

Andrew Vallejos

From: David Smith
Sent: Wednesday, March 4, 2026 8:22 AM
To: Andrew Vallejos
Subject: Audit Rule

Good morning, Andy.

The proposed changes to the 2/2/2/14 (C) appear to result in confusing language. The last sentence of the paragraph refers to the preceding sentence that is being deleted. The ending result is a sentence that doesn't appear to refer to anything.

C. State auditor ~~quality control~~ engagement quality reviews: The state auditor may perform its own engagement quality control review of IPA audit reports and working papers. An IPA that is included on the state auditor's list of approved firms for the first time may be subject to an OSA engagement quality control review of the IPA's working papers. This review may be conducted as soon as the documentation completion date, as defined by AU-C Section 230, has passed (60 days after the report release date). ~~When the result of the state auditor's engagement quality control review differs significantly from the external engagement quality control report and corresponding peer review rating, the state auditor may no longer accept external peer review reports performed by that reviewer.~~ In making this determination, the state auditor shall take into consideration the fact that AICPA peer reviews are performed on a risk-based or key-element approach looking for systemic problems, while the state auditor reviews are engagement-specific reviews.

C. State auditor engagement quality reviews: The state auditor may perform its own engagement quality review of IPA audit reports and working papers. An IPA that is included on the state auditor's list of approved firms for the first time may be subject to an OSA engagement quality ~~control~~ review of the IPA's working papers. This review may be conducted as soon as the documentation completion date, as defined by AU-C Section 230, has passed (60 days after the report release date). In making this determination, the state auditor shall take into consideration the fact that AICPA peer reviews are performed on a risk-based or key-element approach looking for systemic problems, while the state auditor reviews are engagement-specific reviews.

Thanks,



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