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HOUSE BILL 424

50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011

INTRODUCED BY

Mimi Stewart

AN ACT

RELATING TO PUBLIC MONEY; REQUIRING THE STATE AUDITOR TO DESIGNATE AN AGENCY AT RISK FOR FRAUD, WASTE OR ABUSE IF IT FAILS TO SUBMIT A TIMELY AUDIT; REQUIRING THE STATE AUDITOR TO DESIGNATE AN AGENCY AT RISK FOR FRAUD, WASTE OR ABUSE IF IT RECEIVES A DISCLAIMER OF OPINION OR AN ADVERSE OPINION ON ITS ANNUAL FINANCIAL AUDIT; PROVIDING FOR REPORTING REQUIREMENTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of the Audit Act is enacted to read:

"[NEW MATERIAL] AT-RISK DESIGNATION OF AN AGENCY BY THE STATE AUDITOR.--

A. The state auditor shall designate an agency at risk for fraud, waste or abuse if the agency:

- (1) fails to submit a required audit report or

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1 agreed-upon procedures report within ninety days of the due
2 date specified by the state auditor; or

3 (2) receives a disclaimer of opinion or an
4 adverse opinion on its annual financial audit.

5 B. An agency designated at risk for fraud, waste or
6 abuse shall be required, within thirty days from the state
7 auditor's designation, to submit monthly progress reports to
8 the state auditor. The progress report shall be signed by a
9 member of the agency's governing authority, a designee of the
10 governing authority or a member of the agency's top management.

11 At a minimum, the progress report shall include:

12 (1) a detailed explanation of the agency's
13 efforts to complete and submit its audit or agreed-upon
14 procedures;

15 (2) an explanation of the current status of
16 any ongoing audit or agreed-upon procedures work;

17 (3) a description of any obstacles
18 encountered by the agency in completing its audit or
19 agreed-upon procedures;

20 (4) a projected completion date for the audit
21 or agreed-upon procedures; and

22 (5) if the agency received a disclaimer of
23 opinion or an adverse opinion on its annual financial audit,
24 the progress report shall include the agency's planned
25 corrective actions to address the audit's findings and

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1 recommendations.

2 C. The state auditor shall publish on the state
3 auditor's web site a list of agencies designated at risk for
4 fraud, waste or abuse. The state auditor shall also submit a
5 list of agencies designated at risk for fraud, waste or abuse
6 on a monthly basis to the:

- 7 (1) governor;
8 (2) legislative finance committee;
9 (3) department of finance and administration;
10 (4) public education department, if any school

11 district or charter school is designated at risk for fraud,
12 waste or abuse; and

- 13 (5) higher education department, if any
14 institution of higher education is designated at risk for
15 fraud, waste or abuse.

16 D. The state auditor shall withdraw an agency's
17 designation if:

- 18 (1) an agency that failed to submit a required
19 audit report or agreed-upon procedures report submits the
20 required report; or

- 21 (2) an agency that received a disclaimer of
22 opinion or an adverse opinion on its annual financial audit
23 receives an unqualified opinion or qualified opinion on its
24 subsequent annual financial audit."

25 SECTION 2. EFFECTIVE DATE.--The effective date of the

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1 provisions of this act is July 1, 2011.

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