

From: [Michael Vigil Sr.](#)
To: [Christopher Hall](#)
Subject: Proposed Audit Rule comments
Date: Friday, March 8, 2024 12:51:23 PM

Good morning Mr. Hall,

I would first like to introduce myself to you. I was a NM licensed CPA until September 2023 when I retired and chose not to renew my license. However, I spent most of my professional career working with public school districts and charter schools. I was the CFO of the Albuquerque Public School District from 1992 to 2006. I formed a financial management firm afterwards to serve small school districts and public charters. My son continues this business.

I wanted to comment on an item the audit rule proposes to change. The 8 year rotation came about because many of the audited entities have difficulty finding firms willing to conduct the audit. Shortening the rotation may seem appropriate but only if you are able to find a new firm. Firms also take the first couple of years building their permanent files and knowledge of the audited entity so that they can adequately identify and address audit issues. Independence issues are addressed through many accountancy regulations and guidelines and should not impact an audit. Rotating the auditor on a shorter timeline will only reduce the efficiency of the audit process.

I would like to specifically like to address the rotation for larger entities. Because of the complexity and scope of a large entity audit, there are few firms that can or will audit these entities. Examples of these entities include the NM Public Education Department and Albuquerque Public Schools. Currently, the firm auditing APS uses many out of state auditors to do much of the work out of state. This is brought up to demonstrate that the large entities have the choice of using one of the few larger firms or a consortium of firms that may bid together. We have experienced the consortium approach with the NM PED audit in the past and that experience was not good. Differences in the various firms audit processes confused the audit. Working with the different component units under the audit allowed me to see the different audit approaches used and the problems caused. If the Office of the State Auditor wishes to reduce the audit rotation time, I request that large entities be identified and allowed to maintain the 8 year rotation.

As a former CFO, I appreciated the audit to identify areas of internal control weakness and areas in need of improvement. However, because of changes to the State Auditor rule auditor rule, we receive findings that, in my opinion, should not be on the audit report. Realize that school district's issue bonds and other financings and their audited financials are read by the bond investors. These minimal findings should not be included with audited financials. I would suggest the state audit rule require a management report of other issues that would include these findings. The findings I am referring to include many of the "Other Matter" findings. We have seen findings issued for under calculating a travel per diem by \$1.60; one auditor cited a deposit not made within 24 hours missing the deadline by 2 hours; procurement issues when entities searched for 3 or more quotes but because of supply chain issues only received 2 (the auditor would not accept a not available as a quote).

As I stated above, I am retired but feel it is important to bring real value to the audit process. I

believe the above will add value to the audits under your jurisdiction.

Thank you for your consideration. I can be reached at this email or on my cell phone at 505-263-4269.

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