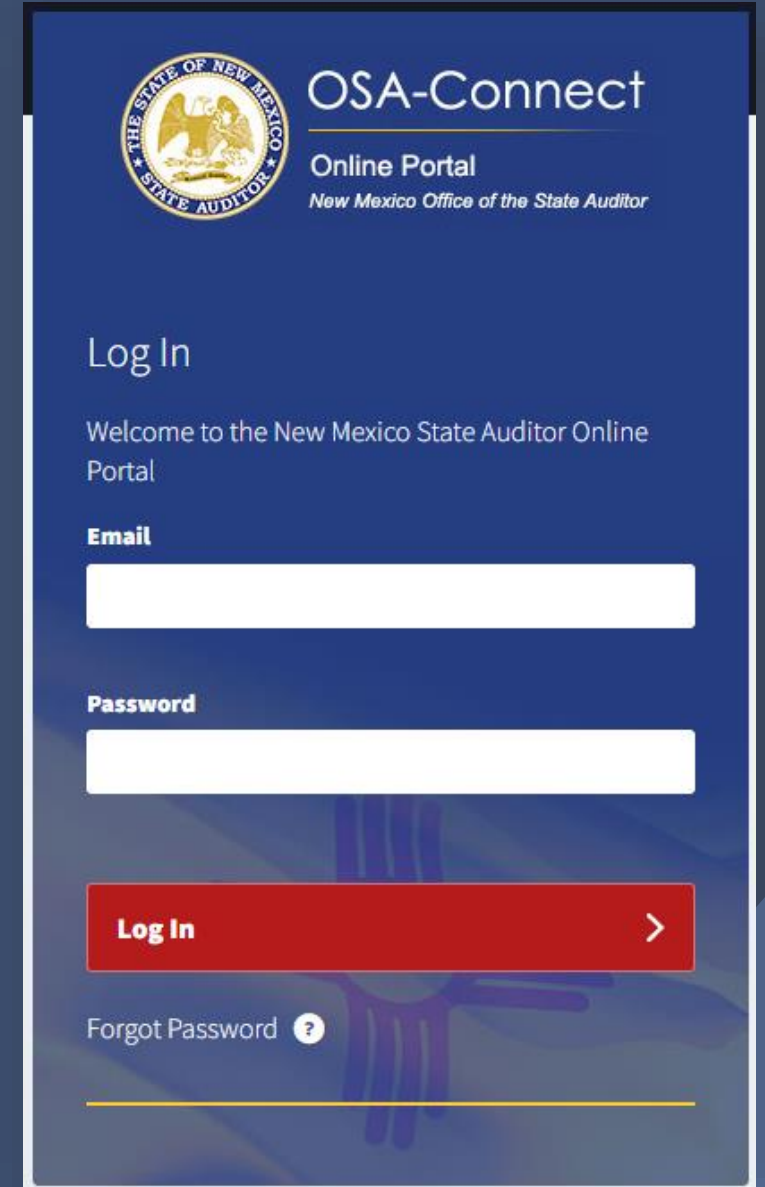


Based on the results the state agency immediately corrected the process and strengthened internal controls.


Reliable Leadership

Reduce the Audit Report Review
Backlog

Technology Updates – OSA-
Connect Improvements



The image shows the login interface for the OSA-Connect Online Portal. At the top left is the official seal of the State Auditor of New Mexico. To its right, the text 'OSA-Connect' is displayed in a large, white, sans-serif font, followed by 'Online Portal' and 'New Mexico Office of the State Auditor' in smaller white text. Below this header, the words 'Log In' are centered. A welcome message, 'Welcome to the New Mexico State Auditor Online Portal', is displayed in a light blue font. The login form consists of two white input fields: the first is labeled 'Email' and the second is labeled 'Password'. Below these fields is a prominent red button with the text 'Log In' in white and a white right-pointing chevron icon. At the bottom of the login area, there is a link that says 'Forgot Password' followed by a small white question mark icon. The entire interface is set against a dark blue background with a faint, stylized graphic of hands reaching upwards.

 OSA-Connect
Online Portal
New Mexico Office of the State Auditor

Log In

Welcome to the New Mexico State Auditor Online Portal

Email

Password

Log In >

Forgot Password ?

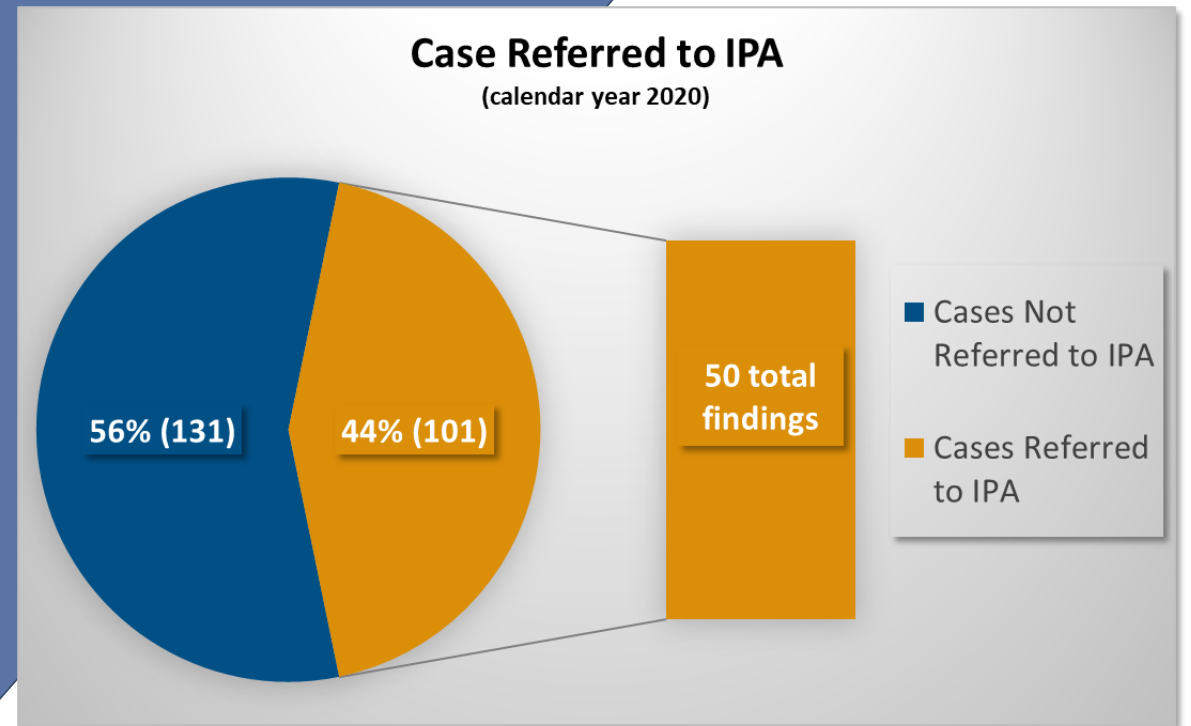


FLAGPOLE DEDICATION

YEAR TWO: 2020



Direct efforts, such as trainings and public outreach events dedicated to educating and encouraging New Mexicans to report concerns related to fraud, waste, and abuse led to an increase in complaints to the OSA.



Senate Bill 64
followed from that
first Special Audit.

1	SENATE BILL 64
2	54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020
3	INTRODUCED BY
4	Sander Rue and Linda M. Trujillo and Christine Chandler and
5	Joseph Cervantes
6	
7	

It was a bipartisan effort to address confidentiality
and strengthen transparency in state government
settlement spending.

Service During Covid-19

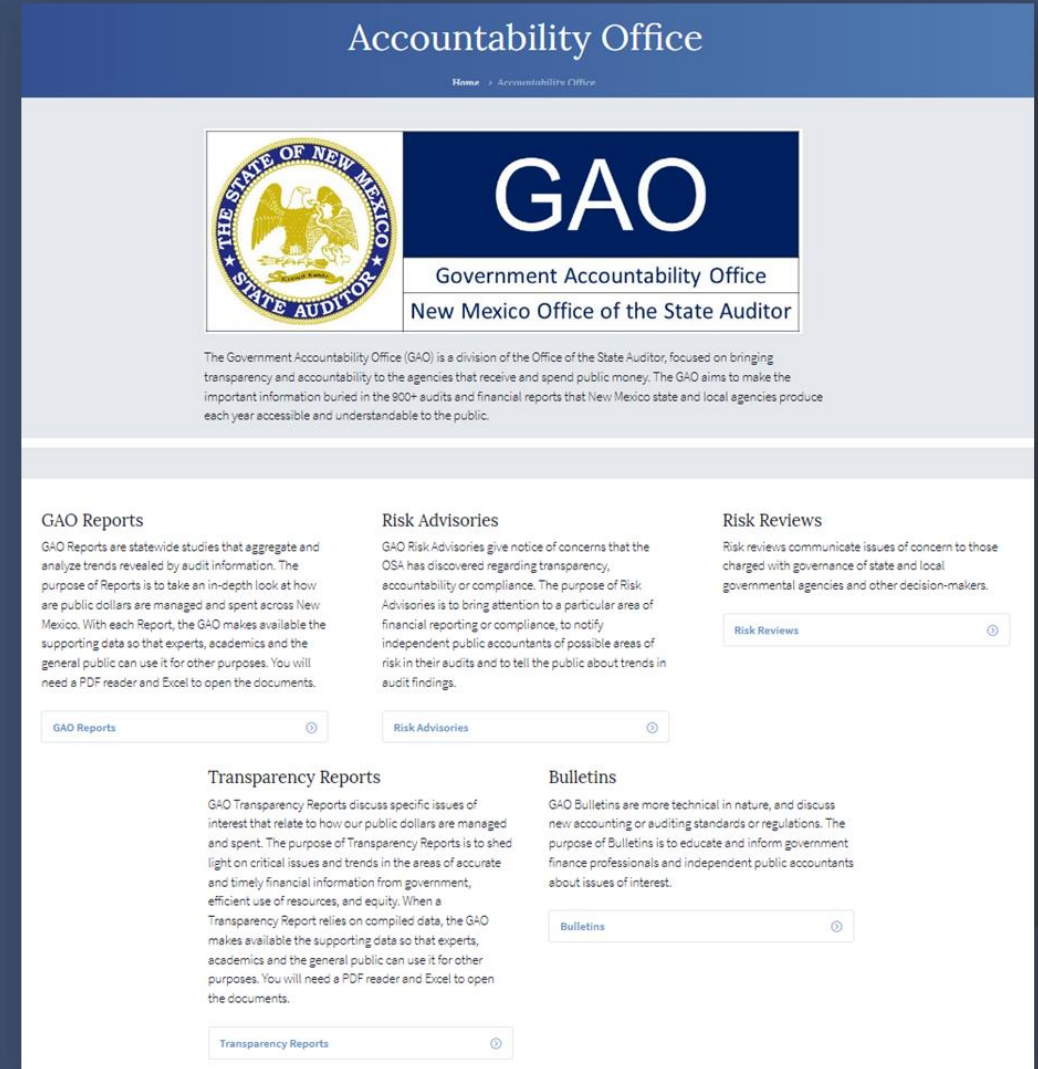
Digital Accessibility The OSA has a strong commitment to accessibility for all and we've taken steps to ensure uninterrupted public service and compliance with the Audit Rule.

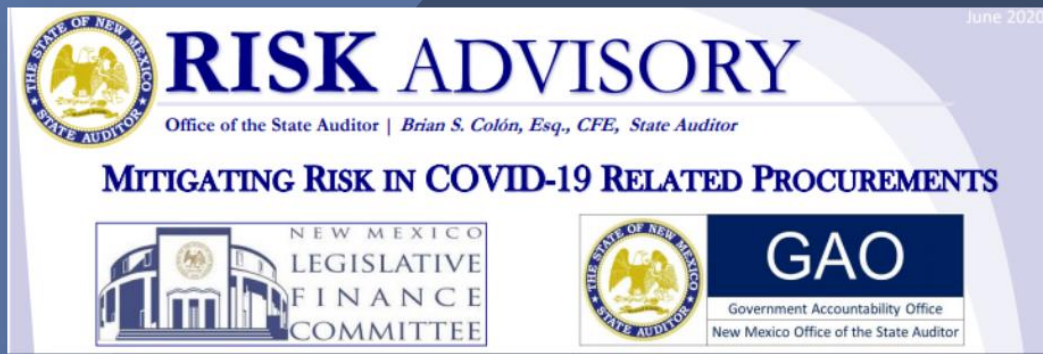
Robust Services & Support The adaptability and good work of our stakeholders during these difficult times fostered opportunities to improve processes and enhance efficiency in ways that support our underlying, collective, and respective missions.

YEAR THREE: 2021



Partnerships with other oversight agencies allow for unique opportunities to pinpoint major issues of concern and provide guidance on risk mitigation caused by the extreme economic destabilization due to the Covid-19





When agencies collaborate, we are saying there is a need to call for increased awareness on this matter and together we can provide actionable steps that can be taken for better and more proactive protection.

YEAR FOUR: 2022



The newly established conservatorship report review & audit division within the OSA has developed a robust system for reviewing reports.

As of July 1, 2022, New Mexico's Probate Code provides that the OSA shall review every annual conservator's report filed with the Court.



Paragraph (H) of NMSA 1978, Section 45-5-409 provides the court shall forward all conservators' annual reports to the Office of the State Auditor for review within five business days of receipt of the report.

To date the Office of the State Auditor has reviewed nearly 1,200 conservators' annual reports since the law went into effect July 1, 2021.

Ultimately, it's clear more resources are needed to better fulfill this role. The OSA will continue to advocate for increased funding in this area to serve those New Mexicans in need of protection and who will benefit from these services.

THANK YOU!

Accountability | Transparency | Excellence



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Audit Rule Updates 2022



LIZA KERR, CPA, CIA CISA
DIRECTOR OF COMPLIANCE AND QUALITY CONTROL

2022 Changes!

Annual Audit Rule Revisions

➤ Purpose

➤ Update rule for changes

- Accounting, statute, and other changes

➤ Consider public/stakeholder input

➤ Process – revision and period for input

- Public comment period for input began on January 25th and was open to February 28th

- **Public hearing** took place in a virtual environment via Teams on February 28, 2022

➤ Final rule changes submitted

- Final rule - effective March 22, 2022

➤ Outcome

- **Final changes to be discussed today**

Modifications to Fraud, Waste, and Abuse Definitions

Subsections Modified: 2.2.2.7 (A)(3), (F)(1), and (W)(1) NMAC

Subsections Deleted: 2.2.2.15 (A)(1) and (2) NMAC

What Changed:

- Moved definitions of Fraud, Waste, and Abuse from 2.2.2.15 NMAC to the definitions section at 2.2.2.7 NMAC, and
- Modified definitions of Fraud, Waste, and Abuse.

Why This is Important:

This section is now more closely aligned with the Generally Accepted Government Auditing Standards.

Modifications to the Procurement and Audit Process (Firm Mobility)

Subsections Modified: 2.2.2.8 (C) (2) and 2.2.2.14(B)(6) NMAC

What Changed:

- Subsection 2.2.2.8 (C) (2) NMAC was updated to include ‘if applicable’ regarding firm permits
- Subsection 2.2.2.14(B)(6) NMAC was deleted

Why is this Important: These subsections are now more closely aligned with 61-28B-13 (c) NMSA 1978 which allows out of state firms to practice without a New Mexico permit if they meet the requirements of the statute.

Modifications to the Procurement and Audit Process, continued

Subsection: 2.2.2.8 (F)(7) NMAC

What Changed: This subsection was updated for clarity.

Key Reminders:

- The agency is responsible for getting the signed contract to *any* oversight agencies, if applicable, and it is the IPA's responsibility to maintain independence.

Modifications to the Procurement and Audit Process, continued

Contract and Report Submission Requirements

Subsection: 2.2.2.8 (F)(7) NMAC, 2.2.2.8 (H), 2.2.2.8 (N)(1) NMAC

What Changed: These subsections were updated to clarify that all contracts and contract amendments must be uploaded into OSA-Connect.

Why This is Important:

- This will assist the OSA in being efficient and effective in processing the contracts and amendments.

Modifications to the Procurement and Audit Process, continued

Unsigned Contracts Due Dates

Subsection 2.2.2.8 (F)(8)(d) NMAC

What Changed: The due date for unsigned contract submission for the councils of governments, district courts, district attorneys, and state agencies changed from July 1, to June 1.

Key Reminder:

- Agencies are encouraged to submit the unsigned audit contract prior to the due date listed.

Modifications to the Procurement and Audit Process, continued

Subsection: 2.2.2.8 (F)(8)(c) and (d) NMAC

What Changed: OSA added clarity

- ▶ 2.2.2.8(F)(c) was modified to add “with a June 30 fiscal year end”.
- ▶ 2.2.2.8(F)(g) this section was modified to include local public bodies that do not qualify for the tiered system.

Modifications to the Procurement and Audit Process, continued

Contract Amendments

Subsection Modified: 2.2.2.8 (N)(3) NMAC

What Changed: removed the requirement for the IPA to submit the request for a contract amendment with the signed contract amendment.

Why this is Matters:

All contract amendments are now required to be submitted through OSA –Connect so a separate submission is no longer necessary.

Modifications to the Procurement and Audit Process, continued

Audit Contract, “Other” Section

Subsection Modified: 2.2.2.8 (H)(4) NMAC

What Changed:

The “other” section of the audit contract shall be related to the scope of work not included in other sections of the contract.

Key Reminder:

- Such costs shall be fully detailed and sufficiently describe the required audit related work in the “other provisions” section of the contract.

Modifications to the Procurement and Audit Process, continued

Report Due Dates

Subsections Modified: 2.2.2.9 (A)(1)(d) NMAC

What Changed: This subsection was revised to add the State Land Office and the New Mexico Corrections Department to the list of entities with a due date of November 15.

Why This is Important: To provide more time to the larger, more complex state agencies.

Modifications to Procurement and Audit Process

Report Due Dates, continued

Subsection Modified: 2.2.2.9 (A)(1)(m) NMAC

What Changed: This subsection was added to accommodate agencies that require a report to be released by a specific date (board meeting, federal reporting, etc.).

If an agency requires its report to be released by a specific date the report is due the earlier of its due date or one month prior to the requested release date.

Why This is Important: This modification allows agencies flexibility if it is needed.

Modification to General Criteria

Subsection Modified: 2.2.2.10 (H)(1) NMAC

What Changed:

This subsection was revised regarding required responses to referrals from IPAs to add a requirement to send such responses separately from any draft report and addressed to the attention of the OSA Special Investigations Division by e-mail to SIDreferrals@osa.state.nm.us.

Why this is important:

Emailing the required responses directly to the special investigations divisions will increase the efficiency and effectiveness of the OSA.

Modifications to General Criteria, Continued

Subsection Modified: 2.2.2.10 (K)(4) NMAC

What Changed: This subsection was removed as it referred to the catalog of federal domestic assistance (CFDA).

Key Reminders:

- CFDA numbers are now referred to as assistance listing numbers.

Modifications to General Criteria, Continued

Subsection Modified: 2.2.2.10 (L)(2)(a) NMAC

What Changed: This paragraph was updated to refer the IPA to the most recent revision of GAGAS versus a particular cite and to include the statement “IPAs shall consider including findings from special audits in annual audit reports.”

Why this is Important: This may provide better transparency in the audit reports.

Modifications to General Criteria, Continued

Subsection Modified: 2.2.2.10 (L)(5) NMAC

What Changed: This subsection was updated regarding when approval of a professional services contract is required.

Key Reminder:

- All professional services contracts involving fraud, waste, or abuse are required to be reported to the OSA.
- If the professional services contract involving fraud, waste, or abuse was not reported to the OSA, the IPA shall report a finding of non-compliance with Subsection L of 2.2.2.8 NMAC.

Modifications To General Criteria, Continued

Schedule of Special Deficiency and Capital Outlay Appropriations

Subsection Modified: 2.2.2.10 (R)(2)(a) NMAC

What Changed: This subsection was updated to include reversions in an SI schedule or in a note to the financial statements.

Why This is Important: This provides additional information regarding these appropriations.

Modifications to General Criteria, Continued

Report Submission

Subsection Modified: 2.2.2.10 (U) NMAC

What Changed: This subsection was modified to add the following statement:

The disposition list shall include worn out, unusable or obsolete items, and may include trade-ins, and lost, stolen, or destroyed items, as applicable.

Why This is Important: This additional statement adds clarification that dispositions include trade-ins or lost, stolen, or destroyed items

Modifications to General Criteria, Continued

Subsection Title

Subsection Modified: 2.2.2.10 (W) NMAC

What Changed: This subsection was retitled “Inventory certification”.

Why This is Important: This aligns the Audit Rule with the Audit Act.

Modifications to General Criteria, Continued

Inventory Certification

Subsection Modified: 2.2.2.10 (W)(1) NMAC

What Changed: This subsection was updated for clarity to ensure compliance with 12-6-10 NMSA 1978 and additional requirements.

Key Reminders:

- The IPA's are responsible for ensuring the correctness of the inventory listing by generally accepted auditing procedures, including groups of assets, if applicable.
- All agencies must conduct a physical inventory of movable chattels and equipment costing more than five thousand dollars (\$5,000).
- Upon completion, the inventory listing shall be certified by the governing authority as to correctness.

Modification to Specific Criteria Reversions to the State General Fund

Subsection Modified: 2.2.2.12 (A)(6)(a) NMAC

What Changed: This subsection was updated to add a clarifying statement

- All reversions to the state general fund shall be identified in the financial statements *or the notes to the financial statements*....

Modification to Specific Criteria, continued

Subsection Modified: 2.2.2.12 (A)(13) NMAC

What Changed: This subsection regarding specific criteria to be considered in planning and conducting governmental audits accounting for special capital outlay appropriations financed by bond proceeds was updated to remove paragraphs (a) and (b).

Why This is Important: This removed outdated references and avoids future outdated materials.

Modifications to Specific Criteria, continued

Determination of Component Unit for Housing Authorities

Subsection: 2.2.2.12 (B)(2) NMAC

What Changed: This subsection pertaining to audits of housing authorities was updated to remove the provisions requiring discrete presentation or an exemption and replace such provisions with reference that IPAs shall use GASB guidelines as found in relevant GASBS to determine the correct presentation of the component unit.

Why This is Important: This subsection is now in alignment with 2.2.2.10(A)(1) NMAC.

Modifications to Specific Criteria, continued

Electronic vs. Hardcopy Submission

Subsection: 2.2.2.12 (B)(5)(a)(ii) NMAC

What Changed: This subparagraph was updated to require an electronic version of the of the FDS in the audit report, instead of a hard copy.

Why this is important: This aligns this section with the shift from hard copies to electronic versions.

Modifications to Version of GAGAS

Subsection Modified: 2.2.2.16 (K) NMAC

What Changed: This subsection was updated to refer the IPA to the current government auditing standards as opposed to the specific revision.

Why is This Important: This subsection is now aligned with the rest of the audit rule.



**THANK
YOU!**



**TIME FOR A
QUICK BREAK!**



Government Finance Experts Conference

May 23 -25, 2022

This three-day government conference provides you with updates and guidance on the developments you need to know to be a government finance expert.

www.nmscpa.org

Cybersecurity Best Practices

Guidance from the GAO



Stephanie W. Telles, MBA, CFE
Director, Government Accountability Office

Lack of Policies, Procedures, on Internal Controls specifically as it related to managing technology resources.

It is critical to develop, maintain, and regularly review device management and internal controls. Leaving device inventory unmanaged may result in waste, fraud, and abuse.

FY2020 Top Ten Findings



September 2021

Office of the State Auditor | Brian S. Colón, Esq., CFE, State Auditor

RISK ADVISORY


Mobile Device Inventory Control

The Office of the State Auditor (OSA) has issued this Risk Advisory to alert the public, business owners, and governmental agencies in the State of New Mexico of risks related to inventory control weaknesses for mobile devices such as cellular and other smartphone devices, laptop computers, and other mobile technology devices. The OSA strongly advises its stakeholders to develop or review existing internal controls to assess the efficiency and effectiveness of its controls and to develop procedures to aid in the prevention and detection of weaknesses that may lead to waste, fraud, and abuse associated with mobile device management.



GAO

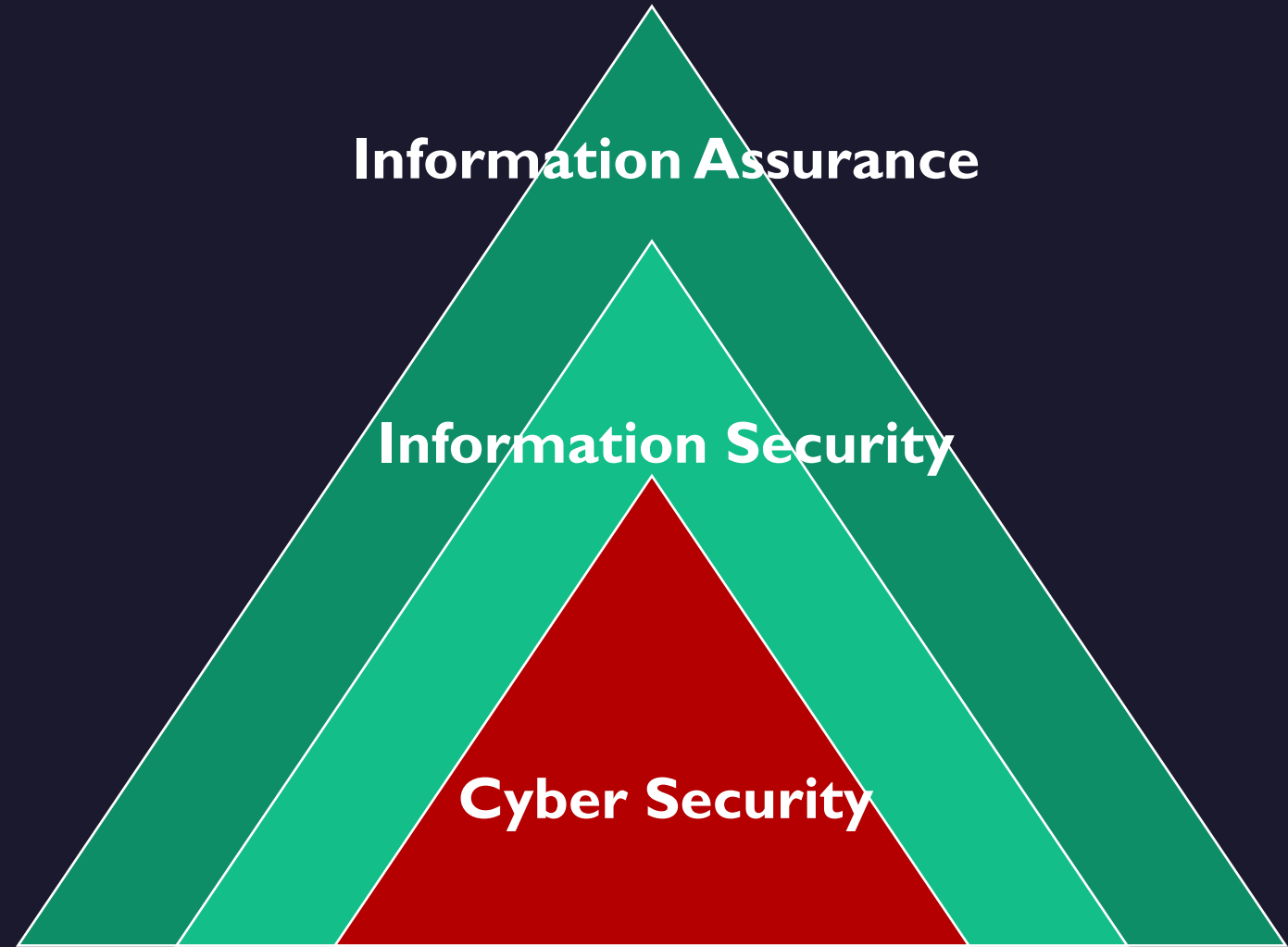
Government Accountability Office
New Mexico Office of the State Auditor

The background of the slide is a dark blue gradient. Overlaid on this is a complex, abstract network of white and light blue lines and dots, resembling a molecular structure or a digital network. The dots are of varying sizes and are connected by thin lines, creating a sense of interconnectedness and depth.

What is
Cybersecurity
and why is it
important for
organizations?

Cybersecurity is part of overall information assurance and information security

Cybersecurity refers to specific practices and tools designed for safeguarding computing assets and online information against various threats and threat actors.



Organizational Need for Cybersecurity



To protect the organization's functionality and continuity.



To ensure the applications implemented on the organization's IT systems can operate safely.

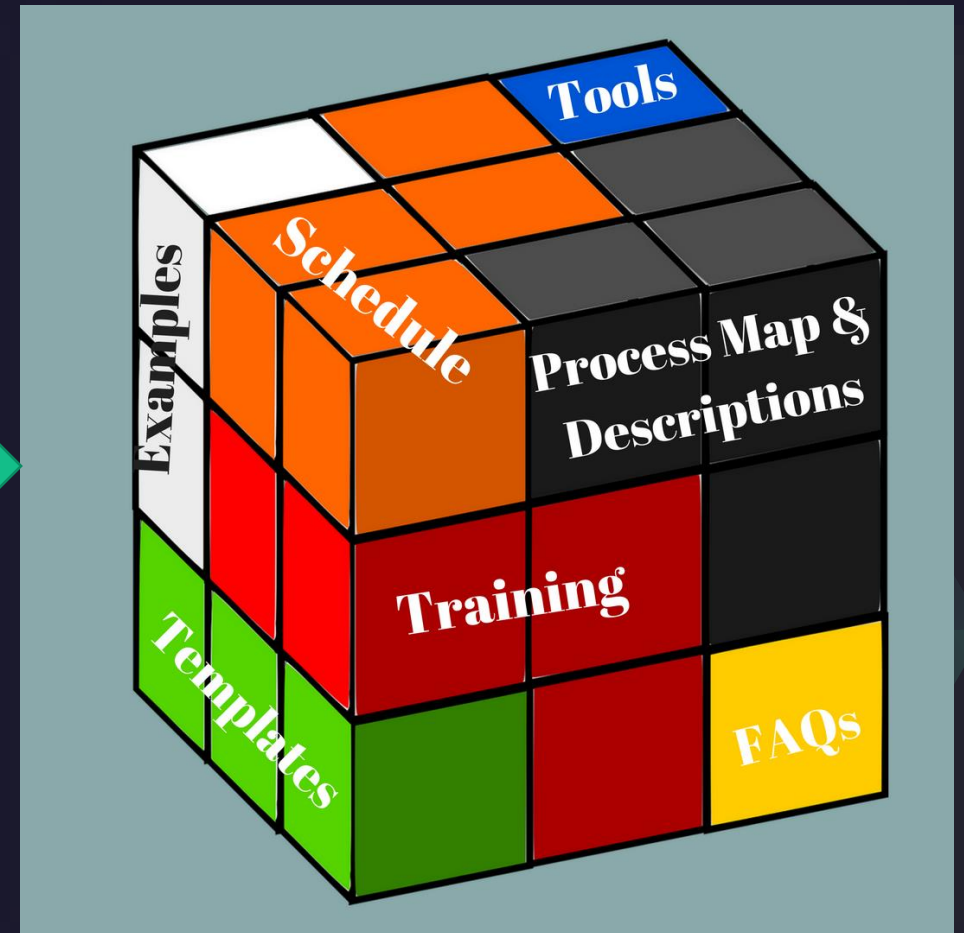
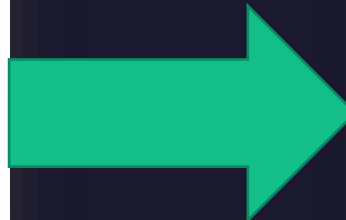
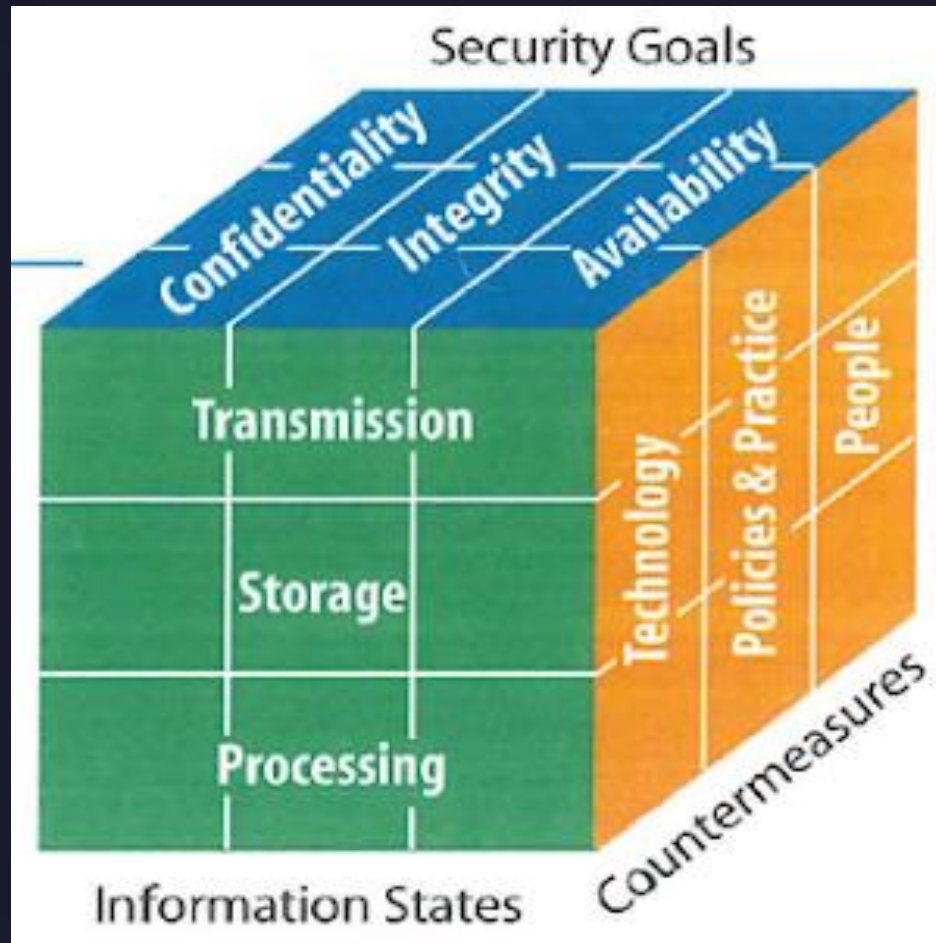


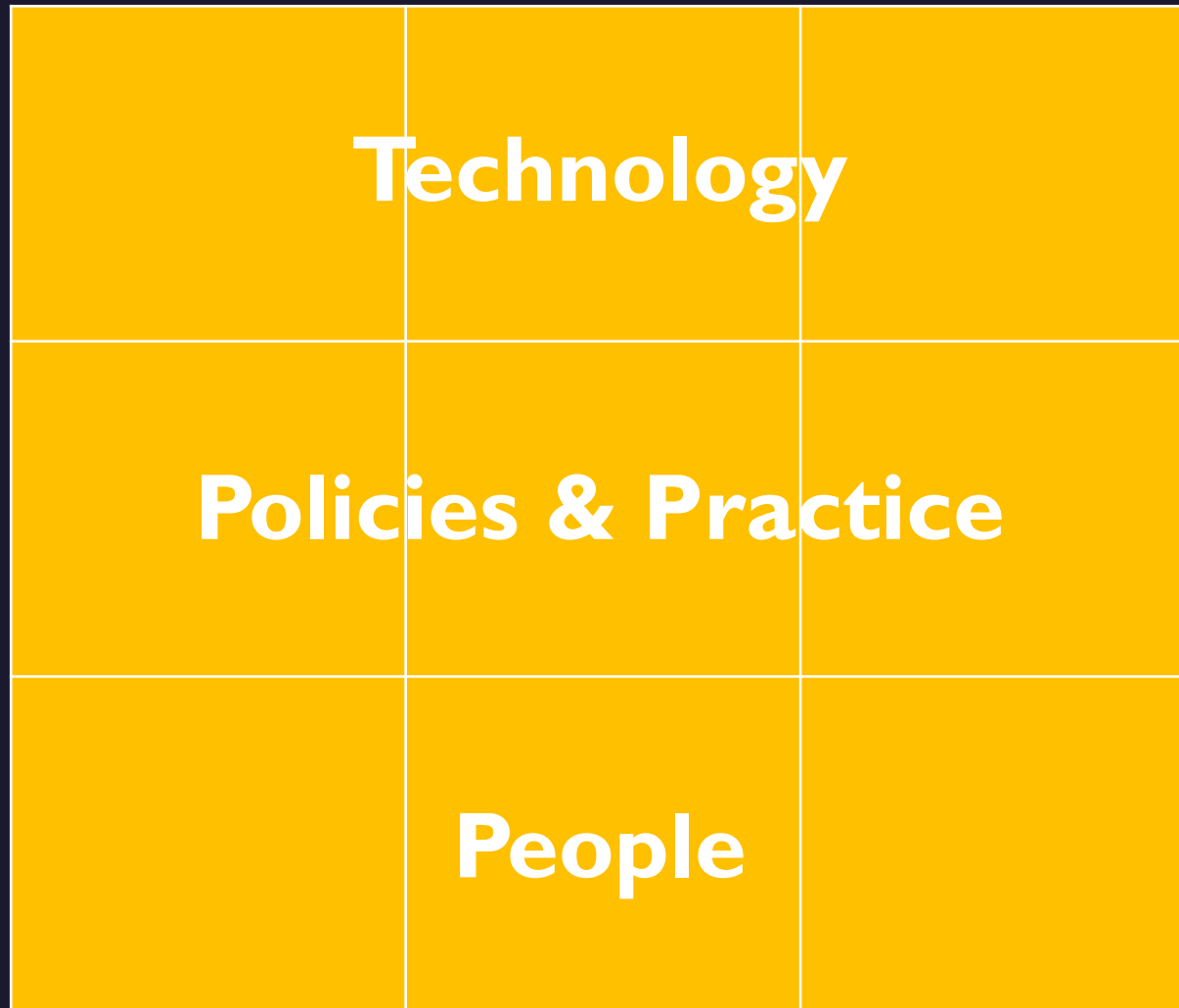
To ensure the data collected and used by the organization is protected.



To ensure the technology assets used by the organization have safeguards in place.

The McCumber Cube – “The Cybersecurity Cube”

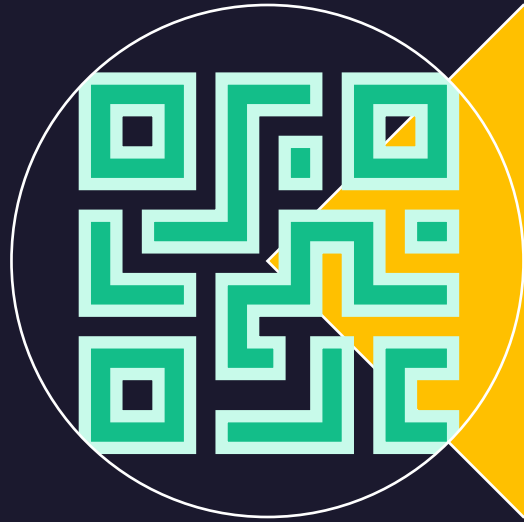




A Security countermeasure is a technique or a process which helps to achieve one or more security goals and helps to mitigate risks to information and vulnerabilities.

Security countermeasures account for:

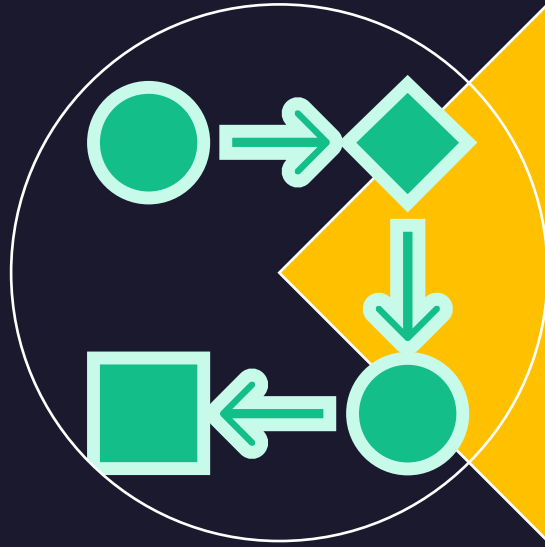
- Technology
- Policies & Practice
- People



Technology

The products and devices available to organizations that protect information systems and guard against cyber threat actors.





Policies & Practice

Policies, procedures, and guidelines that allow the employees to follow best practices that keep them safe in the cybersphere.



People

Team human! Collective users of technology who are aware and knowledgeable of the cybersphere and the risks that threaten that sphere.

Risk Management

An HP laptop is shown at an angle, partially open. The laptop's lid and keyboard area are covered in a detailed camouflage pattern featuring brown, tan, and grey tones, resembling tree bark and foliage. The HP logo is visible on the lid. The text "Risk Management" is overlaid in a large, white, sans-serif font across the center of the image.

Cybersecurity Risk Management

What is a cybersecurity risk?

The chance that something will occur and that a vulnerability will be exploited.

Physical damage

Equipment malfunction

Natural disaster

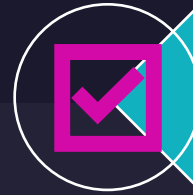
Loss of data

Application error

Conduct a Risk Analysis

Should be part of the organization's overall Risk Assessment

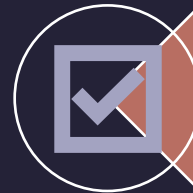
What is the acceptable level of cybersecurity risk your organization can afford and what is the cost of the solution to reduce your risk to that level?



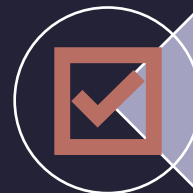
What is the maximum amount of time an asset (server, for example) can be non-functional before the organization is substantially affected in performing critical work?



What is the length of time before a disaster or event that data backups must be available?



If data is lost or compromised what is the dollar value of that data on the system?



What is the acceptable amount of down time for the system until it must be either repaired or fully replaced?

Develop and Implement Internal Controls


Cybersecurity Internal Controls are processes in place to mitigate risk and reduce the chance of a vulnerability from being exploited.

These Internal Controls may differ between organizations and will often depend on the risk analysis.




Risk

Weak passwords could allow unauthorized personnel to access company information




Control

Create a password policy mandating complex passwords




Risk

Uncontrolled traffic
at a router could
allow malicious traffic
to enter the network



Control

Implement a firewall to
filter traffic based on
assigned rules



Risk

Unauthorized access
to web-enabled
devices.




Control

Use the organization's
VPN or a secure hotspot.




Risk

Vulnerabilities that allow malicious hackers to gain access to sensitive data.



Control

Reboot devices regularly and refrain from leaving devices on for long periods of time to ensure software updates are maintained.



Risk

Unauthorized access to video conferencing platforms by malicious actors.

“Zoom bombing”.




Control

Utilize security and host controls available through the video conferencing platform such as locking meetings, requiring a host to admit participants, or requiring passcodes to join.


Risk

Exploitable vulnerabilities in computer systems, web applications, and networks.



Control

Perform penetration testing, a security exercise where a cybersecurity professional attempts to hack the system to exploit the vulnerabilities (ethical hacking).



- Do not click on links in questionable emails or untrusted websites.
- Never open attachments in questionable emails or from senders you do not know.
- Be mindful of the websites you visit.
- Keep your software and Operating System updated.
- Use strong passwords and change them regularly.
- Contact companies directly about a suspicious request.



Resources

- ❑ <https://www.doit.nm.gov/>
- ❑ <https://www.cisa.gov/cyber-resource-hub>
- ❑ <https://www.ic3.gov/>





THANK YOU!

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COMBATING FRAUD, WASTE AND ABUSE IN GOVERNMENT AUDIT RULE UPDATES FOR 2022



SHAWN BECK, CFE
DIRECTOR

SPECIAL INVESTIGATIONS DIVISION



Don't Get Spoofed: Payroll Phishing Scam

The email phishing scheme spoofs the email account of a known, often high-level manager or leader, and seeks users to change their direct deposit information for payroll utilizing spoofed email accounts. Recent variations now include spoofing of employee email accounts and requesting HR/Accounting to change the employees' direct deposit information.



Don't Get Spoofed: Payroll Phishing Scam

Warning signs include:

- Urgent language with a specific request, which places pressure on the recipient to expedite the request;
- The request prompts the recipient change bank account information associated with direct deposit to fraudulently redirect the payroll into an unknown and unauthorized bank/financial institution account





Don't Get Spoofed: Payroll Phishing Scam

What can you do to protect yourself?

- Validate the domain of the sender as genuine;
- Do not share personal bank/financial institution account information via email or make any changes to redirect employee payroll without validating the request;
- Validate any suspected phishing attempts and suspected fraudulent requests through an alternate source;





HACKED! RANSOMWARE DEFENSE

What is Ransomware?

Ransomware is a serious cybersecurity threat caused most often by spam email, compromised websites, and other malware.

WARNING SIGNS INCLUDE:

- Receiving emails with irrelevant headers and/or subject lines or no subject at all;
- Being CC'd on an email from a sender or other receives that are unknown;
- Attachments that don't make sense or are executable files; or hyperlinks imbedded that link to a different site.



HACKED!

RANSOMWARE DEFENSE

What can you do to protect yourself?

- Change passwords frequently and use different passwords for all websites.
- Take proactive measure to ensure all software is up to date.
- Utilize pop-up blockers and close unwanted pop-ups by using keyboard command strokes (Ctrl + X) instead of clicking on the dialog box.
- Ensure any antivirus program protects against spyware and that it is a reliable program.



MANAGEMENT OVERRIDE OF CONTROLS

What is management override of controls?

- The intervention by managers in handling financial information and making decisions contrary to internal control policy.
- Management override of internal controls is very significant and is (or at least should) be a major violation of an agency's accounting policy. Most government entities use management staff as reviewers of employee work, meaning those managers are unable to make changes to financial information.



VENDOR FRAUD

SOME OF THE MORE COMMON SCHEMES

Billing Fraud

Phantom
Vendor

Duplicate
Payments

Check
Manipulation

Bribery or
Extorsion

False or Over
Billing

Bid Rigging

Cyber Fraud

HOW TO
IDENTIFY
AND CURB
VENDOR
FRAUD

Vendor initiated fraud

Employee initiated fraud

Organization Level



CHECK FRAUD, WHAT IS IT?

Check fraud is a common type of identity theft that can happen in a variety of different ways.

Stolen and altered checks

Forged checks

Illegally printed checks



ACH FRAUD

ACH Fraud is fraud involving the Automated Clearing House.

ACH fraud occurs when there is an unauthorized transfer of funds in a bank account.



FUNDRAISING FRAUD

Does District policy allow for it?

- Common problems – Staff does not obtain approval or ask for permission to hold student fundraisers.



Are funds deposited within 24 hours and are the funds accounted for as district (public) money? - Statutory Deposit Rule

- Funds are not accounted for, tracked, and deposited as required. This can lead to potential fraud and abuse.



PANDEMIC RELIEF AND EMPLOYEE COMPENSATION – STATE AND LOCAL FUNDS

State/Local Funds –

NM Constitution Article IV, Section 27

"[n]o law shall be enacted giving any extra compensation to any public officer, servant, agent or contractor after services are rendered or contract made."

NM Constitution Article IX, Section 14 (Anti-Donation Clause)

"[n]either the state nor any county, school district or municipality, except as otherwise provided in this constitution, shall directly or indirectly ... make any donation to or in aid of any person...."





PANDEMIC RELIEF AND EMPLOYEE COMPENSATION – FEDERAL FUNDS

Coronavirus State and Local Fiscal Recovery Funds – 31 CFR Part 35

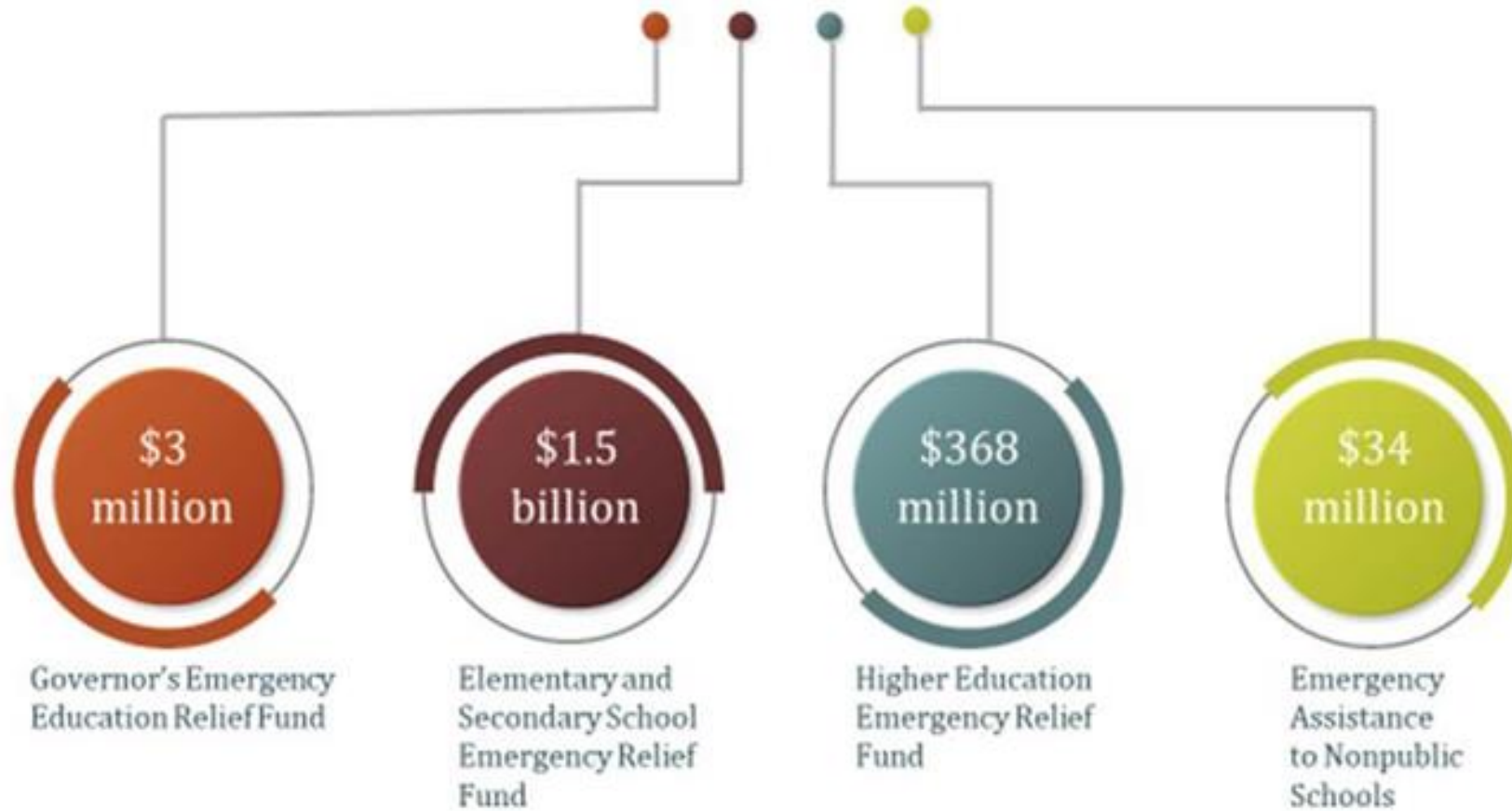
Established by Congress as part of the American Rescue Plan Act of 2021 (ARPA), Coronavirus State and Local Fiscal Recovery Funds (SLFRF) are designated to provide State, local, and Tribal Governments with financial resources.



- Rule allows for the awarding of retroactive premium pay not already paid out.
- Rule prohibits Elected Official from steering funds to project in which they have a financial interest or to pay themselves premium pay.

Additional rules apply for the Coronavirus Aid, Relief, and Economic Security Act, known as the CARES Act, signed in March 2020, the Coronavirus Response and Relief Supplemental Appropriations Act signed in December 2020.

Coronavirus Response Funding Snapshot for New Mexico



"12-6-6 NOTICES"

Notification Of Possible Violations Of Criminal Statutes In Connection With Financial Affairs

AUDIT RULE AT 2.2.2.10(N)(2) NMAC

The New Mexico Audit Act (Section 12-6-6 NMSA 1978 (criminal violations)), requires an agency or IPA to provide a written notification to the state auditor immediately upon discovery of any alleged violation of a criminal statute in connection with financial affairs.

Notifications are to be sent by e-mail to **reports@osa.state.nm.us**. They can also be sent by facsimile, or by US mail.

Agencies are not to submit notifications through the OSA's fraud hotline.

Notifications need to include (at a minimum) -

- an estimate of the dollar amount involved, **if known or estimable**,
- a description of the alleged violation, including names of persons involved and,
- any action taken or planned.



OSA REFERRALS TO IPA'S AND IPA RESPONSES

AUDIT RULE AT 2.2.2.10 (H)(1)

The OSA often informs IPAs that OSA has received information suggesting elevated risk in specific areas relevant to a particular agency's annual audit.

After the concluding fieldwork and prior to submitting the draft audit report to the OSA for review, IPAs need to submit a written response to the referral to the OSA SID by email to **SIDreferrals@osa.state.nm.us** covering all aspects of the referral and any related findings.





THANK YOU!

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PROCURING CONTRACTS

Stephanie W. Telles, MBA, CFE
Director, Government Accountability Office

NOTIFICATION LETTERS ISSUED

In accordance with the audit act, NMSA 1978, Sections 12-6-1 through 12-6-14, and the Audit Rule, 2.2.2 NMAC

Agencies whose audits
will not be conducted directly by the OSA to seek proposals for
audits of Fiscal Year 2022 issued on March 22, 2022



OSA-Connect

Online Portal

New Mexico Office of the State Auditor

Log In

Welcome to the New Mexico State Auditor Online Portal

Email

Password

Log In



Forgot Password ?

OSA-CONNECT

www.osa-app.org

All agency audit
and agreed upon
procedure
contracts must be
submitted through
the OSA-Connect
portal.

OSA-CONNECT IMPORTANT REMINDERS

- Update the contact information for your agency.
- Review ALL information for your agency, especially if it is pre-filled in OSA-Connect.
- Tier System- don't forget to go to Agency Profile and confirm the tier for your agency for current and any outstanding fiscal year(s).
- 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 Audit Rule.

CONTRACTING PROCESS

- 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.

AMENDMENTS TO CONTRACTS

- Amendments shall be entered for review in OSA-Connect.
- Contracts generally expire one year after the last signature.
 - Be sure to monitor the contract time period
- Amendments are subject to review by the OSA.
Amendments in price shall be accompanied with a change in scope.
- Amendments to change the tier of an AUP need to include the procedures for the newly selected tier.
- Change from audit to AUP or vice versa requires new contract.
- Evaluate price changes in all amendments.

ROTATION REQUIREMENT

- 8 Consecutive Years with an Independent Public Accountant (IPA)
 - 2 Year break
 - Limited exceptions may be considered when requested with detailed support/explanation
- Agencies are responsible for ensuring procurement is followed when selecting IPA each year.
 - Procurement rules/policies vary by type – as such OSA is not able to provide procurement guidance

OSA-CONNECT - FIRMS/IPAS

- One button to print entire Firm Profile (registration).
- Save quick updates and submit quick updates.
- Final Audit Report Submission in OSA-Connect Portal.
 - Only contracts that are fully executed can be selected.
 - Approval, deny and approval.
 - Release letter to agency and firm.
 - Release to web.
- **Reminder** – please ensure contract recommendation is submitted and approved by OSA *PRIOR* to work commencing.

CONTRACTING INSTRUCTIONS



Office of the State Auditor
BRIAN S. COLÓN, ESQ.

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At-Risk Lists

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Report Fraud !

Auditing ▾

Contracting ▾

System Reporting

Accountability Office ▾



Procuring Contracts

Home > Contracting > Procuring Contracts

OSA-Connect Online Portal

RFP Development Information

Notification Letters

2021 Audit Rule Video Presentation - Contracting

THANK YOU!

To obtain access to OSA-Connect to process contracts,
please contact Bernadet Martinez at bernadet.martinez@osa.state.nm.us

For all other contracting questions,
please contact Ralen Randel at ralen.randel@osa.state.nm.us

Or you may call (505) 476-3800