



FINANCE DEPARTMENT

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February 26, 2024

Joseph M. Maestas, P.E., State Auditor
2540 Camino Edward Ortiz, Suite A,
Santa Fe, New Mexico 87507

Re: Request for Public Comment on 2024's Notice of Changes to the State Audit Rule.

In reviewing changes to the State Audit Rule, the City of Hobbs noted that the State Auditor's office is proposing the following amendment; "amend and shortens the auditor rotation rule from eight (8) to six (6) years. The City of Hobbs would like to provide viewpoint from the auditee's perspective.

The shorter the rotation rule, the following adverse issues would occur: risks associated with the changeover in audit team, ever-changing procedures with the audit profession, GASB reporting changes, legislative enactments (both federal and state), timeliness and staff turnover. Rotating earlier would cause the audit firm to increase risk due to the factors mentioned above, which in turn, would increase costs, staff time and instability.

The City of Hobbs believes no independence would change if the State Audit Rule remains the same at an 8 year rotation. The City of Hobbs also believes that an 8 year rotation provides a definite stable advantage to the municipality and audit firm.

By continuing the 8 year rule, quality and timeliness of future audits would be maintained for the City of Hobbs.

Cordially,

A handwritten signature in blue ink, appearing to read "Toby Spears", is written over a light blue horizontal line.

Toby Spears, CPA, CFE
Finance Director