



State of New Mexico Office of the State Auditor

FREQUENTLY ASKED QUESTIONS:

DELAYED FEDERAL UNIFORM GUIDANCE, EXCEPTIONS TO THE “ONE-COVER” REQUIREMENT FOR AUDITS THAT INCLUDE A FEDERAL SINGLE AUDIT, AND RELATED CONTRACT AMENDMENTS

October 7, 2026

What is the Uniform Guidance Compliance Supplement?

The Uniform Guidance Compliance Supplement is an annual publication issued by OMB that provides detailed instructions and requirements for conducting Federal Single Audits. It outlines:

- Audit objectives and procedures for federal programs.
- Compliance requirements auditors must test.
- Updates to federal regulations and guidance for the current fiscal year.

Auditors must use the final version of the Supplement to complete Single Audits in accordance with federal standards. Until the final 2026 version is released, Single Audits cannot be finalized or submitted to OSA.

What is the status of the 2026 Compliance Supplement?

As of the date of this notice, OMB has not released the final version. OMB issued a *draft* on September 29, 2026, but auditors may only utilize it for planning purposes. Auditors cannot submit Single Audit reports until the *final* supplement is published. OMB has not indicated when the final compliance supplement will be made available.

What does “separating the financial statement audit from the Federal Single Audit” mean?

It means your agency will complete and submit the financial statement audit independently of the Federal Single Audit. The Federal Single Audit will be finalized and submitted to the OSA after the OMB publishes the final 2026 Compliance Supplement.

What is the “one cover” requirement, and is it still applicable?

The “one cover” requirement under NMAC 2.2.2.10(T)(4) mandates that the financial statement audit and Federal Single Audit be submitted as a single, unified report. OSA is temporarily waiving this requirement to allow agencies to submit the financial statement audit separately.

Why can't audit deadlines just be extended to wait for the final compliance supplement?

The OSA works closely with the Legislative Finance Committee and the Department of Finance and Administration to ensure important audited financial information is available for the users of the financial statements. Separating financial and single audits for certain agencies helps ensure that critical financial information, audit opinions, and findings affecting public funds and entities in New Mexico are completed and published on time.

Waiting for the delayed Federal Single Audit guidance would unnecessarily postpone the release of important financial data reported in annual financial audits. By allowing agencies to submit financial audits separately, OSA ensures that the public, agency leadership, and lawmakers can act on accurate financial information without further delay.

Which agencies need to separate Federal Single Audits from Financial Audits this year?

- **State Agencies and Component Units** that are included in the State of New Mexico Annual Comprehensive Financial Report (ACFR) and need a Federal Single Audit ***are required*** to submit separate annual financial audit reports and Federal Single Audit reports.
- **Other agencies that are not part of the ACFR but still require a Federal Single Audit** ***may choose*** between the following options:
 - Submit separate financial audit and single audit reports, or
 - Wait for the release of the final Compliance Supplement, with the intent to submit a combined report under one cover.

Does my agency need to amend its contract with our IPA?

Agencies that are required to submit audit reports under separate cover and other agencies that choose to submit audits under separate cover are required to submit an amendment to their audit contract. Instructions for the contract amendment can be found here:

<https://www.osa.nm.gov/wp-content/uploads/2026/10/Uniform-Guidance-Delay-Contract-Amendment-Guidance.pdf>

Agencies that choose to wait on the compliance supplement and submit a financial and compliance audit under one cover do not need to amend their audit contract

When does my agency need to amend the contract with its IPA?

Agencies amending their audit contracts must submit their draft amendment in the OSA-Connect System prior to the agency's normal financial audit due date.

Will this change increase audit costs or workload?

Separating the audits may result in additional administrative effort or cost, depending on your agency's circumstances and the terms negotiated with your IPA. For example, separating audits entails separate Management Representation Letters for each report, two exit conferences, and updated report language, among other considerations. Agencies are encouraged to discuss these implications early and directly with their auditors. Any increased costs resulting from this situation must be included on the "Single Audit" line of the Hours and Compensation section of the contract amendment.

Will my agency be penalized for submitting the Federal Single Audit later than usual?

No. Agencies affected by the delay do not need to request an exception to the Audit Rule regarding the due date. However, 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.

When is my agency's annual Financial Audit due?

The draft Financial Audit report is due to OSA by the normal due date prescribed in the Audit rule at 2.2.2.9 (A) NMAC.

When is my agency's separate Federal Single Audit due?

Currently the due date for the draft separate Federal Single Audit is January 19, 2027. OSA will continuously review the circumstances and may further extend this delay.

My Agency is a component unit with a different IPA. What is my due date?

The underlying factor in this situation is the Uniform Guidance delay. The component unit and primary government should work together to determine the appropriate course of action. If any agency within the reporting entity requires a single audit the requirements and/or options apply. Close collaboration with primary governments and IPA's is encouraged,

If the final Uniform Guidance Compliance Supplement is released after a contract has been amended but before the due date, can we revert to the "one-cover" approach?

No. Once a contract is amended, it initiates manual processes that are complex and not easily reversible. Therefore, reverting to the "one-cover" approach is not permitted.

Will a new Review Guide be published?

Yes, but only for the single audit portion. For the first report, you may continue using the original guide. In sections where updates are expected, you can reference the forthcoming second report, which will be published at a later date.

Who can I contact for further guidance?

For contracting questions please contact Bernadet Martinez at Bernadet.Martinez@osa.nm.gov or for technical assistance email the IT Helpdesk at helpdesk@osa.nm.gov.