



State of New Mexico Office of the State Auditor

AUDITOR ALERT REGARDING ADDITIONAL DUE DATE EXTENSIONS & EXCEPTIONS TO THE "ONE-COVER" REQUIREMENT FOR AUDITS THAT INCLUDE A FEDERAL SINGLE AUDIT

October 17, 2025

To: Independent Public Accountants

RE: Delayed Final Version of the OMB 2025 Uniform Guidance - Updated October 17, 2025

Due to the continued delay in the release of the FINAL 2025 Compliance Supplement for Federal Single Audits—further impacted by the Federal Government shutdown—and in response to a request from the New Mexico Legislative Finance Committee (LFC), the Office of the State Auditor (OSA) is granting an exception to the Audit Rule requirement to submit audits under "one cover." This temporary exception allows flexibility in how agencies submit their financial and Single Audit reports, recognizing the challenges posed by the delayed guidance.

State Agencies and ACFR Component Units

State agencies that are included in the State of New Mexico Annual Comprehensive Financial Report (ACFR) and are required to conduct Federal Single Audits will not be required to submit their audit under "one cover," as specified in 2.2.2.10(T)(4) NMAC.

Other Agencies

In addition to the exception to the "one-cover" requirement for the above agencies, the OSA is allowing agencies that are not part of the State's ACFR to choose one of two options:

- Submit a separate financial audit report, or
- Take a "wait and see" approach regarding the release of the final Compliance Supplement, with the intent to submit a combined report under one cover.

Agencies opting to wait must submit a draft financial audit report by January 20, 2026. If the final version of the Uniform Guidance is still unavailable by that date, the draft financial audit report—excluding the Uniform Guidance component—must still be submitted to OSA by the deadline.

This exception to the "one-cover" requirement applies only to the Report on Compliance for Each Major Federal Program and on Internal Controls Over Compliance, as required by the Uniform Guidance. It does not apply to the requirement under 2.2.2.10(T)(2)(a) NMAC, which mandates inclusion of the Report on Internal Control over Financial Reporting and on Compliance and Other Matters, based on an audit of the financial statements performed in accordance with Government Auditing Standards. This report must still be dated the same day as the Independent Auditor's Report.

All affected state agencies and components of the State of New Mexico ACFR must adhere to the earlier "separate cover" submission deadlines. Draft financial audit reports must be submitted in accordance with these earlier due dates.

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The following table lists the revised due dates and contract amendment due dates:

AGENCY TYPE	SEPARATE COVER CONTRACT AMENDMENT DUE DATE	SEPARATE COVER FINANCIAL AUDIT REPORT DUE DATE
State agencies with normal November 1 st deadlines	November 10, 2025	December 1, 2025
State component units such as NMFA and Lottery Authority	November 10, 2025	December 1, 2025
Institutes of Higher Education	November 10, 2025	December 1, 2025
State agencies with normal November 17th deadlines	November 17, 2025	December 15, 2025
State agencies with normal November 26th deadlines	November 17, 2025	December 15, 2025
Mortgage Finance Authority	November 17, 2025	December 15, 2025
All Other Entities (schools, munis, counties, special districts,)	December 15, 2025 (if taking the “two-cover” option)	January 20, 2026

Due to ongoing uncertainty, the OSA will not establish deadlines for the separate Single Audit report in this communication. OSA will provide further guidance once there is additional clarification.

All other agencies required to complete Single Audits may choose to submit their financial audit and Single Audit reports under separate cover through **January 20, 2026**. Independent Public Accountants (IPAs) are encouraged to collaborate with their clients to determine the most appropriate course of action. Please note that bond rating agencies may request a separately issued financial statement audit report. Additionally, these changes may affect IPA scheduling and resource availability. Early decisions are strongly recommended to ensure a smooth process for all parties—**do not wait until January to decide**.

If your client is a component unit with a separate Independent Public Accountant (IPA), and subject to the 15-day earlier deadline, the draft report must be submitted 15 days prior to the extended deadline. For example, if a county elects to submit its report by January 20, 2026, a component unit of that county—such as a hospital or housing authority—with a different IPA must submit its draft report to the OSA by January 5, 2026.

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This requirement ensures that primary governments have sufficient time to incorporate component unit financial information into their reports. As a reminder, group audit standards apply, and effective communication and coordination among IPAs and agencies is essential. Primary government IPAs and component unit IPAs must work together to ensure timely submission of draft reports, in accordance with 2.2.2.10(A)(1)(c)(vi) NMAC.

Contract amendments—processed through the OSA-Connect system—will be required for all impacted ACFR components and any other agency choosing to submit a separate Uniform Guidance report, in order to formally break the “one-cover” requirement. The OSA is currently drafting language to include in these amendments that reflects the current circumstances. This language will be shared once finalized and will also provide clarification regarding final payments on separate reports, ensuring compliance with state law.

The Office continues to evaluate options for issuing separate Single Audit reports. Specific guidance regarding the submission process and additional requirements will be provided once finalized.

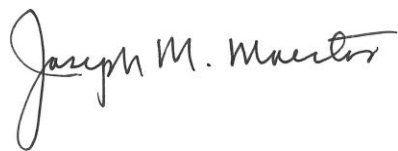
Agencies choosing to submit audit reports under separate cover are encouraged to submit their financial audit reports to the OSA once the draft is complete.

Reminders:

- OSA will reject any draft reports with a Federal Single Audit submitted prior to the release of the final compliance supplement.
- These exceptions only apply if the agency is required to have a Federal Single Audit.
- Agencies impacted by the delay do not need to request an exception to the Audit Rule regarding the due date or the one cover requirement.
- Draft reports submitted pursuant to this extension are not required to include a late report finding. A late audit finding is permitted, if in the IPA’s professional judgment, the audit is late due to factors unrelated to the Uniform Guidance delay.

OSA continues to closely monitor the situation and will provide more guidance related to the single audit soon.

Sincerely,



Joseph M. Maestas, PE. CFE
State Auditor

CC: Legislative Finance Committee Charles.Sallee@nmlegis.gov

CC: Wayne Propst, Secretary Dept. of Finance & Administration wayne.propst@dfa.nm.gov

CC: Mariana Padilla, Secretary, Public Education Department mariana.padilla@ped.nm.gov