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New Mexico Office of the
State Auditor

Risk Advisory 2025-01

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Mora County's Finances: Why This Matters Now

The Office of the State Auditor (OSA) is issuing this advisory to inform Mora County residents and leaders of serious, ongoing risks in Mora County's financial management. These conditions threaten transparency, accountability, and the safeguarding of taxpayer dollars, including the interest tied to a more than \$40 million state disaster relief loan issued in 2023.

What the Public Needs to Know

- **Required audits are late.** Mora County has **not submitted its Fiscal Year (FY) 2024 audit** as required by the Audit Act.
- **No auditor for FY 2025.** Mora County has **not yet engaged** an independent public accountant (IPA) for the FY 2025 audit. The contract was due to OSA on May 1, 2025. Their audit report is due on December 1, 2025.
- **Basic cash controls have failed for years.** Since 2012, auditors have reported a **material weakness**: the County has **not properly reconciled pooled cash** (matching the County's books to the bank).
- **Independent accountants flagged serious cash problems.** A county-contracted accounting firm reported **over \$2 million in cash issues**, an **unexplained \$1 million+ audit adjustment** to cash/fund balance without supporting records, and stated the County is **nowhere near audit ready**.
- **Special audit is underway.** OSA has designated a **special audit** of the County's overall fiscal management and practices, including an allegation that **interest earned on the \$40 million+ state disaster-relief loan** was misused. Findings will be publicly released when complete.

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What is “Pooled Cash Reconciliation” and Why Should I Care?

- **What it is:** Think of pooled cash as one big bank account that holds money for multiple County funds. Reconciliation is the monthly process of proving the County’s books exactly match what the bank shows—down to the penny.
- **Why it matters:** Without reconciliation no one can say how much money the County really has, which bills have been paid, or if taxpayer funds are being misused.
- **What can go wrong without it:**
 - **Budgets may be wrong**, leading to **overspending or sudden shortfalls**.
 - **Fraud, waste, or misuse** can go undetected as regular reconciliations act as a crucial internal control mechanism.
 - Vendors, employees, and **essential services may be delayed or disrupted**.
 - The County can **lose grants** or face **clawbacks** for poor internal controls.
 - **Disaster-recovery dollars** can be misapplied.
 - Federal or state **grant funds may be at risk**.
 - Auditors may be forced to **disclaim an opinion**, which undermines the County’s financial credibility and could hinder borrowing ability and access to future funding.

Why is This Urgent?

- This isn’t a one-time paperwork slip. **The cash-reconciliation weakness has been repeated for more than a decade.**
- Financial statements will remain **unreliable without reconciliation**.
- **Timely audits and reconciled books are not optional.** They are the foundation that protects every taxpayer dollar—and they are **required by law**.

What is OSA Doing?

- **Auditing and reporting.** OSA has designated a special audit to evaluate Mora County’s overall fiscal management and practices.
- **Notifying the New Mexico Department of Finance and Administration (DFA) of noncompliance:** Under state law, when a required audit is late, OSA formally notifies DFA. That notice has been issued so DFA can act within its authority.
- **Transparency:** OSA will **publish the special-audit findings** when complete and will continue to report risks and noncompliance to the public.

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Benchmarks for Compliance

To restore compliance with the Audit Act and basic fiscal controls, Mora County will need to demonstrate progress on benchmarks such as:

- **Audit Engagement** – Having an IPA under contract for the FY25 audit.
- **Reconciliations** – Performing monthly bank and pooled-cash reconciliations, documented with preparer and reviewer sign-offs.
- **Cash Discrepancies** – Resolving the \$2 million in cash issues and the \$1 million+ unsupported adjustment identified by outside accountants.
- **Monthly Reporting** – Submitting timely and complete monthly financial reports in the format required by DFA until compliance is restored.
- **Corrective Action Plan** – Developing and following a corrective action with measurable milestones, due dates, and accountability for repeated findings.
- **Disaster-Relief Funds** – Maintaining project-level accounting and documented draws for the state's \$40 million+ disaster-relief loan to ensure transparency and safeguard funds.

Bottom Line

This is **not** about blame. It's about protecting **every dollar** intended for Mora's recovery and public services. Without reconciled books and timely audits, no one — not DFA, not OSA, not the public — can know where Mora County's money really stands. The OSA will continue to do its job—independently audit and report. Mora County must demonstrate measurable progress now.

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