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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: Amended Notice of Proposed Rulemaking and Public Hearing

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 updated comments to the proposed amendments to the 2024 Audit Rule as well as our previous letter dated March 13, 2024. Below are our additional or amended comments 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 and Administrative Burden.** 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 of the entity. This initial time, effort and cost is offset by efficiencies in future years. The reduction of potential future years would decrease the efficiencies in future years leading 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.
- **Staffing Shortage, Delays and Untimely Audits.** The accounting industry nationwide, both entities and IPAs, is facing significant staffing shortages. These staffing shortages are currently affecting the entities in the ability to perform their daily operations. By requiring additional frequency to administer RFPs as well as to change IPAs more frequently reduces the entities ability to perform their daily operations leading to delays and potentially untimely audits. These staffing shortages are currently affecting IPAs by determining which RFPs in which to respond leading to lack of competitiveness or response to RFPs for the entities which can increase delays, costs, and untimely audits. In addition, the RFP process extends the timing for fully executing a contract which reduces or eliminates the ability to perform interim work

until after the end of the fiscal year. This interim work is a vital component in the performance of an audit and more frequent RFPs could result in an increased delay and untimely audits.

CRI respectfully requests the Office of the State Auditor to reconsider changing the mandatory rotation from eight (8) years to six (6) years.

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.", written in a cursive style.

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