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

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

Dear State Auditor Maestas,

Carr, Riggs & Ingram, LLC (CRI), a New Mexico CPA firm with offices throughout New Mexico and the southeastern United States appreciates the opportunity to submit the following comments related to the proposed 2024 Audit Rule. Below are our proposed amendments and requests for clarification regarding the draft Audit Rule.

2.2.2.8(F)(3) NMAC – Auditor Rotation Rule. CRI believes this change will put an undue burden on agencies and local public bodies of the state of New Mexico. We believe that changing the mandatory rotation from eight (8) years to six (6) years will affect both the governmental entities and the auditing profession in the following ways.

- **Inconsistencies with the Contracting Process.** Revising this section of the Audit Rule will cause the audit contracting process to no longer align with 13-1-150 NMSA 1978 (multi-term contracts; specified period), which requires contracts for professional services to not exceed four years, including all extensions and renewals. The proposed change in the rotation rule would increase the frequency of the RFPs impacting the entities as well as IPAs. The RFP process is a time-consuming and involved process and would require resources on the entities to administer the RFP and the IPA to prepare proposals which could lead to increased cost and reduction of competitiveness.
- **Inefficiencies and Cost Implications.** The initial year of an audit involves a significant learning curve as the auditor obtains an understanding of the operations, systems, and processes. This could lead to increased costs, not limited to audit contract fees, but time and resources of the government to work with the auditor on gaining the understanding necessary that is required by audit standards.
- **Implementation Date.** Modifying the Audit Rule would require agencies and local public bodies going into their seventh year of an audit contract to complete the contracting process to procure a new auditor and complete the necessary contracting requirements of the State Auditor's office by as early as April 15th for some local public bodies. This appears to not be in the best interest of New Mexico agencies and local public bodies. In addition, the rule, as currently drafted, would require implementation for FY 24 which would cause a delay in the procurement process, contract process and timing of audits leading to an increase in late audits.

CRI respectfully requests the Office of the State Auditor defer any modification of the auditor rotation rule at this time and to evaluate the implications of a proposed change with various individuals in government and independent public accountants prior to implementing a change to auditor rotation.

2.2.2.10(J)(21) NMAC – *The New Mexico Opioid Allocation Agreement*. CRI asks for additional clarification as to the compliance expectations and requests of the proposed rule.

Thank you very much for the opportunity to submit a comment regarding these matters for your consideration.

A handwritten signature in blue ink, appearing to read "Alan D. Bowers, Jr.", with a stylized flourish at the end.

Alan D. "A.J." Bowers, Jr, CPA, CITP
Partner