



New Mexico Office of the State Auditor Fiscal Year 2023 Application Overview for Financial Assistance to Complete Financial Reporting Requirements Under the Audit Act

Application Information: The Office of the State Auditor (OSA) is offering financial assistance to “small political subdivisions” for the specific purpose of assisting these agencies in completing their financial reporting requirements under the Audit Act (Sections 12-6-1 through 12-6-15 NMSA 1978) for fiscal year 2022 and prior years. A “small political subdivision” includes mutual domestic water consumers associations, land grants, incorporated municipalities, and special districts (including but not limited to soil and water conservation districts, acequias, water and sanitation districts, etc.).

Financial assistance awarded by the OSA may be used by agencies or local public bodies that must complete, on an annual basis, either 1) a full financial and compliance audit or 2) an agreed-upon procedures under the “tiered system of financial reporting.” In general, local public bodies that qualify for the tiered system do not have to complete annual financial and compliance audits. However, the local public body must comply with the requirements of the specific “tier” that corresponds with the local public body’s annual revenue. This may include the requirement that your local public body submit an “agreed-upon procedures” financial report for a specific fiscal year. If your local public body is a small political subdivision and has less than \$500,000 in annual revenue in a fiscal year, you may qualify for the tiered system. Under the tiered system, a local public body’s annual revenue is calculated on a cash basis of accounting and excludes federal grant revenue, private grant revenue and capital outlay awards received by the agency from the State of New Mexico. This application packet contains information to assist you in determining which tier, if any, applies to your local public body.

Depending on the specific circumstances that apply to your agency or local public body, you may be eligible for financial assistance to cover the costs of completing your audit or agreed-upon procedures for fiscal year 2022 or prior years in which your agency or local public body has yet to complete the required engagement(s). The engagements may either be performed by the OSA or an independent public accountant (IPA) procured by your agency or local public body and approved by the State Auditor.

The OSA will give priority in its financial assistance determinations to small political subdivisions that 1) demonstrate financial need or hardship associated with completing their audit reports or agreed-upon procedures reports; and 2) demonstrate their noncompliance with financial reporting requirements will adversely impact their eligibility to receive federal or state funding.

About the Application Process: The application process includes these steps:

- Determine whether your agency or local public body is required to engage for and submit audit reports or agreed-upon procedures reports for fiscal year 2022 or prior years. Please refer to the “Tier Determination Form” to assist in your determination. Please note that the tiered system of financial reporting became effective on July 1, 2010. Only local public bodies that fall within Tiers 3, 4, 5 or 6 are required to submit agreed-upon procedures reports.
- Complete the application form in this packet with supporting documentation. Agencies and local public bodies that fail to provide the OSA with necessary information about their finances will be deemed ineligible for financial assistance.
- **The priority deadline for small political subdivisions to submit the application to the OSA is by September 9, 2022 (forms must be emailed or postmarked by that date).** An email will be sent to the Agency Primary Contact email listed in the application after the application is received. If you do not receive this email within 7 days of your application submission, contact thinlay.dolkar@osa.state.nm.us.
- The OSA will review the application and determine the level of financial assistance, if any, is necessary to assist your agency in complying with financial reporting requirements.
- The OSA will notify your agency or local public body regarding the determination. If the OSA makes a determination that your agency or local public body has met the criteria to receive financial assistance and adequate grant funding exists, the notification will specify the amount of funding and whether the financial audit or agreed-upon procedures engagement(s) is to be performed by the OSA or an IPA procured by the agency or local public body and approved by the State Auditor.

Filing Your Application: Please email your completed application form and copies of all supporting documentation to reports@osa.state.nm.us. Please include Financial Assistance Evaluation Committee in the subject line.

You may also mail your completed application form and copies of all supporting documentation to:

Financial Assistance Evaluation Committee
Office of the State Auditor
2540 Camino Edward Ortiz, Suite A
Santa Fe, NM 87507

All application packets must be emailed or postmarked no later than September 9, 2022 for the priority deadline. Failure to meet the application submission priority deadline of September 9, 2022 may jeopardize your agency’s or local public body’s eligibility for funding.

Please call the Office of the State Auditor at 505-476-3800 should you have any questions about this application.