

OFFICE OF THE STATE AUDITOR

JOSEPH M. MAESTAS, PE, CFE



AGENCY No. 30800

**OPERATING BUDGET
APPROPRIATION REQUEST**

FISCAL YEAR 2027



State of New Mexico Office of the State Auditor

August 28, 2025

Mr. Wayne Propst, Cabinet Secretary
Department of Finance & Administration
407 Galisteo Street
Santa Fe, NM 87501

Re: Office of the State Auditor Budget Request – Fiscal Year 2027

Dear Secretary Propst:

It is the privilege of the Office of the State Auditor (OSA) to submit this budget appropriation request for Fiscal Year 2027 (FY27) for your consideration. This request has been prepared with the utmost diligence, reflecting OSA's unwavering commitment to its mission, statutory responsibilities, and the public interest of the citizens of New Mexico. As the State's financial watchdog and chief steward of fiscal accountability, the OSA continues to champion transparency, integrity, and reform in financial management across all public agencies.

The OSA championed the codification of Executive Order 2013-006 into statute via HB493. We are actively working to align our processes within the new legislative framework. While HB493 is not under the OSA's direct enforcement authority, the agency is coordinating closely with the designated oversight body, the Department of Finance and Administration, to ensure compliance and support statewide efforts to improve financial governance, reduce the withholding of public funds, and allow public entities to apply for new funding.

The OSA also leads the charge against fraud, waste, and abuse by investigating complaints and referring cases to appropriate prosecutorial entities, law enforcement, and the State Ethics Commission. However, resources needed to further investigate and prosecute white collar financial crimes by other agencies is insufficient and offers no incentive to potential whistleblowers to come forward in hopes of seeing their confidential complaint end in a conviction. Additionally, the agency continues to fulfill its statutory mandate to protect vulnerable adults under court-appointed conservatorships by reviewing annual reports and determining when audits are warranted.

The OSA's budgetary requests for FY27 are outlined below.

- 1. Details of any General Fund base budget increases that are required to maintain services at FY26 levels (includes increases in risk rates and population caseloads when the State is statutorily required to provide a certain service):**
 - a. To maintain current service levels and fulfill statutory obligations, the Office of the State Auditor (OSA) respectfully requests an increase of \$940,726 in the 200 Category (Personal Services), representing an 21% increase across line items

520100 through 520300. We did not fully expend our previous appropriation due to elevated staff turnover however it is critical to note that this underspending reflects a deeper structural challenge rather than a surplus of resources. The increase is essential to sustain operational continuity and uphold the agency's core mission of financial oversight and accountability.

- i. Increase of \$65,000 for four college interns. The number of students pursuing accounting degrees has dropped sharply. Between 2015 and 2023, bachelor's degrees in accounting declined by 17%, and master's degrees by 20.66%. Additionally, the number of CPA exam candidates fell by 33% from 2016 to 2021. These trends demonstrate a shrinking pool of qualified applicants entering the profession. We feel we must help address this issue through a robust internship program.
- ii. Increase of \$362,731 to continue to align salaries to become competitive. Without adjustments, we risk losing candidates to industry roles that offer higher compensation, faster advancement, and more flexible work arrangements. Our office continues to face significant difficulty in attracting and retaining qualified candidates, particularly for specialized roles such as Audit Manager. A recent posting yielded only two applicants, underscoring the urgent need to enhance our compensation strategy. We believe that methodically increasing salaries is a necessary step to mitigate turnover and improve the competitiveness of our job postings.
- iii. Required realignment, as compared to actuals, of the PERA and Retiree Healthcare in the amounts of \$266,890 and \$14,821, respectively.
- iv. Increase for continued costs related to the SB 376 health insurance premiums in the amount of \$160,162.00.
- v. The requested increase also corrects underfunding in employer-paid FICA and Medicare contributions, ensuring that salary levels are properly aligned with associated benefit costs. The \$63,175 adjustment is not discretionary—it is required to meet federal obligations and avoid future audit findings or budgetary shortfalls.
- vi. Other increases totaling \$21,949 for unemployment compensation and other insurance costs are requested to align with the rate sheets for FY2027.

Despite the OSA's exclusion from the statewide compensation and class study, we are determined to stabilize our workforce and decrease vacancies by 1) growing our internship program from two interns to four interns, 2) providing appropriate placement to 10 additional staff members not yet at midpoint in the new pay-band structure, and 3) by conducting our own compensation and class study that specifically addresses the unique qualifications and educational levels required by accounting quality standards, that the OSA must adhere to in order to comply with its statutory mandates, as well as the escalating crisis within the accounting industry pertaining to shortages of available accountants. A

special appropriation request is part of our FY27 appropriation request to support this necessary study. These steps are valid and vital to the OSA's ability to continue to perform the mandates placed upon it by statute.

- b. OSA requests an increase for its 300 Category (Contractual Services) in the amount of \$322,623. The requested change is for the following:
 - i. An increase to professional services in the amount of \$20,050 to pay for costs of a required triennial peer review (required by government audit standards) and an increase to the rate sheets.
 - ii. An increase to audit services in the amount of \$2,573, per the FY27 consolidated rate sheet.
 - iii. An increase of \$300,000 in IT services for Web hosting & annual maintenance in the amount of \$15,000; web page updates and AI Chat subscription for webpage, \$35,000; continuity backup and disaster recovery solution-- implementation phase, \$40,000; OSA Connect enhancements for reporting entities, \$100,000; as well as annual maintenance for the new AI system for financial audit report reviews to be implemented in FY26, \$200,000.
- c. OSA proposes to increase the 400 Category (Other Expenses) by \$42,858, which includes, per DFA instructions, the most significant changes in projected expenditures by line item as follows:
 - i. An increase of \$4,177 for the GSD Lease agreement for its two lease passenger vehicles.
 - ii. A \$9,908 increase in anticipated DoIT ISD and HCM Access Fees.
 - iii. A \$4,273 (1.9%) increase in the OSA office suite per its lease agreement.
 - iv. A \$5,000 increase in dues and subscriptions per FY25 actuals.
 - v. Line Item 546800 is proposed to increase by \$10,000 to allow OSA to cover the preparation courses and materials expenses of Certified Public Accountant (CPA) and Certified Fraud Examiner (CFE) candidates. Without the CPA certification, auditors face limitations in the types of assignments and responsibilities they can perform. These limitations are imposed by American Institute of Certified Public Accountants (AICPA), Generally Accepted Government Auditing Standards (GAGAS), and the New Mexico Accountancy Board. Essentially, there is no workaround for these limitations. The OSA must hire and retain more CPAs or develop a competent pool of employees who can then become CPAs. (Of special note regarding this situation, the New Mexico State Board of Accountancy has informed the OSA that the number of licensed CPAs in the state has decreased by approximately 30% within the last five years.) Regarding the requirement for the CFE designation bestowed by the Association of

Certified Fraud Examiners, this designation demonstrates that the auditor meets all the requirements and possesses the skill sets necessary to conduct special financial investigations, financial fraud investigations, and other types of investigations as needed.

- vi. An increase of \$5,000 in advertising costs related to increasing stakeholder participation and engagement in OSA training events and roundtables.
- vii. An increase of \$3,000 for out of state mileage and fares and \$3,000 for out of state meals and lodging. These increases are necessary to allow staff to attend national conferences with potential involvement in the peer review process whereby our office would actually be the peer reviewer.

2. Summary of any significant changes in project revenue:

The OSA does not anticipate increases to the estimated revenue; the budget should remain at \$350,000.

3. Summary of any significant changes in projected expenditures by line item:

Please see the itemization of budget increases in Part 1. The public accounting industry in New Mexico is contracting, while accounting standards are proliferating and consequently adding to the complexity and cost of public entity audits. Recent data indicates a significant contraction in the accounting workforce, with over 300,000 professionals exiting the field between 2020 and 2022. This represents a 17% decline, contributing to widespread staffing shortages. A 2024 survey conducted by Personiv, a finance and accounting outsourcing firm, gathered insights from 278 U.S. finance and accounting leaders across more than 20 industries, including advertising, agriculture, finance, and technology. The survey revealed 83% of financial leaders are experiencing difficulty hiring qualified personnel, and 42% of firms are turning away work due to insufficient staffing.

According to the BLS Occupational Outlook Handbook, there are projected to be about 126,500 openings for accountants and auditors each year, on average, over the decade. Government agencies must compete with private firms for talent, and failure to offer competitive packages will hinder our ability to attract and retain qualified professionals

4. Identification of any significant projected funding shortages and the impact on the agency's core mission if additional funding is not provided:

This marks the third budget (inherited the first one) under my administration and reflects a continued commitment to stabilizing the office, restore mission-critical functions diminished by years of unfunded mandates, and reinforce the foundational progress achieved since the outset of my tenure. While we are grateful for the modest increase in personal services funding received in the current fiscal year, it remains insufficient to address the structural under-resourcing that has accumulated over the past seven years. The increase represents an important step forward, but it

does not yet meet the scale of investment required to fully support our statutory obligations, operational demands, and workforce sustainability.

Moreover, the proliferation of mandatory public accounting standards and expanding statutory requirements have outpaced our current capacity. Resources needed to fully establish our capacity to conduct performance audits—essential for transparency, accountability, and public trust—remain severely constrained.

Since the establishment of the small local public body assistance program in 2023, we have helped to free up over \$10M in withheld capital outlay, assisted hundreds of sLPBs in achieving financial compliance, and paved the way for newly compliant sLPBs to pursue new sources of funding. However, this program has required the reallocation of a badly needed FTE from a mission-critical Special Investigations Division to manage the program, along with the addition of several interns. This program has helped to improve our online information platform – OSA Connect, making it more user-friendly for these under-resourced sLPBs. At some point, this program must transition into the operational budget, rather than subsisting on special appropriations, as the need for such accelerated direct services to sLPBs will continue in the foreseeable future.

Without additional support, our ability to sustain the sLPB program, expand into performance evaluations, and meet existing audit mandates will be severely constrained — undermining the effectiveness and integrity of our statewide oversight, and indirectly enabling fraud, waste, and abuse across New Mexico.

5. Proposed changes in program structure and/or the realignment of agency resources to address critical or emerging needs. The following are all realignment of existing agency resources without the need for expansion:

- a. The OSA will embark on a comprehensive evaluation of each staff position and demonstrate the critical nature of those positions to ensure proper placement and justify competitive wages through benchmarking. It is also critical for the OSA to be able to retain, through appropriate salary increases, existing employees that achieve key industry certifications and licenses such as certification as a fraud examiner and being certified as a public accountant. This effort requires an increased budget for personal services.
- b. The statutory mandate to review annual conservatorship reports has required the office to use staff resources from the critically needed Financial Audit Division. While it has bolstered resources for our Conservatorship review team, it has significantly compromised the capacity of our Financial Audit Division. Historically, the Office of the State Auditor (OSA) has been tasked exclusively with the financial examination of public funds, not private assets held in conservatorships. Our statutory role is to remain independent from the entities subject to the Audit Act, ensuring objectivity and impartial oversight. Requests to provide information in support of judicial functions—particularly those involving private funds—may raise concerns regarding the appearance of compromised independence and could be perceived as inconsistent with our core mandate.

Office of the State Auditor

- c. Despite a lack of an interim legislative committee that addresses public finance accountability and transparency, our agency has boldly taken the lead in assessing the need for comprehensive industry reform. That assessment has indicated a need to join the rest of the United States in consolidating all State agency Federal single audits into one statewide audit. This would improve the timeliness of State agency audits and the Annual Comprehensive Financial Report (ACFR). The next step would be to call for a singular audit – a consolidation of all State agency audits. We will be coming forward with study recommendations to transition the State towards these changes.
- d. The OSA will be taking steps to re-establish the program evaluation function that once resided in this office. This function will be under the auspices of our Government Accountability Office. Although such a program resides in the LFC, we feel that through our annual and special audits as well as our fraud, waste, and abuse case referrals; such a function would greatly improve our preparedness for legislative referrals and capacity to recommend program improvements.
- e. The OSA, through the legislative process, has had ongoing concerns over the selection and operation of inspectors general (IGs) embedded in certain State agencies. We firmly believe that the independence of these IGs has been compromised and will be evaluating these offices. Also, additional IGs are needed in other high-risk agencies. The OSA is exploring the realignment of existing IGs under the OSA and pursuit of the creation of a Statewide IG.
- f. Performance Evaluation Function (Re-Establishment): OSA will re-establish the independent program evaluation function once housed in this office, under the auspices of our Government Accountability Office. While the Legislative Finance Committee (LFC) conducts program evaluations, OSA brings a complementary advantage: pairing financial audits with programmatic analysis, fraud and abuse case referrals, and special audits. This function will follow nationally recognized standards—including scoping, field work, reporting, public hearings, and follow-up—and will strengthen legislative oversight by producing actionable, evidence-based recommendations for statutory or program reforms.

The Office of the State Auditor (OSA) plays a vital role in safeguarding public funds across nearly every State-funded entity in New Mexico—touching lives in every corner of the Land of Enchantment. For years, the agency has operated under constrained budgets, relying on vacancy savings and external auditors to fill critical gaps. But the landscape has changed. New Mexico faces mounting fiscal complexity, a shrinking accounting workforce, and expanding accounting standards and statutory mandates. The time to act is now. We must rebuild internal capacity, modernize our operations, and meet today’s challenges head-on with the resources necessary to do so.

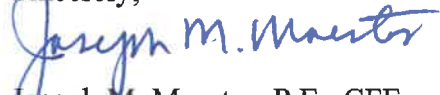
Our request represents more than line-item adjustments; it is an investment in the integrity of state government itself. While the OSA is requesting a modest budget increase, the return on investment will be substantial—measured in greater efficiency, stronger oversight, and enhanced ability to detect and prevent waste, fraud, and abuse. By strengthening OSA’s capacity, legislators can

Office of the State Auditor

assure their constituents that every dollar appropriated is spent wisely, transparently, and for the public good.

As State Auditor, I respectfully urge approval of our FY27 budget as submitted.

Sincerely,



Joseph M. Maestas, P.E., CFE
State Auditor

Agency Name: Office of the State Auditor Business Unit: 30800

I hereby certify that the accompanying summary and detailed statements are true and correct to the best of my knowledge and belief and that the arithmetic accuracy of all numeric information has been verified.



Joseph M. Maestas, State Auditor



Donna Montoya Trujillo, Deputy State Auditor



Cheryl James, Chief Financial Officer

2540 Edward Ortiz Ste. A 505-476-3800 cheryl.james@osa.nm.gov
Santa Fe, NM 87507

Note: Appropriation Requests for agencies headed by a board or commission must be approved by the board or commission by official action and signed by the chairperson. Operating Budgets of other agencies must be signed by the director or secretary. Appropriation Requests not properly signed will be returned.

S-8 Financial Summary

(Dollars in Thousands)

BU PCode Department
30800 0000 0000000000

	2024-25 Opbud	2024-25 Actuals	2025-26 Opbud	2026-27 PCF Proj	Base	----- FY 2027 Agency Request ----- Expansion		Total
REVENUE								
111 General Fund Transfers	4,259.8	4,160.8	4,449.6	0.0	5,815.9	0.0		5,815.9
112 Other Transfers	874.3	612.9	905.1	0.0	0.0	0.0		0.0
130 Other Revenues	374.3	411.9	374.3	0.0	350.0	0.0		350.0
150 Fund Balance	500.0	0.0	530.8	0.0	500.0	0.0		500.0
REVENUE, TRANSFERS	6,008.4	5,185.5	6,259.8	0	6,665.9	0.0		6,665.9
REVENUE	6,008.4	5,185.5	6,259.8	0	6,665.9	0.0		6,665.9
EXPENSE								
200 Personal services and employee benefits	4,372.6	4,073.5	4,553.1	5,896.7	5,493.8	0.0		5,493.8
300 Contractual services	197.8	150.7	197.8	0.0	520.5	0.0		520.5
400 Other	563.7	777.2	603.8	0.0	651.6	0.0		651.6
EXPENDITURES	5,134.1	5,001.3	5,354.7	5,896.74	6,665.9	0.0		6,665.9
500 Other financing uses	874.3	0.0	905.1	0.0	0.0	0.0		0.0
OTHER FINANCING USES	874.3	0.0	905.1	0	0.0	0.0		0.0
EXPENSE	6,008.4	5,001.3	6,259.8	5,896.74	6,665.9	0.0		6,665.9
FTE POSITIONS								
810 Permanent	41.00	32.00	41.00	43.00	41.00	0.00		41.00
830 Temporary	1.00	0.00	1.00	0.00	0.00	0.00		0.00
FTEs	42.00	32.00	42.00	43.00	41.00	0.00		41.00
FTE POSITIONS	42.00	32.00	42.00	43.00	41.00	0.00		41.00

BU PCode Department
30800 0000 0000000000

S-9 Account Code Revenue/Expenditure Summary
(Dollars in Thousands)

		2024-25	2024-25	2025-26	2026-27	----- FY 2027 Agency Request -----		
		Opbud	Actuals	Opbud	PCF Proj	Base	Expansion	Total
499105	General Fd. Appropriation	4,259.8	4,160.8	4,449.6	0.0	5,815.9	0.0	5,815.9
111	General Fund Transfers	4,259.8	4,160.8	4,449.6	0.0	5,815.9	0.0	5,815.9
499905	Other Financing Sources	0.0	99.0	0.0	0.0	0.0	0.0	0.0
499906	OFS - INTRA-Agency	874.3	513.9	905.1	0.0	0.0	0.0	0.0
112	Other Transfers	874.3	612.9	905.1	0.0	0.0	0.0	0.0
424102	Auditing Services	374.3	370.3	374.3	0.0	350.0	0.0	350.0
424109	Auditing Services -Interagency	0.0	39.6	0.0	0.0	0.0	0.0	0.0
496901	Miscellaneous Revenue	0.0	2.0	0.0	0.0	0.0	0.0	0.0
130	Other Revenues	374.3	411.9	374.3	0.0	350.0	0.0	350.0
326900	Committed FB - Gov	500.0	0.0	530.8	0.0	500.0	0.0	500.0
150	Fund Balance	500.0	0.0	530.8	0.0	500.0	0.0	500.0
TOTAL REVENUE		6,008.4	5,185.5	6,259.8	0	6,665.9	0.0	6,665.9
520100	Exempt Perm Positions P/T&F/T	720.2	699.3	1,654.4	967.0	899.7	0.0	899.7
520300	Classified Perm Positions F/T	2,737.4	2,242.3	1,776.0	3,294.9	2,893.4	0.0	2,893.4
520500	Temporary Positions F/T & P/T	35.0	27.9	35.0	2.1	100.0	0.0	100.0
520600	Paid Unused Sick Leave	2.8	3.4	2.8	0.0	3.4	0.0	3.4
520700	Overtime & Other Premium Pay	0.0	2.8	0.0	0.0	0.0	0.0	0.0
520800	Annl & Comp Paid At Separation	14.3	12.1	14.8	0.0	12.1	0.0	12.1
521100	Group Insurance Premium	262.4	234.1	278.2	480.1	438.4	0.0	438.4
521200	Retirement Contributions	400.0	568.6	450.0	802.3	716.9	0.0	716.9
521300	F I C A	102.5	216.2	227.0	261.8	290.2	0.0	290.2
521400	Workers' Comp Assessment Fee	0.2	0.3	0.4	0.0	0.4	0.0	0.4
521410	GSD Work Comp Insur Premium	2.5	2.1	2.5	0.0	2.5	0.0	2.5
521500	Unemployment Comp Premium	0.0	1.7	12.1	0.0	12.1	0.0	12.1
521600	Employee Liability Ins Premium	40.3	3.4	40.2	0.0	50.2	0.0	50.2
521700	RHC Act Contributions	55.0	59.1	59.7	88.6	74.5	0.0	74.5
200	Personal services and employee benef	4,372.6	4,073.5	4,553.1	5,896.7	5,493.8	0.0	5,493.8
535200	Professional Services	67.8	0.0	67.8	0.0	46.1	0.0	46.1
535300	Other Services	40.0	92.2	40.0	0.0	41.0	0.0	41.0
535400	Audit Services	15.0	13.7	15.0	0.0	18.4	0.0	18.4
535500	Attorney Services	25.0	0.0	25.0	0.0	25.0	0.0	25.0
535600	IT Services	50.0	44.8	50.0	0.0	390.0	0.0	390.0
300	Contractual services	197.8	150.7	197.8	0.0	520.5	0.0	520.5

BU PCode Department
30800 0000 0000000000

S-9 Account Code Revenue/Expenditure Summary
(Dollars in Thousands)

		2024-25	2024-25	2025-26	2026-27	----- FY 2027 Agency Request -----		
		Opbud	Actuals	Opbud	PCF Proj	Base	Expansion	Total
542100	Employee I/S Mileage & Fares	5.0	2.2	5.0	0.0	5.0	0.0	5.0
542200	Employee I/S Meals & Lodging	5.0	5.5	5.0	0.0	5.0	0.0	5.0
542500	Transp - Fuel & Oil	3.0	0.5	3.0	0.0	3.0	0.0	3.0
542600	Transp - Parts & Supplies	1.0	0.0	1.0	0.0	1.0	0.0	1.0
542800	State Transp Pool Charges	12.3	12.9	12.9	0.0	17.1	0.0	17.1
543200	Maint - Furn, Fixt, Equipment	5.0	2.1	5.0	0.0	5.0	0.0	5.0
543830	IT HW/SW Agreements	50.0	25.4	50.0	0.0	50.0	0.0	50.0
544000	Supply Inventory IT	38.0	56.6	38.0	0.0	38.0	0.0	38.0
544100	Supplies-Office Supplies	3.5	11.0	3.5	0.0	3.5	0.0	3.5
544800	Supplies-Education&Recreation	1.0	0.0	1.0	0.0	1.0	0.0	1.0
544900	Supplies-Inventory Exempt	3.0	0.5	3.0	0.0	3.0	0.0	3.0
545600	Reporting & Recording	5.0	6.7	6.0	0.0	6.0	0.0	6.0
545609	Report/Record Inter St Agency	0.1	0.0	0.2	0.0	0.2	0.0	0.2
545700	ISD Services	0.1	11.4	1.7	0.0	10.9	0.0	10.9
545710	DOIT HCM Assessment Fees	15.0	13.8	15.1	0.0	15.8	0.0	15.8
545900	Printing & Photo Services	3.0	1.5	3.0	0.0	3.0	0.0	3.0
545909	Printing & Photo - Interagency	0.0	0.2	0.0	0.0	0.0	0.0	0.0
546100	Postage & Mail Services	0.3	0.3	0.3	0.0	0.3	0.0	0.3
546400	Rent Of Land & Buildings	222.0	450.9	224.8	0.0	229.0	0.0	229.0
546500	Rent Of Equipment	3.5	3.0	3.5	0.0	3.5	0.0	3.5
546610	DOIT Telecommunications	34.0	41.1	44.6	0.0	44.6	0.0	44.6
546700	Subscriptions/Dues/License Fee	20.0	25.4	25.0	0.0	30.0	0.0	30.0
546709	Subscription & Due Interagency	1.2	0.0	1.2	0.0	1.2	0.0	1.2
546800	Employee Training & Education	37.1	50.9	45.0	0.0	55.0	0.0	55.0
546900	Advertising	6.0	5.5	5.0	0.0	10.0	0.0	10.0
547000	Legal Settlements	44.6	35.9	50.0	0.0	50.0	0.0	50.0
547900	Miscellaneous Expense	1.0	1.4	1.0	0.0	1.0	0.0	1.0
547999	Request to Pay Prior Year	0.0	9.0	1.0	0.0	4.5	0.0	4.5
548200	Furniture & Fixtures	0.0	0.0	5.0	0.0	5.0	0.0	5.0
548300	Information Tech Equipment	20.0	0.0	20.0	0.0	20.0	0.0	20.0
549600	Employee O/S Mileage & Fares	12.0	2.1	12.0	0.0	15.0	0.0	15.0
549700	Employee O/S Meals & Lodging	12.0	1.3	12.0	0.0	15.0	0.0	15.0
400	Other	563.7	777.2	603.8	0.0	651.6	0.0	651.6

BU PCode Department
 30800 0000 0000000000

S-9 Account Code Revenue/Expenditure Summary
 (Dollars in Thousands)

		2024-25	2024-25	2025-26	2026-27	----- FY 2027 Agency Request -----		
		Opbud	Actuals	Opbud	PCF Proj	Base	Expansion	Total
555106	OFU - INTRA-Agency	874.3	0.0	905.1	0.0	0.0	0.0	0.0
500	Other financing uses	874.3	0.0	905.1	0.0	0.0	0.0	0.0
TOTAL EXPENSE		6,008.4	5,001.3	6,259.8	5,896.74	6,665.9	0.0	6,665.9
810	Permanent	41.00	32.00	41.00	43.00	41.00	0.00	41.00
810	Permanent	41.00	32.00	41.00	43.00	41.00	0.00	41.00
830	Temporary	1.00	0.00	1.00	0.00	0.00	0.00	0.00
830	Temporary	1.00	0.00	1.00	0.00	0.00	0.00	0.00
TOTAL FTE POSITIONS		42.00	32.00	42.00	43.00	41.00	0.00	41.00

APPROPRIATION REQUEST

FORM S-10 FUND BALANCE PROJECTION

(In Whole Dollars)

Agency: <u>State Auditor</u>	Business Unit: <u>30800</u>
Fund Name: <u>IPA Account</u>	Fund Number: <u>11200</u>
Legal Auth. <u>NMSA 1978, Section 12-6-13</u>	

BEGINNING BALANCE

Unreserved, undesignated fund balance (not cash balance) from SHARE NMS006GL Balance Sheet Report at close of FY25	<u>1,063,800</u>
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ADJUSTMENTS

Add:	
Interfund receivables, accounts receivables, and other assets not reflected in fund balance from FCD Reports at close of FY25	<u>381,300</u>
Other (explain in detail)	<u>2,000,000</u>
Deduct:	
Liabilities not reflected in FCD Reports at close of FY25	<u>0</u>
Fund balance designated by law for future expenditure (non-reverting funds)	<u>0</u>
Amount due to State General Fund or other fund designated by statute	<u>(556,200)</u>
Other (explain in detail)	<u>0</u>
FY25 revision not reflected in liabilities	<u>0</u>
Total Adjustments	<u>1,825,100</u>
ADJUSTED UNRESERVED, UNDESIGNATED FUND BALANCE at close of FY25	<u>2,888,900</u>

Add:	
Projected revenue/sources (less fund balance budgeted) for FY26	<u>350,000</u>
Deduct:	
Projected total expenditures for FY26	<u>(1,850,000)</u>
ADJUSTED UNRESERVED/UNDESIGNATED FUND BALANCE at close of FY26	<u>1,388,900</u>

Add:	
Projected revenue/sources (less fund balance requested) for FY27	<u>350,000</u>
Deduct:	
Total expenditures budgeted in appropriation request	<u>(850,000)</u>
ADJUSTED UNRESERVED/UNDESIGNATED FUND BALANCE at close of FY27	<u>888,900</u>

State of New Mexico

S-13 Line Items by Business Unit OPBUD

(Dollars in Thousands)

			-----FY 2027 -----						
BusUnit	Line Item	2024-25	2025-26	Request		Recommendation		Opbud	
		Actuals	OpBud	Base	Expansion	Base	Expansion		
30800	P628 State Auditor								
	326900 Committed FB - Gov	0	530.8	500	0	0	0.0	0.0	
	424102 Auditing Services	370.29	374.3	350	0	0	0.0	0.0	
	424109 Auditing Services -Interagency	39.6	0	0	0	0	0.0	0.0	
	496901 Miscellaneous Revenue	2	0	0	0	0	0.0	0.0	
	499105 General Fd. Appropriation	4,160.8	4,449.6	5,815.9	0	0	0.0	0.0	
	499905 Other Financing Sources	99	0	0	0	0	0.0	0.0	
	499906 OFS - INTRA-Agency	513.86	905.1	0	0	0	0.0	0.0	
	520100 Exempt Perm Positions P/T&F/T	699.3	1,654.4	899.7	0	0	0.0	0.0	
	520300 Classified Perm Positions F/T	2,242.31	1,776	2,893.4	0	0	0.0	0.0	
	520500 Temporary Positions F/T & P/T	27.87	35	100	0	0	0.0	0.0	
	520600 Paid Unused Sick Leave	3.42	2.8	3.4	0	0	0.0	0.0	
	520700 Overtime & Other Premium Pay	2.81	0	0	0	0	0.0	0.0	
	520800 Annl & Comp Paid At Separation	12.12	14.8	12.1	0	0	0.0	0.0	
	521100 Group Insurance Premium	234.13	278.2	438.4	0	0	0.0	0.0	
	521200 Retirement Contributions	568.63	450	716.9	0	0	0.0	0.0	
	521300 F I C A	216.24	227	290.2	0	0	0.0	0.0	
	521400 Workers' Comp Assessment Fee	0.29	0.4	0.4	0	0	0.0	0.0	
	521410 GSD Work Comp Insur Premium	2.1	2.5	2.5	0	0	0.0	0.0	
	521500 Unemployment Comp Premium	1.73	12.1	12.1	0	0	0.0	0.0	
	521600 Employee Liability Ins Premium	3.38	40.2	50.2	0	0	0.0	0.0	
	521700 RHC Act Contributions	59.11	59.7	74.5	0	0	0.0	0.0	
	535200 Professional Services	0	67.8	46.1	0	0	0.0	0.0	
	535300 Other Services	92.22	40	41	0	0	0.0	0.0	
	535400 Audit Services	13.67	15	18.4	0	0	0.0	0.0	
	535500 Attorney Services	0	25	25	0	0	0.0	0.0	
	535600 IT Services	44.76	50	390	0	0	0.0	0.0	
	542100 Employee I/S Mileage & Fares	2.17	5	5	0	0	0.0	0.0	
	542200 Employee I/S Meals & Lodging	5.54	5	5	0	0	0.0	0.0	
	542500 Transp - Fuel & Oil	0.46	3	3	0	0	0.0	0.0	
	542600 Transp - Parts & Supplies	0	1	1	0	0	0.0	0.0	
	542800 State Transp Pool Charges	12.92	12.9	17.1	0	0	0.0	0.0	

State of New Mexico

S-13 Line Items by Business Unit OPBUD

(Dollars in Thousands)

BusUnit	Line Item	2024-25 Actuals	2025-26 OpBud	-----FY 2027 -----						
				Request		Recommendation		Opbud		
				Base	Expansion	Base	Expansion			
30800	P628	543200	Maint - Furn, Fixt, Equipment	2.13	5	5	0	0	0.0	0.0
		543830	IT HW/SW Agreements	25.45	50	50	0	0	0.0	0.0
		544000	Supply Inventory IT	56.64	38	38	0	0	0.0	0.0
		544100	Supplies-Office Supplies	10.96	3.5	3.5	0	0	0.0	0.0
		544800	Supplies-Education&Recreation	0	1	1	0	0	0.0	0.0
		544900	Supplies-Inventory Exempt	0.54	3	3	0	0	0.0	0.0
		545600	Reporting & Recording	6.74	6	6	0	0	0.0	0.0
		545609	Report/Record Inter St Agency	0	0.2	0.2	0	0	0.0	0.0
		545700	ISD Services	11.41	1.7	10.9	0	0	0.0	0.0
		545710	DOIT HCM Assessment Fees	13.78	15.1	15.8	0	0	0.0	0.0
		545900	Printing & Photo Services	1.48	3	3	0	0	0.0	0.0
		545909	Printing & Photo - Interagency	0.21	0	0	0	0	0.0	0.0
		546100	Postage & Mail Services	0.31	0.3	0.3	0	0	0.0	0.0
		546400	Rent Of Land & Buildings	450.93	224.8	229	0	0	0.0	0.0
		546500	Rent Of Equipment	3.01	3.5	3.5	0	0	0.0	0.0
		546610	DOIT Telecommunications	41.14	44.6	44.6	0	0	0.0	0.0
		546700	Subscriptions/Dues/License Fee	25.39	25	30	0	0	0.0	0.0
		546709	Subscription & Due Interagency	0	1.2	1.2	0	0	0.0	0.0
		546800	Employee Training & Education	50.85	45	55	0	0	0.0	0.0
		546900	Advertising	5.48	5	10	0	0	0.0	0.0
		547000	Legal Settlements	35.85	50	50	0	0	0.0	0.0
		547900	Miscellaneous Expense	1.44	1	1	0	0	0.0	0.0
		547999	Request to Pay Prior Year	9	1	4.5	0	0	0.0	0.0
		548200	Furniture & Fixtures	0	5	5	0	0	0.0	0.0
		548300	Information Tech Equipment	0.05	20	20	0	0	0.0	0.0
		549600	Employee O/S Mileage & Fares	2.07	12	15	0	0	0.0	0.0
		549700	Employee O/S Meals & Lodging	1.25	12	15	0	0	0.0	0.0
		555106	OFU - INTRA-Agency	0	905.1	0	0	0	0.0	0.0
Subtotal for:	30800 P628 State Auditor			10,186.86	12,519.6	13,331.8	0	0	0.0	0.0
30800				10,186.86	12,519.6	13,331.8	0	0	0	0.0

State of New Mexico

S-13 Line Items by Business Unit OPBUD
(Dollars in Thousands)

State of New Mexico

S-13 Line Items by Business Unit OPBUD

(Dollars in Thousands)

Totals by Line Item			-----FY 2027-----						
BusUnit	Line Item	2024-25	2025-26	Request		Recommendation		Opbud	
		Actuals	Opbud	Base	Expansion	Base	Expansion		
30800	326900	Committed FB - Gov	0	530.8	500	0	0	0.0	0.0
	424102	Auditing Services	370.29	374.3	350	0	0	0.0	0.0
	424109	Auditing Services -Interagency	39.6	0	0	0	0	0.0	0.0
	496901	Miscellaneous Revenue	2	0	0	0	0	0.0	0.0
	499105	General Fd. Appropriation	4,160.8	4,449.6	5,815.9	0	0	0.0	0.0
	499905	Other Financing Sources	99	0	0	0	0	0.0	0.0
	499906	OFS - INTRA-Agency	513.86	905.1	0	0	0	0.0	0.0
	520100	Exempt Perm Positions P/T&F/T	699.3	1,654.4	899.7	0	0	0.0	0.0
	520300	Classified Perm Positions F/T	2,242.31	1,776	2,893.4	0	0	0.0	0.0
	520500	Temporary Positions F/T & P/T	27.87	35	100	0	0	0.0	0.0
	520600	Paid Unused Sick Leave	3.42	2.8	3.4	0	0	0.0	0.0
	520700	Overtime & Other Premium Pay	2.81	0	0	0	0	0.0	0.0
	520800	Annl & Comp Paid At Separation	12.12	14.8	12.1	0	0	0.0	0.0
	521100	Group Insurance Premium	234.13	278.2	438.4	0	0	0.0	0.0
	521200	Retirement Contributions	568.63	450	716.9	0	0	0.0	0.0
	521300	F I C A	216.24	227	290.2	0	0	0.0	0.0
	521400	Workers' Comp Assessment Fee	0.29	0.4	0.4	0	0	0.0	0.0
	521410	GSD Work Comp Insur Premium	2.1	2.5	2.5	0	0	0.0	0.0
	521500	Unemployment Comp Premium	1.73	12.1	12.1	0	0	0.0	0.0
	521600	Employee Liability Ins Premium	3.38	40.2	50.2	0	0	0.0	0.0
	521700	RHC Act Contributions	59.11	59.7	74.5	0	0	0.0	0.0
	535200	Professional Services	0	67.8	46.1	0	0	0.0	0.0
	535300	Other Services	92.22	40	41	0	0	0.0	0.0
	535400	Audit Services	13.67	15	18.4	0	0	0.0	0.0
	535500	Attorney Services	0	25	25	0	0	0.0	0.0
	535600	IT Services	44.76	50	390	0	0	0.0	0.0
	542100	Employee I/S Mileage & Fares	2.17	5	5	0	0	0.0	0.0
	542200	Employee I/S Meals & Lodging	5.54	5	5	0	0	0.0	0.0

State of New Mexico

S-13 Line Items by Business Unit OPBUD

(Dollars in Thousands)

Totals by Line Item			-----FY 2027-----						
			2024-25	2025-26	Request		Recommendation		Opbud
BusUnit	Line Item	Actuals	Opbud	Base	Expansion	Base	Expansion	Opbud	
30800	542500	Transp - Fuel & Oil	0.46	3	3	0	0	0.0	0.0
	542600	Transp - Parts & Supplies	0	1	1	0	0	0.0	0.0
	542800	State Transp Pool Charges	12.92	12.9	17.1	0	0	0.0	0.0
	543200	Maint - Furn, Fixt, Equipment	2.13	5	5	0	0	0.0	0.0
	543830	IT HW/SW Agreements	25.45	50	50	0	0	0.0	0.0
	544000	Supply Inventory IT	56.64	38	38	0	0	0.0	0.0
	544100	Supplies-Office Supplies	10.96	3.5	3.5	0	0	0.0	0.0
	544800	Supplies-Education&Recreation	0	1	1	0	0	0.0	0.0
	544900	Supplies-Inventory Exempt	0.54	3	3	0	0	0.0	0.0
	545600	Reporting & Recording	6.74	6	6	0	0	0.0	0.0
	545609	Report/Record Inter St Agency	0	0.2	0.2	0	0	0.0	0.0
	545700	ISD Services	11.41	1.7	10.9	0	0	0.0	0.0
	545710	DOIT HCM Assessment Fees	13.78	15.1	15.8	0	0	0.0	0.0
	545900	Printing & Photo Services	1.48	3	3	0	0	0.0	0.0
	545909	Printing & Photo - Interagency	0.21	0	0	0	0	0.0	0.0
	546100	Postage & Mail Services	0.31	0.3	0.3	0	0	0.0	0.0
	546400	Rent Of Land & Buildings	450.93	224.8	229	0	0	0.0	0.0
	546500	Rent Of Equipment	3.01	3.5	3.5	0	0	0.0	0.0
	546610	DOIT Telecommunications	41.14	44.6	44.6	0	0	0.0	0.0
	546700	Subscriptions/Dues/License Fee	25.39	25	30	0	0	0.0	0.0
	546709	Subscription & Due Interagency	0	1.2	1.2	0	0	0.0	0.0
	546800	Employee Training & Education	50.85	45	55	0	0	0.0	0.0
	546900	Advertising	5.48	5	10	0	0	0.0	0.0
	547000	Legal Settlements	35.85	50	50	0	0	0.0	0.0
	547900	Miscellaneous Expense	1.44	1	1	0	0	0.0	0.0
	547999	Request to Pay Prior Year	9	1	4.5	0	0	0.0	0.0
	548200	Furniture & Fixtures	0	5	5	0	0	0.0	0.0
	548300	Information Tech Equipment	0.05	20	20	0	0	0.0	0.0
	549600	Employee O/S Mileage & Fares	2.07	12	15	0	0	0.0	0.0
	549700	Employee O/S Meals & Lodging	1.25	12	15	0	0	0.0	0.0
	555106	OFU - INTRA-Agency	0	905.1	0	0	0	0.0	0.0

State of New Mexico

S-13 Line Items by Business Unit OPBUD

(Dollars in Thousands)

Totals by Line Item

BusUnit	Line Item	-----FY 2027-----						
		2024-25	2025-26	Request		Recommendation		Opbud
		Actuals	Opbud	Base	Expansion	Base	Expansion	
Grand Total		10,186.86	12,519.6	13,331.8	0	0	0.0	0.0

P-1 Program Overview

Program Description:

The Office of the State Auditor (OSA) plays a crucial role in ensuring transparency, accountability, and efficient utilization of public resources in all government organizations. The OSA provides independent, rigorous examinations and audits of all agencies and local public bodies totaling more than 1,000 across the state in accordance with the provisions of the Audit Act (NMSA 1978, Section 12-6-3).

Under the Audit Act (NMSA 1978, Section 12-6-2(A)), all "agencies" are subject to comprehensive financial oversight, which requires an annual audit or examination. This essential responsibility is fulfilled by the state auditor, authorized personnel from the Office of the State Auditor (OSA), or independent public accountants (IPAs) who have received approval from the state auditor. Any engagement between an agency and an IPA for audit services must be formally authorized through written approval by the state auditor for each individual audit contract. Furthermore, the state auditor or designated OSA personnel are tasked with reviewing all audit reports completed under such contracts, in accordance with NMSA 1978, Section 12-6-14 and 2.2.2.15(8)(1) NMAC.

In addition to its core responsibility of auditing public agencies, the Office of the State Auditor (OSA) plays a vital role in protecting vulnerable individuals—particularly those under guardianship or conservatorship—by ensuring financial accountability and transparency. Under the Uniform Probate Code (NMSA 1978, Section 45-5-409(H)), the OSA is mandated to review financial reports submitted by conservators who manage the assets of individuals unable to do so themselves due to age, disability, or incapacity.

In 2021, the legislature mandated the OSA to review annual conservatorship reports, to determine the need for further audit action. The process, spelled out in the Probate Code at NMSA 1978, Section 45-5-409(H), involves an accelerated timeline for review and decision-making, ensuring timely and accurate assessments.

Beyond the yearly audit, the state auditor is authorized to initiate partial or complete audits of an agency's financial activities, including special audits and investigations. If an audit or investigation uncovers any violation of a criminal statute associated with financial matters, then the OSA is obligated to notify the appropriate prosecuting office. The OSA must provide the office with all pertinent data and information regarding the criminal violation in its possession (NMSA 1978, Section 12-6-6). The OSA intakes anonymous fraud, waste, and abuse complaints at a rate of approximately one per day, each of which requires vetting, investigation, and potential referral to appropriate prosecutorial or oversight authorities and law enforcement, including referrals to the State Ethics Commission.

Program beneficiaries and services: Collaborative partnerships with oversight, ethics, and prosecutorial entities throughout New Mexico enhance the effectiveness of the OSA's activities, benefiting the state's residents and governmental bodies alike.

State of New Mexico P-1 Program Overview

State Auditor

BU PCode
30800 P628

Major Issues and Accomplishments:

The OSA has achieved a series of notable accomplishments that underscore its commitment to efficiency, innovation, and the advancement of its responsibilities. These achievements showcase the OSA's dedication to enhancing operations and its profound impact on the state's overall accountability and transparency needed for effective financial management of public funding.

Accomplishments:

Organizational Revitalization and Enhanced Telework Policy: The OSA embarked on a comprehensive reorganization initiative coupled with a dynamic executive team to drive strategic direction. This new leadership spearheaded the streamlining of administrative function and conservatorship review procedures, and the bolstering legal services. Establishing a hybrid telework policy further highlights the OSA's adaptability and responsiveness to modern work trends, fostering an environment conducive to innovation, productivity, and teamwork. Robust benchmarking efforts were performed to justify more competitive wages comparable with the accounting industry. The agency also embarked on a strategic endeavor of information technology reform, special investigations case-management modernization, and web portal system enhancements.

Remarkable Reduction in Vacancy Rate: Through strategic workforce management and targeted recruitment efforts, the OSA has nearly halved its vacancy rate from 37% to an impressive 19%. This achievement is a testament to the OSA's resolute commitment to attracting and retaining skilled professionals, as well as fostering a cohesive and capable workforce.

Strategic Financial Compliance Strategy for Small Local Public Bodies: In pursuit of the OSA's core mission, the OSA has taken strides to establish a multi-year full financial compliance strategy tailored to address the needs of small local public bodies. The strategy is designed to ensure that all small local public bodies become financially compliant with the OSA, with the express goal of freeing up withheld funds and making them eligible for public funding due to their non-compliance and helping them maintain financial compliance going forward. The previous effort to offer small local public bodies elective financial compliance grants has led to extensive non-compliance among these bodies for multiple fiscal years, providing no incentive for accounting firms to offer assistance. Instead, the OSA is now employing a state-wide procurement process to provide accelerated, direct assistance to multiple small local public bodies, which stimulates greater interest from accounting firms to bid on the work. The OSA's commitment to this strategy is further affirmed by the receipt of a \$1,000,000 legislative appropriation in 2025, which underscores the significance and impact of this approach, as well as the need for additional funding to fully implement this strategy. This project has already freed up more than \$10 million in capital outlay funding since its initiation in 2023.

Innovative Internship Program: The OSA has demonstrated its commitment to knowledge exchange and collaboration by launching an innovative intern program in collaboration with local/New Mexico universities. By forging partnerships with academic institutions, the OSA not only facilitates valuable learning experiences for students but also cultivates a fresh pool of talent, which contributes to the growth and sustainability of the organization.

Issues:

Staffing: The decreasing capacity to compete with private-sector wages has resulted in a decline in prospective employees pursuing new careers in state government and in existing employees continuing their careers in the state sector.

Information Technology: The existing hardware employed by the OSA currently operates beyond its warranty period and expected lifecycle, necessitating either replacement or upgrade. Additionally, both the OSA Connect web portal and website require modernization to enhance accessibility for our valued stakeholders.

State of New Mexico
P-1 Program Overview

State Auditor
BU PCode
30800 P628

Overview of Request:

The figures in the OSA's budget proposal were determined through an analysis of the previous year's actual expenditures, the ongoing year's costs, and a forward-looking assessment of the fiscal year 2025 requirements. This comprehensive approach ensures that the OSA can effectively pursue its objectives.

In the 200 Personal Services category, the OSA is seeking a justified increase in budget allocation. Having not substantially adjusted the budget for five years, the OSA aims to address staff turnover by enhancing the personnel budget, as this turnover poses a significant threat to operational stability.

For the 300 Contractual Services category, increased funds are allocated for essential general and professional services. In addition, the OSA must undergo the triennial peer review that is required by government auditing standards. The IT Services increase is also intended for vital upgrades to the website, web portal (OSA-Connect), and case-management system.

In the 400 Other Expenses category, the OSA is substantiating a budget increase request. This stems from a strategic shift focused on improving auditing efficiency and expertise. The proposal encompasses in-house audits, training initiatives, and educational programs for non-CPA staff certification. The goal is to foster professional growth, self-reliance, and an established path for advancement within the organization.

Programmatic Changes:

Base Budget Justification:

200 Personal Services: The OSA is seeking a justified, initial increase in the allocation of personal services to the budget to maintain current service levels and fulfill statutory obligations. OSA did not fully expend our previous appropriation due to elevated staff turnover however it is critical to note that this underspending reflects a deeper structural challenge rather than a surplus of resources. The increase is essential to sustain operational continuity and uphold the agency's core mission of financial oversight and accountability.

300 Contractual Services: The increased amounts in contractual services allow for necessary and required general and professional services for the OSA. This includes our utilization of outside consulting services, which will provide training to OSA staff. This request also includes budgeted amounts to cover pending litigation against the OSA. The increase in IT Services allows for essential upgrades to our website and our web portal, OSA-Connect. This request also includes funding for our new case-management system.

400 Other Expenses: The OSA is submitting a well-founded request for a budget increase in the 400 category. This appeal stems from a strategic shift in our operational focus aimed at enhancing efficiency and expertise in our auditing processes. The envisioned expansion involves increased in-house audits, expanded training initiatives, and educational programs aimed at certification attainment for our non-CPA staff members. The rationale for this proposal is fostering professional development, achieving self-reliance, and cultivating a clear pathway for growth within the organization.

The Office of the State Auditor (OSA) plays a vital role in safeguarding public funds across nearly every State-funded entity in New Mexico—touching lives in every corner of the Land of Enchantment. For years, the agency has operated under constrained budgets, relying on vacancy savings and external auditors to fill critical gaps. But the landscape has changed. New Mexico faces mounting fiscal complexity, a shrinking accounting workforce, and expanding statutory mandates. The time to act is now. We must rebuild internal capacity, modernize our operations, and meet today's challenges head-on with the resources necessary to do so.

State Auditor
 BU
 30800

State of New Mexico
R-2 Transfers
 (Dollars in Thousands)

Prov PCode	Prov Fund	Prov Account	Prov Account Name	Rec Account	Rec Account Name	Rec Fund	Rec PCode	2024-25 Actual Transfers	2025-26 Adopted Transfers	2026-27 Agency GF Request	2026-27 Agency OSF	2026-27 Agency ISF/IAT	2026-27 Agency FF Request	2026-27 Total Request	Justification
P628	11200	555106	OFU - In	499906	OFS - INTR/	11100	P628	0	30.8	0	0	0	0	0	
									Sum:	30.8	0	0	0	0	

REV EXP COMPARISON

(Dollars in Thousands)

30800 - State Auditor

	General Fund	Other Funds	Other Transfers	Federal Funds	Total
SOURCES	5,815.9	850.0	0.0	0.0	6,665.9
Personal services and employee benefits	4,643.8	850.0	0.0	0.0	5,493.8
Contractual services	520.5	0.0	0.0	0.0	520.5
Other	651.6	0.0	0.0	0.0	651.6
Other financing uses	0.0	0.0	0.0	0.0	0
USES Total:	5,815.9	850.0	0.0	0.0	6,665.9
Net:	0.0	0.0	0.0	0.0	0.0

Fund	Account		2024-25	2025-26	2026-27	FY 2027 Agency Request				Justification	
			Actuals	Opbud	PCF Proj	GF	OSF	ISF/IAT	FF		Total
00000	520300	Classified Perm Positions F/T	0.0	0.0	178.27	0.0	0.0	0.0	0.0	0.0	
00000	521100	Group Insurance Premium	0.0	0.0	11.25	0.0	0.0	0.0	0.0	0.0	
00000	521200	Retirement Contributions	0.0	0.0	33.91	0.0	0.0	0.0	0.0	0.0	
00000	521300	F I C A	0.0	0.0	10.93	0.0	0.0	0.0	0.0	0.0	
00000	521700	RHC Act Contributions	0.0	0.0	4.41	0.0	0.0	0.0	0.0	0.0	
11100	520100	Exempt Perm Positions P/T&F/T	699.3	1,654.4	967.03	899.7	0.0	0.0	0.0	899.7	Per strategic plan, to recruit and maintain key professional exempt staff, especially those with JD and CPA qualifications, required by statutory responsibilities of the Agency. Includes FY26 4% increases.
11100	520300	Classified Perm Positions F/T	2,242.3	1,776.0	3,039.49	2,043.4	850.0	0.0	0.0	2,893.4	Per strategic plan, to fill current vacancies, complete appropriate placement for 10 remaining staff members not at midpoint, and maintain staffing levels for the required statutory responsibilities of the Agency. Includes FY26 4% increases.
11100	520500	Temporary Positions F/T & P/T	27.9	35.0	2.07	100.0	0.0	0.0	0.0	100.0	4 college interns for 12 months to assist with the establishment of a pipeline to permanent employment in key areas of the Agency.
11100	520600	Paid Unused Sick Leave	3.4	2.8	0	3.4	0.0	0.0	0.0	3.4	Request based on FY25 actuals.
11100	520700	Overtime & Other Premium Pay	2.8	0.0	0	0.0	0.0	0.0	0.0	0.0	
11100	520800	Annl & Comp Paid At Separation	12.1	14.8	0	12.1	0.0	0.0	0.0	12.1	Request based on FY25 actuals
11100	521100	Group Insurance Premium	234.1	278.2	463.22	438.4	0.0	0.0	0.0	438.4	Includes cont costs of SB376 health insurance premium costs and incoming staff based on minimum coverage option.
11100	521200	Retirement Contributions	568.6	450.0	753.67	716.9	0.0	0.0	0.0	716.9	Amt based on FY25 and prior year actuals (total projected salaries x .1924). This line has been under projected for several years per actuals.
11100	521300	F I C A	216.2	227.0	246.1	290.2	0.0	0.0	0.0	290.2	Amt based on FY25 and prior year actuals (total projected salaries x .0765). This has been an underbudgeted item for years per actuals.
11100	521400	Workers' Comp Assessment Fee	0.3	0.4	0	0.4	0.0	0.0	0.0	0.4	per DFA #FTE (41) x \$9.2
11100	521410	GSD Work Comp Insur Premium	2.1	2.5	0	2.5	0.0	0.0	0.0	2.5	
11100	521500	Unemployment Comp Premium	1.7	12.1	0	12.1	0.0	0.0	0.0	12.1	Amt from FY27 Consolidated Rate Sheet
11100	521600	Employee Liability Ins Premium	3.4	40.2	0	50.2	0.0	0.0	0.0	50.2	Amt from FY27 Consolidated Rate Sheet
11100	521700	RHC Act Contributions	59.1	59.7	82.29	74.5	0.0	0.0	0.0	74.5	Amt based salaries x 2%
11200	520300	Classified Perm Positions F/T	0.0	0.0	77.17	0.0	0.0	0.0	0.0	0.0	
11200	521100	Group Insurance Premium	0.0	0.0	5.62	0.0	0.0	0.0	0.0	0.0	

Fund	Account	2024-25 Actuals	2025-26 Opbud	2026-27 PCF Proj	FY 2027 Agency Request				Total	Justification	
					GF	OSF	ISF/IAT	FF			
11200	521200	Retirement Contributions	0.0	0.0	14.68	0.0	0.0	0.0	0.0	0.0	
11200	521300	F I C A	0.0	0.0	4.73	0.0	0.0	0.0	0.0	0.0	
11200	521700	RHC Act Contributions	0.0	0.0	1.91	0.0	0.0	0.0	0.0	0.0	
	200	Personal services and employee benef	4,073.5	4,553.1	5,896.74	4,643.8	850.0	0.0	0.0	5,493.8	
11100	542100	Employee I/S Mileage & Fares	2.2	5.0	0	5.0	0.0	0.0	0.0	5.0	Travel required for in-state audits, outreach events, trainings per performance measures.
11100	542200	Employee I/S Meals & Lodging	5.5	5.0	0	5.0	0.0	0.0	0.0	5.0	Travel required for instate audits, outreach events, trainings per performance measures.
11100	542500	Transp - Fuel & Oil	0.5	3.0	0	3.0	0.0	0.0	0.0	3.0	Leased GSD TSI vehicles fuel
11100	542600	Transp - Parts & Supplies	0.0	1.0	0	1.0	0.0	0.0	0.0	1.0	Leased GSD TSI vehicles parts & supplies as need
11100	542800	State Transp Pool Charges	12.9	12.9	0	17.1	0.0	0.0	0.0	17.1	2024 Rogue lease based on GSD Lease Agrmt for FY26 - 2021 Altima will be replaced in FY27 based on Rate Sheet.
11100	543200	Maint - Furn, Fixt, Equipment	2.1	5.0	0	5.0	0.0	0.0	0.0	5.0	Aging office furniture will require upgrading in FY27 &, includes HR accomodations
11100	543830	IT HW/SW Agreements	25.4	50.0	0	50.0	0.0	0.0	0.0	50.0	Software needed for staff per statutory requirements - Westlaw, CCH, ProFX, SureLink, O365, TrendMicro, Fortigate, Legis Reports.
11100	544000	Supply Inventory IT	56.6	38.0	0	38.0	0.0	0.0	0.0	38.0	Ongoing updating of aging IT equipment (under \$5K) that are no longer under warranty, as needed
11100	544100	Supplies-Office Supplies	11.0	3.5	0	3.5	0.0	0.0	0.0	3.5	Basic office supplies required by staff.
11100	544800	Supplies-Education&Recreation	0.0	1.0	0	1.0	0.0	0.0	0.0	1.0	Educational/promotional materials for training/outreach events.
11100	544900	Supplies-Inventory Exempt	0.5	3.0	0	3.0	0.0	0.0	0.0	3.0	Various supplies required by staff, includes staff accommodations.
11100	545600	Reporting & Recording	6.7	6.0	0	6.0	0.0	0.0	0.0	6.0	Reporting & Recording requirements per statute and regulations for Audit Rule changes, etc.
11100	545609	Report/Record Inter St Agency	0.0	0.2	0	0.2	0.0	0.0	0.0	0.2	
11100	545700	ISD Services	11.4	1.7	0	10.9	0.0	0.0	0.0	10.9	Per FY27 Consolidated Rate Sheet
11100	545710	DOIT HCM Assessment Fees	13.8	15.1	0	15.8	0.0	0.0	0.0	15.8	Per FY27 Consolidated Rate Sheet.
11100	545900	Printing & Photo Services	1.5	3.0	0	3.0	0.0	0.0	0.0	3.0	Business cards, envelopes, other printed items required for business operations.
11100	545909	Printing & Photo - Interagency	0.2	0.0	0	0.0	0.0	0.0	0.0	0.0	
11100	546100	Postage & Mail Services	0.3	0.3	0	0.3	0.0	0.0	0.0	0.3	

Fund	Account	2024-25 Actuals	2025-26 Opbud	2026-27 PCF Proj	FY 2027 Agency Request				Total	Justification	
					GF	OSF	ISF/IAT	FF			
11100	546400	Rent Of Land & Buildings	450.9	224.8	0	229.0	0.0	0.0	0.0	229.0	Office Lease agrmt increases 1.9% in FY 27
11100	546500	Rent Of Equipment	3.0	3.5	0	3.5	0.0	0.0	0.0	3.5	Copier lease(\$2911), postage machine lease (\$600)
11100	546610	DOIT Telecommunications	41.1	44.6	0	44.6	0.0	0.0	0.0	44.6	Per FY27 Consolidated Rate Sheet.
11100	546700	Subscriptions/Dues/License Fee	25.4	25.0	0	30.0	0.0	0.0	0.0	30.0	Amt. based on FY25 actuals, incr. for CFE and CPA memberships due to newly certified staff in FY25, incr. for addtl professional memberships for CPA & professional staff.
11100	546709	Subscription & Due Interagency	0.0	1.2	0	1.2	0.0	0.0	0.0	1.2	
11100	546800	Employee Training & Education	50.9	45.0	0	55.0	0.0	0.0	0.0	55.0	Incr. due to CPE/CPU requirement for auditors per GAGAS, as well as those for professional CPA, CFE and Legal staff, additional CFE trainings/certifications and CGFM trainings/certifications for staff auditors to maintain/grow expertise per quality control requirements.
11100	546900	Advertising	5.5	5.0	0	10.0	0.0	0.0	0.0	10.0	Radio, print, online media ads for Audit trainings/outreach events to increase participation/attendance.
11100	547000	Legal Settlements	35.9	50.0	0	50.0	0.0	0.0	0.0	50.0	Pending litigation.
11100	547900	Miscellaneous Expense	1.4	1.0	0	1.0	0.0	0.0	0.0	1.0	
11100	547999	Request to Pay Prior Year	9.0	1.0	0	4.5	0.0	0.0	0.0	4.5	Based on actuals
11100	548200	Furniture & Fixtures	0.0	5.0	0	5.0	0.0	0.0	0.0	5.0	Replacement of aging office furniture and additional furniture for staff accomodations.
11100	548300	Information Tech Equipment	0.0	20.0	0	20.0	0.0	0.0	0.0	20.0	Backup solution hardware subscription/ support (20K) necessary to safeguard data and for disaster recovery.
11100	549600	Employee O/S Mileage & Fares	2.1	12.0	0	15.0	0.0	0.0	0.0	15.0	Travel for professional national conferences for CPE, certifications, etc. x 5 staff.
11100	549700	Employee O/S Meals & Lodging	1.3	12.0	0	15.0	0.0	0.0	0.0	15.0	Travel for professional national conferences for CPE, certifications, etc. x 5 staff.
	400	Other	777.2	603.8	0	651.6	0.0	0.0	0.0	651.6	
11200	555106	OFU - INTRA-Agency	0.0	905.1	0	0.0	0.0	0.0	0.0	0.0	
	500	Other financing uses	0.0	905.1	0	0.0	0.0	0.0	0.0	0.0	
TOTAL EXPENSE			4,850.7	6,062.0		5,295.4	850.0	0.0	0.0	6,145.4	

State of New Mexico
Contract by PCode Detail
(Dollars in Thousands)

Fund	Account	#	Contract Purpose	Actuals	FY 2027 Agency Request				Total	Justification
					GF	OSF	ISF/IAT	FF		
11100	535200	Professional Services	1000	0.0	46.1	0.0	0.0	0.0	46.1	FY27 will also require an Audit Peer Review est. at \$20,000.00, other prof. contracts for impact studies, strategic planning and stakeholder engagement for Audit Rule & Audit Act changes/implementation. (actuals partially included with 'other services' line 535300)
11100	535300	Other Services	1000	92.2	41.0	0.0	0.0	0.0	41.0	Horizons-650 (\$1k), Consulting, Case IQ Fraud Reporting and Case Mgmt System (\$40K - ongoing fees and mtn)
11100	535400	Audit Services	1000	13.7	18.4	0.0	0.0	0.0	18.4	Per FY27 Consolidated Rate Sheet
11100	535500	Attorney Services	1000	0.0	25.0	0.0	0.0	0.0	25.0	Consulting for pending litigation
11100	535600	IT Services	1000	44.8	390.0	0.0	0.0	0.0	390.0	Web hosting & annual maintenance (\$15k), addtl web page updates & AIChat subscription for webpage (\$35K), cont. backup & disaster recovery solution implementation phase (\$40k), OSA Connect enhancements for reporting entities (\$100K), AI subscription/maintenance for new AI software for report review objectives & related data analytics.
TOTAL EXPENSE				150.7	520.5	0.0	0.0	0.0	520.5	

State of New Mexico
SPECIALS, SUPPLEMENTALS AND DEFICIENCIES DFA

(Prepare separate forms for each request)

BU: 30800
Agency: State Auditor
Program:
Analyst: Manuel Luna
Phone: 5053941600

Request Type: Special (FY 27)

Rank: 1

TOTAL SOURCES MUST EQUAL TOTAL USES

(Dollars in Thousands)

Sources		Uses	
Revenue Account	Amount	Uses Account	Amount
General Fund Transfers	1,000.0	Contractual Services	1,000.0
Total Sources	1,000.0	Total Uses	1,000.0
Full Time Equivalents (FTE)			
Type	Amount of FTE	Request is related to a recurring expense	No
	0.00	Request is related to a capital request	No
Total FTE	0.00	Request is related to proposed legislation	No

Language requested for inclusion in General Appropriations Act (Please Follow Legislative Bill Drafting Conventions - See Instructions)

1,000.0 is appropriated to the Office of the State Auditor for the purpose of contracting services and providing direct technical assistance under the Small Local Public Bodies compliance program.

Justification Quantitative Data (Description)

The OSA proposes to contract with Independent Public Accountants (IPAs) and expand its direct technical assistance program to help bring these entities into compliance quickly and efficiently, clearing the bottleneck that currently blocks millions of dollars from flowing to critical local projects across New Mexico.

The following are key areas of need:

- **Compliance with State Regulations:** Assist sLPBs in meeting the requirements of the Audit Act by completing agreed-upon procedures (AUPs) or certifications, depending on size and revenue.
- **Market Access to Accountants:** Secure qualified IPAs to complete certifications and provide direct OSA support when sLPBs cannot secure or afford accounting services.
- **Workload and Staffing Levels:** Scale technical assistance to address a backlog of almost 2,000 noncompliant certifications, some delinquent for over a decade.
- **Capital Outlay and Public Funding Access:** Enable sLPBs to comply with financial reporting so they can access appropriated funding in a timely manner.
- **Alignment with Legislative Goals:** Fulfill the Legislature's intent by ensuring appropriations for ditches, land, water, and infrastructure improvement projects reach their intended communities.
- **Equity for Rural Entities:** Level the playing field for small, volunteer-driven public bodies that lack the administrative capacity of larger municipalities or state agencies.
- **Transparency and Accountability:** Ensure that legislative dollars allocated to local projects are spent transparently and accounted for under state law.
- **Regular Review and Adjustment:** Establish sustainable compliance processes so that once the backlog is cleared, sLPBs can remain current in future years.

The updated sLPB compliance program will strike a balance between accountability, transparency, and accessibility to public funding across the state, supporting rural communities while protecting taxpayer dollars.

Request: Provide a brief description of what the request does, how the dollars will be spent and explain why it is a nonrecurring need.

A \$1,000,000 special appropriation to the Office of the State Auditor (OSA) will help the Agency eliminate the backlog of delinquent financial certifications required under the Audit Act for Small Local Public Bodies (sLPBs) such as acequias, land grants, soil and water conservation districts, mutual domestic water consumer associations, and other small political subdivisions of the state. Unless these entities file mandated financial reports, they cannot access the capital outlay appropriations and other public funding already allocated by the Legislature for their communities, nor can they apply for new sources of funding. The OSA proposes to contract with Independent Public Accountants (IPAs) and expand its direct technical assistance program to help bring these entities into compliance quickly and efficiently, clearing the bottleneck that currently blocks millions of dollars from flowing to critical local projects across New Mexico.

Request: How the dollars will be spent.

The OSA will:

- Issue a Request for Proposals (RFP) to contract Independent Public Accountants (IPAs) for completion of certifications (\$9,000 average cost per agency).
- Provide direct technical assistance when sLPBs cannot secure IPA services.
- Strengthen statewide compliance systems for small local governments.
- Track, monitor, and report results to the Legislature to ensure transparency, fairness, and accountability.

Request: Explain why request is nonrecurring need.

This is a nonrecurring request because the goal is to clear a decades-long backlog of delinquent certifications once and for all. Once current, sLPBs can maintain compliance through the established tiered reporting system at a sustainable scale. Ongoing base resources will support normal operations after the backlog is removed.

Consequences: Provide a brief description of consequences of not funding a performance and accountability task.

Without the appropriation:

1. Capital Outlay and Other Project Delays: Millions in appropriated dollars for acequias, land grants, and water systems will remain frozen, and new funding cannot be accessed.
2. Equity Barrier: Small, rural, volunteer-led entities will continue to lack access to support enjoyed by larger governments.
3. Transparency Failure: Legislators' appropriations will remain unspent, undermining accountability.
4. Community Harm: Needed water, infrastructure, and conservation projects will remain stalled.

Performance: How will agency performance be affected.

With this appropriation:

- o OSA will eliminate a significant share of the 2,000+ backlog.
- o Legislators' appropriated capital outlay and other public funding for urgent local needs will finally reach constituents.
- o Transparency and accountability at the smallest units of government will be restored.

Without this appropriation:

- o Millions of dollars in capital outlay will remain inaccessible.
- o Communities statewide will remain frustrated as appropriated projects stall and cannot request new sources of funding.
- o Public trust in government accountability will erode.

Performance: How will agency performance will be improved.

The sLPB Compliance Program is not just an administrative fix — it is a strategic initiative with direct impact on local communities.

Once certifications are addressed:

- Capital projects will move forward in rural communities.
- Efficiency gains will allow OSA staff to focus on oversight and accountability.
- Legislative intent in capital outlay allocations will be fulfilled.
- Public trust will increase as residents see their tax dollars funding local improvements.

Brief description of problem agency is addressing.

Hundreds of small public entities across New Mexico remain out of compliance with the Audit Act, which bars them from accessing millions of dollars in capital outlay and other appropriations by the Legislature.

At the start of this administration, OSA identified almost 2,000 delinquent certifications, with some entities more than a decade behind. A 2019 grant-based program provided only \$20,000–\$35,000 annually — far short of the ~\$4 million actually needed to clear the backlog. These sLPBs are often small, volunteer-run associations that lack financial management capacity, creating a systemic barrier to compliance and preventing appropriations from being used as intended.

State of New Mexico
SPECIALS, SUPPLEMENTALS AND DEFICIENCIES DFA

(Prepare separate forms for each request)

BU: 30800
Agency: State Auditor
Program:
Analyst: Donna Montoya Trujillo
Phone: 505-476-3800

Request Type: Special (FY 27)

Rank: 1

TOTAL SOURCES MUST EQUAL TOTAL USES

(Dollars in Thousands)

Sources		Uses	
Revenue Account	Amount	Uses Account	Amount
General Fund Transfers	750.0	Contractual Services	750.0
Total Sources	750.0	Total Uses	750.0
Full Time Equivalents (FTE)			
Type	Amount of FTE	Request is related to a recurring expense	No
	0.00	Request is related to a capital request	No
Total FTE	0.00	Request is related to proposed legislation	No

Language requested for inclusion in General Appropriations Act (Please Follow Legislative Bill Drafting Conventions - See Instructions)

750.0 is appropriated to the Office of the State Auditor to conduct a classification-and-compensation study for the Office of State Auditor.

Justification Quantitative Data (Description)

The updated OSA framework for classification and compensation will balance competitiveness, fairness, transparency, and compliance with regulations. It will be adaptable to changing circumstances and promote the retention of skilled auditors who can contribute to the office's constitutional mission. The study will also include possible wage incentives for achieving advanced degrees and appropriate certifications such as certified public accountant, certified government financial manager, and certified fraud examiner. Furthermore, the absence of appropriately licensed or certified professional staff within the OSA has potentially far-reaching repercussions, including reduced efficiencies, increased costs, and possible impacts to the State's bond ratings and financial stability. Therefore, ensuring that the OSA has the necessary certified personnel during a time of uncertainty in the accounting industry itself is essential for maintaining the credibility and fiscal health of the State of New Mexico.

Request: Provide a brief description of what the request does, how the dollars will be spent and explain why it is a nonrecurring need.

A classification-and-compensation study for the Office of State Auditor (OSA) would help the Agency to attract, retain, and fairly compensate the OSA's skilled and dedicated workforce while ensuring market competitiveness and alignment with regulatory and statutory requirements. The following are key areas of need:

1. **Compliance with State Regulations:** Ensure that the classification and compensation adhere to all relevant state laws and regulations, including those governing civil service, pay scales and employment practices in New Mexico.
2. **Market Analysis:** Market analysis should be conducted to determine the prevailing salaries for similar positions in the public and private sectors. This information is crucial to ensuring that the office's compensation remains competitive and attractive to qualified professionals.
3. **Workload and Staffing Levels:** Conducting this study and then carrying out accurate compensation and classification of OSA staff and job openings will help ease the burden created by the OSA's statutorily mandated duties to thoroughly audit or examine the financial affairs of every state agency and local public body every single year by allowing the OSA to competitively hire appropriately certified professional staff.
4. **Competitive Salaries:** Salaries within the OSA should be competitive with those offered by other agencies (federal and other state governments) and private organizations (e.g., accounting firms and national laboratories). This ensures that the office can recruit and retain top professional staff in the field of auditing.
5. **Alignment with Office Goals:** This will align with the strategic goals and mission of the OSA and support the Office's mission.
6. **Career Progression:** Create a clear career progression path for employees. This includes opportunities for advancement, professional development, and skill enhancement, which can help retain talented auditors over the long term.
7. **Clear Job Classification Structure:** Establish a well-defined hierarchy of job classifications within the office, each with clear roles, responsibilities, and qualifications. These classifications may include positions such as Staff Auditors, Senior Auditors, Audit Supervisors, Audit Managers, and Director of Auditing.
8. **Transparency and Equity:** Promote transparency and equity in compensation. Employees should be aware of how their pay is determined, and there should be mechanisms in place to address any disparities based on factors like experience, education, and job performance.
9. **Regular Review and Adjustment:** The classification and compensation system should be periodically reviewed and adjusted to account for changes in the job market, inflation, and evolving job roles within the OSA.

Request: How the dollars will be spent.

The OSA will issue a Request for Proposals (RFP) for the classification-and-compensation study to ensure a competitive proposal. The RFP will ensure transparency, fairness, and accountability in the procurement of services. The RFP will include all key areas of need addressed above to complete the study.

Request: Explain why request is nonrecurring need.

This request is nonrecurring because the comprehensive classification and compensation study is a periodic, strategic initiative—not an ongoing operational expense. The study is designed to be conducted approximately once every ten years to ensure the Office of the State Auditor (OSA) remains aligned with evolving market conditions, regulatory standards, and workforce expectations. It provides a foundational framework for fair and competitive compensation, helping the agency attract and retain qualified professionals in a highly specialized field.

Once completed, the study will guide long-term human resource planning and policy decisions, reducing the need for repeated evaluations. Its impact is enduring, but the funding required is limited to this one-time effort.

Consequences: Provide a brief description of consequences of not funding a performance and accountability task.

The effective functioning of the OSA relies heavily on having a skilled and licensed workforce, specifically CPAs. Without an adequate number of CPAs and other professionally certified staff, the OSA faces significant limitations in its ability to lead, oversee, review, and ultimately approve audit reports in compliance with generally accepted auditing standards.

1. Implications for Audit Leadership:

- The limited number of CPAs at the OSA hinders the Agency's ability to effectively lead and manage audit processes. CPAs bring specialized knowledge and expertise to complex financial assessments, which are pivotal in the audit domain, and the volume of work imposed on that limited number of CPAs can create a bottleneck in Agency processes.
- The Agency also intends to bring more of the audit function back under the OSA's roof to create additional synergies, an initiative that also will be hindered by limited number of appropriately certified professional staff.

2. Compromised Audit Oversight:

- Per the Audit Act, oversight is a critical function of the OSA, ensuring that audits are conducted impartially and in adherence to established standards. Without CPA-certified personnel, the ability to provide comprehensive oversight is diminished.
- The absence of CPAs may result in a lack of specialized guidance when addressing complex financial transactions, making identifying potential irregularities or discrepancies difficult.

3. Impact on Audit Review:

- Audit reports undergo rigorous review processes to guarantee their accuracy and adherence to audit standards. With inadequate numbers of certified staff, these reviews take longer and eat up more staff time and attention, slowing the entire process.
- Increasing the time needed for audit reviews decreases efficiencies, increases risks of errors and further increases cost to the OSA and the State.

4. Implications for the State Annual Comprehensive Financial Report (ACFR):

- The State ACFR is a critical document that provides a comprehensive overview of the state's financial health. It is a key reference for bond rating agencies, investors, and stakeholders.
- Insufficient staffing with CPA certifications can hinder the OSA's ability to thoroughly review and validate financial information presented in the ACFR. This, in turn, can undermine the accuracy and reliability of the ACFR, potentially affecting the state's bond ratings.

5. Triennial Peer Review:

- This is a unique requirement that pertains only to the OSA. The OSA is required to pass a peer review every three years conducted by individuals from other states' auditor's offices.
- Staff credentials are specifically reviewed to ensure that OSA's employees meet or exceed government accounting standards.

In conclusion, the absence of appropriately licensed or certified professional staff within the OSA has potentially far-reaching repercussions, including reduced efficiencies, increased costs, and possible impacts to the State's bond ratings and financial stability. Therefore, ensuring that the OSA has the necessary certified personnel during a time of uncertainty in the accounting industry itself is essential for maintaining the credibility and fiscal health of the State of New Mexico.

Performance: How will agency performance be affected.

Without this appropriation, the impact will extend far beyond the Office of the State Auditor—it will be felt by every local government, school district, and public entity across New Mexico. These organizations rely on timely, accurate audits to maintain financial transparency and compliance. If the OSA cannot recruit and retain the certified professionals needed to meet its statutory obligations, delays and disruptions in the audit process are inevitable.

Performance: How will agency performance will be improved.

The comprehensive classification-and-compensation study for the OSA is not merely an administrative task but a strategic initiative with profound implications. This initiative ensures regulatory compliance, market competitiveness, and establishes a robust support system that propels employees along the career ladder in the agency. Ultimately, this will strengthen the OSA's ability to fulfill its constitutional duties and responsibilities effectively and efficiently. Employee performance and collaboration will increase, providing the opportunity to engage employees based on teamwork and trust. Staff will continuously contribute to provide innovative and up-to-date solutions which will further advance and grow the agency's programs. Not only will OSA perform its statutorily mandated functions timely and effectively, the agency will be able to plan and determine strategies to further the mission and vision into the future. Procedures will be developed, to prioritize employee training and development in order to ensure staff are cross-trained to assist in other areas as necessary. Even with employee turnover, agency performance will remain high-functioning due to the quality of staff and the efficiencies created.

Brief description of problem agency is addressing.

A shortage of properly licensed or certified professionals—especially Certified Public Accountants (CPAs)—within the Office of the State Auditor (OSA) and across New Mexico poses significant and far-reaching risks. The OSA holds a distinct responsibility: to audit, examine, or inspect the financial records of every local public body and agency in the state annually. When these entities are unable to secure independent accountants to perform their audits, the OSA must intervene directly. To better serve the State of New Mexico and its audited entities, the OSA advocates for expanding its audit capacity by conducting more audits with OSA staff. However, the inability to compete effectively in the open job market for qualified professionals threatens this goal. The consequences are wide-ranging, including delays in the State's Annual Comprehensive Financial Report (ACFR). Such delays can trigger a domino effect, undermining the State's ability to issue bonds and maintain financial stability. Compounding the issue is the steady decline in the number of independent public accountants willing to take on governmental audits, alongside a broader decrease in the CPA workforce. This trend underscores the urgent need to build and sustain a robust in-house audit team at the OSA. The exclusion of OSA audit positions from the recent statewide compensation and classification study by the State Personnel Office further reinforces the need for this study. Prioritizing the recruitment and retention of certified professionals is not just a staffing concern—it is vital to preserving New Mexico's financial credibility and overall fiscal health.

DFA Performance Based Budgeting Data System

Annual Performance Report

Agency: 30800 State Auditor

Program: P628 State Auditor

The purpose of the state auditor program is to audit the financial affairs of every agency annually so they can improve accountability and performance and to assure New Mexicans that funds are expended properly.

Performance Measures:		2024-25 Target	2024-25 Result	Met Target	Year End Result Narrative
Explanatory	Number of allegations of fraud, waste and abuse examined by the special investigations division	N/A	254	N/A	N/A
Explanatory	Number of conservatorship reports reviewed	N/A	1,363	N/A	N/A
Explanatory	Number of grants awarded to small local public entities through the small political subdivision grant program to assist with audit expenditures	N/A	0	N/A	
Explanatory	Number of small local public bodies newly registered with the office of the state auditor	N/A	27	N/A	N/A
Explanatory	Number of small local public entities that received grants through the small political subdivision grant program to assist with audit expenditures	N/A	0	N/A	
Explanatory	Percent of audits submitted by regulatory due date	N/A	90%	N/A	N/A
Explanatory	Total public funding made available for noncompliant small local public bodies with public funds withheld and brought into compliance	N/A	7,500,000	N/A	N/A
Outcome	Number of small local public body annual financial compliance certifications submitted	New	355	No	Though a NEW outcome, 355 new certifications were submitted in FY25
Outcome	Percent of audit reports reviewed and approved within thirty business days of receipt	55%	52%	No	
Output	Number of attendees participating in training sessions	1,752	1,210	No	The number of in person attendees at trainings continues to be lower than pre-COVID period. It continues to be difficult to capture the number of attendees utilizing virtual/remote access for live events or on-demand/recorded trainings that are more convenient for many stakeholders. This is especially true if we are not the primary host of the event that staff have presented at.
Output	Number of outreach events in counties	8	12	Yes	
Output	Number of training sessions performed	15	28	Yes	
Output	Number of working paper reviews of independent public accountants	15	11	No	OSA selects workpaper reviews based on a variety of factors, including but not limited to, report reviews, peer review results, and number and complexity of audits performed by the firm which adds time to the review process. These factors vary each year, and a set target for workpaper reviews is more accurate at 10 per year, given the flux in factors not predictable one year out.
Output	Total audit fees generated	\$350,000	\$381,291	Yes	

**DFA Performance Based Budgeting Data System
Annual Performance Report**

Performance Measures Summary

P628 State Auditor

Purpose: The purpose of the state auditor program is to audit the financial affairs of every agency annually so they can improve accountability and performance and to assure New Mexicans that funds are expended properly.

Performance Measures:		2023-24 Actual	2024-25 Actual	2025-26 Budget	2026-27 Request	2026-27 Recomm
Output	Total audit fees generated	\$316,026	\$381,291	\$350,000	\$350,000	
Output	Number of training sessions performed	17	28	15	15	
Output	Number of working paper reviews of independent public accountants	6	11	10	10	
Output	Number of attendees participating in training sessions	957	1,210	1,250	1,557	
Output	Number of outreach events in counties	7	12	12	12	
Outcome	Percent of audit reports reviewed and approved within thirty business days of receipt	50%	52%	50%	50%	
Outcome	Number of small local public body annual financial compliance certifications submitted	New	355	150	150	
Explanatory	Percent of audits submitted by regulatory due date	87%	90%	N/A	N/A	
Explanatory	Number of conservatorship reports reviewed	1,407	1,363	N/A	N/A	
Explanatory	Number of allegations of fraud, waste and abuse examined by the special investigations division	289	254	N/A	N/A	
Explanatory	Number of small local public bodies newly registered with the office of the state auditor	New	27	N/A	N/A	
Explanatory	Total public funding made available for noncompliant small local public bodies with public funds withheld and brought into compliance	New	7,500,000	N/A	N/A	



Fiscal Year 2027
New Mexico Office of the State Auditor
STRATEGIC PLAN
August 30, 2025

Joseph M. Maestas, PE, CFE
New Mexico State Auditor

Mission:

To promote honest, efficient, and effect government by conducting independent audits, reviews, and investigations that ensure public funds are properly spent, and that state agencies and local governments operate with integrity and transparency.

Vision for the Office:

To be a trusted guardian of public resources, empowering citizens through transparency and helping build agencies and governments that are accountable, ethical, and financially sound.

Chief Steward of Financial Compliance:

Guide the state toward sustainable, future-ready governance by identifying risks early, ensuring the smart use of limited resources, and advocacy for long-term fiscal health.

Continuous Improvement & Reform: The OSA will accomplish its vision by ensuring the office is fully staffed and funded, maintains and enhances the statutory and legislative mandate to carry out its mission, and lead the way in modern audit practices, using cutting-edge tools and data-driven insights to ensure government agencies perform at their highest potential.

Fight Against Fraud, Waste, and Abuse: Champion an equitable and efficient government by uncovering waste, promoting justice in public spending, and ensuring all communities benefit from state programs. Continuing the OSA's steadfast role in the fight against fraud, waste, and abuse by streamlining the intake process for anonymous complaints, fully examining credible allegations, and issuing actionable referrals to appropriate partners in the prosecution of appropriate accountability in managing public finances. Expand the capacity and certification of staff to be fraud examiners and implement additional screening and management of complaints to ensure the active examination caseload is reduced to levels that can yield more efficient case conclusions with effective referrals.

Protection of Vulnerable Adults: The OSA has been entrusted with protecting the financial security of vulnerable adults placed under conservatorships by reviewing their annual financial reports for the courts, a statutory duty the office will continue to conduct and improve in partnership with the court system.

Goals and Strategies:

- **Improve oversight and performance of government accounting functions.**

- Strategy 1: Expand system organization control (SOC) audits to other state financial management systems.
- Strategy 2: Bolster training and education in partnership with stakeholders to sustain financial compliance.
- Strategy 3: Increase frequency of General Accountability Office reports on government activities.

- Strategy 4: Improve case completion and turnover rates for Special Investigations Division.
- Strategy 5: Improve inter-agency and IPA communication to ensure consistent financial reporting across local governments.

- **Streamline, and ensure compliance with, OSA legal requirements and regulations.**

- Strategy 1: Review and revise audit rule to minimize yearly changes.
- Strategy 2: Prepare an updated audit compliance manual.
- Strategy 3: Review and propose statutory changes to the Audit Act.
- Strategy 4: Ensure OSA meets requirements for accepted government auditing and other standards for conducting reviews.
- Strategy 5: Conduct a singular audit study for transitional implementation that includes a statewide federal single audit for state agencies.
- Strategy 6: Organize and manage the OSA-IPA Alliance

- **Mitigate the ongoing contraction of the accounting and auditing industry.**

- Strategy 1: Partner with stakeholders like Institutes of Higher Education and the Legislative Finance Committee to discuss the policy framework for accounting prerequisites and other barriers to entry.
- Strategy 2: Provide outreach to entities on pathways into the accounting industry.
- Strategy 3: Continue to pursue wage parity and appropriate reimbursements for government comp and class study to include a \$750K appropriation request for study.

- **Revise the OSA's framework of compliance and quality management.**

- Strategy 1: Promote an internal culture that recognizes quality is essential through our strategic plan, code of conduct and performance management, which embodies OSA's core values and emphasizes the importance of quality.
- Strategy 2: Gain in-depth understanding of statutory, regulatory, and professional framework for conducting audits.
- Strategy 3: Prepare and conduct training on the shift from quality control to quality management in conjunction with the new 2024 accepted government auditing standards (GAGAS).
- Strategy 4: Bolster investment in the improvement of OSA Connect.

- **Develop procedures and tools for internal processes and employee development.**

- Strategy 1: Assess the needs of the employees by determining priorities for professional development and identify resources needed to meet those needs.
- Strategy 2: Continue to assess and implement technology integration.
- Strategy 3: Update records retention schedules, archiving, and destruction.
- Strategy 4: Hold agency wide professional development training in collaboration with State Personnel Office.

Strategy 5: Clarify which processes are critical (e.g., financial audits, report reviews, quality assurance). Rank workflows based on risk, volume, and strategic importance.

- **Develop and implement a recruitment and retention strategy and establish employee wages and benefits that are competitive in the industry.**

Strategy 1: Continue benchmarking OSA wages with the public and private sectors while pursuing appropriate placement of staff through wage equity.

Strategy 2: Establish innovative, proactive recruitment strategies to attract the best and brightest.

- **Implement an office-wide training strategy that supports cross-functional skill building, ensuring every project team is equipped with the right talent mix to meet specific demands.**

Strategy 1: Develop audit teams based on expertise and training needs.

Strategy 2: Increase and incentivize CPA attainment in the office.

Strategy 3: Ensure audit staff maintain adequate CPE and other training.

Strategy 4: Restructure positions within divisions for supervisory positions that have no oversight role allowing for more effective employee task evaluation.

Strategy 5: Continue support for the OSA Intern Program.

- **Develop a comprehensive outreach strategy to facilitate the mission, vision, goals, and programs of the Office of the State Auditor.**

Strategy 1: Create an outreach plan that enhances OSA accessibility, particularly for rural New Mexico.

Strategy 2: Implement a media strategy that will effectively convey the focal message of our targeted issues.

Strategy 3: Build a social media plan and revise the OSA website.

Strategy 4: Partner with prosecuting authorities and law enforcement to raise awareness of OSA fraud, waste, and abuse examinations to ensure referrals are acted upon.

- **Streamline complaint investigation and case management processes.**

Strategy 1: Finalize roll-out of the new, online case management program.

Strategy 2: Develop standard operating procedure manual and training plan for special investigations.

Strategy 3: Catalog and prioritize any outstanding complaints within the new online case management system.

Strategy 4: Partner with prosecuting authorities and law enforcement to raise awareness of OSA fraud, waste, and abuse examinations to ensure referrals are acted upon.

- **Streamline and revise the conservatorship report review process.**

Strategy 1: Continue to streamline report review checklist for accuracy and completeness.

Strategy 2: Create a working group to develop a checklist of suggested industry and legislative reforms.

Strategy 3: Explore the future of the OSA's role in the conservatorship program to ensure it aligns with core functions of the OSA.

- **Have all small Local Public Bodies (LPB) such as Acequia, Mutual Domestic Water Association, Soil and Water, And Land Grants registered in OSA Connect and in financial compliance.**

Strategy 1: Maintain and further develop a dashboard to give real time data regarding small LPB's.

Strategy 2: Formulate and implement a strategy to register all small LPB's in OSA Connect.

Strategy 3: Enhance and optimize central procurement of financial compliance assistance for small LPB's to establish more direct and accelerated assistance; and maintain their financial compliance.

Strategy 4: Implement new services to assist sLPBs with audit preparation.

Strategy 5: Mainstream and formalize the small LPB program into a recurring, ongoing program that helps these entities in maintaining financial compliance and accessing capital outlay funds.

Strategy 6: Build on the 2025 sLPB Summit by maintaining and supporting the new sLPB Work Group.

Strategy 7: Pursue Audit Act changes to streamline tier certifications.



Fiscal Year 2026
New Mexico Office of the State Auditor
IT STRATEGIC PLAN
September 3, 2024

Nicholas Martinez
Director of Information Technology

Joseph M. Maestas, PE
New Mexico State Auditor

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EXECUTIVE SUMMARY

[The executive summary provides the reader with highlights of your plan]

1. Opening statement describing your agency's purpose.
2. Agency priorities and how information technology (IT) is directing resources and/or undertaking projects to support those priorities.
3. Identify any major change in priority or direction from prior year.
4. Key IT accomplishments, goals and concerns or challenges.

I. AGENCY OVERVIEW

A. AGENCY PURPOSE AND MISSION

The mission of the Office of the State Auditor (OSA) is rooted in the core principle of establishing and maintaining the public's trust in the use of public funds through an office free from external influence and entrusted with the authority to scrutinize the undertakings of state officials and entities. The OSA carries out that mission by thoroughly auditing the government's use of public funds.

State of New Mexico's Financial Watchdog: The Audit Act mandates that we thoroughly audit and examine the financial affairs of every state agency, local public body, and the comprehensive annual financial report for the state in accordance with generally accepted auditing standards and the audit rule issued by the State Auditor.

Chief Steward of Financial Compliance: Provide comprehensive guidance and training to all public entities, particularly local public bodies, to help them become and remain financially compliant, ensuring that the public's money is being spent properly. Ensure that agencies' access to public funding is uninterrupted and continues unabated.

Continuous Improvement & Reform: The OSA will accomplish its vision by ensuring the office is fully staffed and funded, maintains and enhances the statutory and legislative mandate to carry out its mission, and bring more of the audit function back in-house.

Protection of Vulnerable Adults: The OSA also has been entrusted with protecting the financial security of vulnerable adults placed under conservatorships by reviewing their annual financial reports for the courts, a statutory duty the office will continue to carry out and improve.

B. AGENCY BUSINESS GOALS

The OSA has developed a set of strategic goals and objectives to help with decision-making and to improve the performance and accountability of the OSA. In conjunction with its budget-related performance targets, the OSA's goals are as follows:

- Help entities improve financial management and internal controls through purpose-driven auditing focused on annual audit accountability.
- Conduct business in a manner that is accessible and responsive to the public, governmental entities, and Independent Public Accountants.

- Provide the public with important statewide financial information pertaining to the use of tax dollars.
- Provide assistance and support to “At-Risk” entities to enhance compliance with the Audit Act and encourage the implementation of appropriate corrective action plans.
- Demonstrate professional excellence.
- Set the standard for transparency and accountability in state government.
- Strengthen efforts to combat fraud, waste, and abuse in government.

C. AGENCY VISION

The OSA has focused on using technology to streamline the functions in a manner that meets the needs of our constituents.

D. AGENCY BUSINESS PRIORITIES AND PRIORITY CHANGES

Moving forward, the OSA will focus on continuing to enhance the OSA-Connect portal (<https://www.osaconnect.osa.nm.gov>). The OSA’s goal is to implement additional functionality of this online portal within the next few years, provided funding is available. OSA will also implement Automated Intelligence to help streamline our Report Review process.

E. AGENCY ACCOMPLISHMENT, GOALS, AND CHALLENGES

OSA has become significantly more reliable as a result of major IT upgrades, with multiple goals achieved ahead of schedule. However, challenges remain due to limited funding, which constrains opportunities to further enhance efficiency from an IT perspective in service to the citizens of New Mexico. To continue advancing, OSA seeks to automate repetitive processes, enabling greater efficiency, improved service delivery, and stronger alignment with strategic objectives.

II. IT ENVIRONMENT

1. Major Applications

B. The OSA has a full Office 365 tenant that contains our Exchange and complete Microsoft suite of tools. All databases on premises run on a Microsoft SQL platform. Databases consist of client data, independent public accounting firm data and audit tracking. OSA-Connect is hosted offsite in the cloud and runs a SQL 2022 database.

1. Infrastructure

C. The IT environment includes a Meraki firewall and VPN, along with two HPE SimpliVity servers that host a six-server virtual environment. Additionally, there is a physical Dell server functioning as a domain controller that runs Active Directory, complemented by a secondary virtual domain controller. The virtual servers handle file sharing, print services, and paperless audit software. The Department of Information Technology (DoIT) provides telephone service through Verizon and acts as the internet service provider. System backups are managed using a Barracuda hardware device and cloud storage.

1. Security

The OSA is dedicated to ensuring safety and security through advanced technology. We are committed to continuously reviewing and updating our

policies and procedures, incorporating recommendations from DoIT to maintain best security practices. Enhancing our security technology remains a top priority as we work to implement the highest standards of security across the agency. OSA also has security awareness training and testing capabilities through Barracuda that are mandatory for all employees and have a bi-monthly curriculum.

2. Agency IT Certified Projects

[Include a statement describing how the projects align with the agency’s purpose. Complete the table with the following information for each of your agency’s certified projects.]

PROJECT NAME: [Enter Project Name]	
Project Description	AI Integration for report review process
Estimated Project Costs	\$230,000
Current Funding	
Certified Project Phase	Planning, creating documents to submit for RFP
Estimated Completion	5/1/2027
Strategic Priority	High
Agency IT Strategic Plan Alignment	Integrating Artificial Intelligence into the report review process will streamline operations and advance the Agency’s IT Strategic Plan objectives. This currently time-consuming process involves multiple repetitive tasks—such as yes/no compliance checks, table of contents validation, and mathematical verification—that can be automated through AI solutions. By leveraging automation, the Agency can reduce manual effort, improve accuracy, and free staff to focus on higher-value analysis and decision-making.
PROJECT NAME: [Enter Project Name]	
Project Description	OSA Connect Enhancements
Estimated Project Costs	\$100,000
Current Funding	
Certified Project Phase	Planning
Estimated Completion	3/15/2027
Strategic Priority	High
Agency IT Strategic Plan Alignment	OSA Connect is a dynamic and evolving enterprise application that requires sustained investment to ensure alignment with the Agency’s IT Strategic Plan. Ongoing funding will be necessary to support continuous enhancements, integration of new features, and the development of advanced reporting capabilities to meet operational and strategic objectives.
PROJECT NAME: [Enter Project Name]	
Project Description	
Estimated Project Costs	

Current Funding	
Certified Project Phase	
Estimated Completion	
Strategic Priority	
Strategic Priority	
Agency IT Strategic Plan Alignment	
PROJECT NAME: [Enter Project Name]	
Project Description	
Estimated Project Costs	
Current Funding	
Certified Project Phase	
Estimated Completion	
Strategic Priority	
Agency IT Strategic Plan Alignment	

3. Workforce

A. Full Time IT Employees

[Provide the total number of your agency’s authorized IT full time employees (FTE) and indicate the number of positions filled and vacant by Classification by using the Table below.]

Classification	Positions Filled	Positions Vacant
IT Director	1	0
Systems Administrator 1	1	0

B. Percentage of IT Full-Time Employees Teleworking, In the Office, or a Hybrid Schedule

[Provide the percentage of Full-Time employees currently teleworking, working in the office, or a combination of both/hybrid schedule by using the Table below.]

Teleworking (%)	Working in the Office (%)	Hybrid Schedule (%)
	100	

C. IT Professional Services Contractors

[Describe your agency’s use of IT professional contractors that are supporting your IT systems and applications. Please include the list of contractor information, including but not limited to: Service Category, Contract Vendor name, Number of Contract Personnel.]

Service Category	Contract Vendor Name	Number of Contract Personnel
Application Development and hosting	Real Time Solutions	
Website development and hosting	Real Time Solutions	

4. Challenges

[Provide a list of your agency IT challenges including possible opportunities to address them.]

No.	Agency IT Challenge Description	Potential Opportunities to Address the IT Challenge Description
1	Limited IT funding which constraints opportunities to enhance efficiency.	Continue to request additional budget allocations until approval is secured to support critical IT initiatives and efficiency improvements.

III. KEY ACCOMPLISHMENTS – PRIOR FISCAL YEAR

[Provide a brief narrative as an introductory statement to describe agency’s key IT accomplishments. In the format below, list the requested information to describe agency key accomplishments.]

A. STRATEGIC IT ACCOMPLISHMENTS

STRATEGIC PRIORITY 1 – [STRATEGY NAME]	
[STRATEGY STATEMENT – WHAT DOES THE STRATEGY ACCOMPLISH]	
Strategy 1	OSA Connect Complete Rewrite
Accomplishments	OSA Connect underwent a complete system rewrite, enabling seamless integration across all modules. This enhanced interoperability allows for more comprehensive analytics, delivering deeper insights to support data-driven decision-making. Additional benefits include improved system performance, greater scalability to accommodate future growth, enhanced data accuracy through standardized processes, and increased flexibility for incorporating new features and technologies. Collectively, these improvements position OSA Connect as a more resilient, user-friendly, and strategically aligned enterprise application.
Outcomes/Metrics	The OSA Connect rewrite delivers improved system interoperability, stronger analytics capabilities, and a scalable foundation that enhances performance, accuracy, and adaptability to future needs.
Strategy 2	Barracuda Backup Upgrade
Accomplishments	The Barracuda backup appliance was upgraded to a next-generation device that enables full virtual machine (VM) backups rather than only individual files and folders. The solution also incorporates an encrypted cloud backup with

	unlimited storage, ensuring greater data protection, scalability, and resilience against data loss.
Outcomes/Metrics	The upgraded Barracuda backup solution enhances data security, enables full VM recovery, and provides resilient, scalable cloud storage to strengthen the Agency's disaster recovery and business continuity posture.
Strategy 3	OSA Connect Enhancements
Accomplishments	OSA Connect also underwent a wide range of enhancements that significantly improved usability and overall performance. Key upgrades include the addition of e-signature functionality, advanced reporting capabilities, and other feature improvements designed to make the application more user-friendly, reliable, and efficient.
Outcomes/Metrics	The OSA Connect enhancements deliver a more intuitive and efficient user experience, streamline workflows through e-signatures, improve decision-making with advanced reporting, and increase overall system reliability.
Strategy 4	
Accomplishments	
Outcomes/Metrics	

STRATEGIC PRIORITY 2 – [STRATEGY NAME]	
[STRATEGY STATEMENT – WHAT DOES THE STRATEGY ACCOMPLISH]	
Strategy 1	
Accomplishments	
Outcomes/Metrics	
Strategy 2	
Accomplishments	
Outcomes/Metrics	
Strategy 3	
Accomplishments	
Outcomes/Metrics	
Strategy 4	
Accomplishments	
Outcomes/Metrics	

B. OTHER KEY IT ACCOMPLISHMENTS – PRIOR FISCAL YEAR

[Preface this section with a statement that summarizes the content in this table.]

APPLICATION	
Accomplishment	
Value or Impact	
DATA	
Accomplishment	
Value or Impact	
PROCESS IMPROVEMENT	
Accomplishment	
Value or Impact	
WORKFORCE	
Accomplishments	
Value or Impact	
CUSTOMER SERVICE	
Accomplishments	
Value or Impact	
TELEWORK	
Accomplishments	
Value or Impact	
SECURITY	
Accomplishments	
Value or Impact	

IV. FY27 IT STRATEGIC GOALS AND STRATEGIES

[Include an introductory statement to introduce the following information.]

STRATEGIC PRIORITY 1 – Strategy Name	
Goal Statement	
Strategy 1	Leverage Artificial Intelligence (AI) to automate and streamline repetitive, time-intensive tasks, enhancing efficiency and enabling staff to focus on higher-value work.
Outcomes/Metrics	The implementation of Artificial Intelligence (AI) to automate repetitive and time-intensive tasks will result in measurable efficiency gains, reduced processing times, and improved accuracy in routine operations. By eliminating manual bottlenecks, the Agency will reallocate staff resources to higher-value analytical and strategic functions, ultimately enhancing service delivery, decision-making, and alignment with the Agency’s digital transformation goals.
Strategy 2	Enhance and uphold the IPA portal, OSA Connect, in order to advance the automation of submitting necessary documentation for government audits.
Outcomes/Metrics	Starting in FY25, a significant application improvement was initiated, benefiting both OSA users and other entities utilizing the application. This upgrade encompasses increased functionalities and the incorporation of special audit reports and crucial components of complaint cases via CaseIQ integration.
Strategy 3	Add analytics, text, and email reminders, and fully upgrade OSA connect.
Outcomes/Metrics	Analytics is something that OSA connect currently limited; we will expand this feature along with text and email alerts for all entities to streamline the audit process for all involved.
Strategy 4	Conduct & manage the oversight of financial audits and AUPs of all governmental entities and effectively consider, approve, and coordinate audit and AUP contracts between IPAs and agencies that are not directly audited by the OSA.
Outcomes/Metrics	We will persist in refining the Agency Contractual Process by leveraging the online tool, OSA Connect, which is scheduled to undergo further enhancements. AI Implementation would greatly improve efficiency of this process by eliminating repetitive, time consuming workload by Staff.

STRATEGIC PRIORITY 2 – Strategy Name	
Goal Statement	
Strategy 1	
Outcomes/Metrics	

Strategy 2	
Outcomes/Metrics	
Strategy 3	
Outcomes/Metrics	
Strategy 4	
Outcomes/Metrics	

STRATEGIC PRIORITY 3 – Strategy Name	
Goal Statement	
Strategy 1	
Outcomes/Metrics	
Strategy 2	
Outcomes/Metrics	
Strategy 3	
Outcomes/Metrics	
Strategy 4	

V. IT FISCAL AND BUDGET MANAGEMENT

Information Technology (IT) Operating Budget (C1)

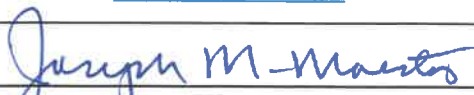

(To update this table, please double click on the embedded spreadsheet and add the required information. Before exiting the spreadsheet, please make sure to scroll up. Otherwise, the entries of this table will not be fully previewed.)

Agency Name		Agency Code			
Base Request Operational Support of IT. Check one of the options below:		Flat Budget	Expansion from previous year		
Yes/No					
Revenue IT Base Budget (dollars in thousands)					
Appropriation Funding Type	FY24 Actual	FY25 Actual	FY26 OpBud	FY27 Request	FY28 Estimate
General Fund	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0
Internal Svc Funds/Interagency Transfer	0.0	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0	0.0
Expenditure Categories (dollars in thousands)					
Category or Account Description	FY24 Actual	FY25 Actual	FY26 OpBud	FY27 Request	FY28 Estimate
Personnel Services & Employee Benefits	0.0	0.0	0.0	0.0	0.0
Contractual & Professional Services	38,000.0	44,763.0	90,000.0	390,000.0	0.0
IT Other Services	0.0	0.0	0.0	0.0	0.0
Other Financing Uses	0.0	0.0	0.0	0.0	0.0
Total	38,000.0	44,763.0	90,000.0	390,000.0	0.0
	Print Name	Phone	Email Address	Date	
Agency Cabinet Secretary/ Director (Mandatory)	Joseph M. Maestas	505-476-3800	joseph.maestas@osa.nm.gov	8/28/2025	
Chief Information Officer or IT Lead(Mandatory)	Nicholas Martinez	505-469-9408	nick.martinez@osa.nm.gov	8/28/2025	
Chief Finance Officer (Mandatory)	Cheryl James	505-394-3367	cheryl.james@osa.nm.gov	8/28/2025	

Agency Cabinet Secretary/Director Signature

Chief Information Officer/IT Lead Signature

Chief Financial Officer Signature

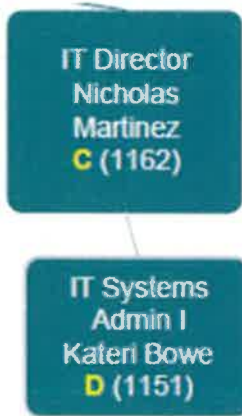
VI. SPECIAL FUNDING, SUPPLEMENTAL, COMPUTER SYSTEM ENHANCEMENT (C2) FUNDING AND REAUTHORIZATION OF C2 APPROPRIATIONS

- A. Special Funding and Supplemental Request(s):** [Include narrative describing any special or supplemental funding requested. If none, note the agency has no requests.]
- B. Computer System Enhancement (C2) Funding:** [Include a list of C2 funding request(s) with the name(s) of the proposed projects. Insert a C2 Information Technology Data Processing – Computer Enhancement Fund (CSEF) form for each request as Appendix-A-III and reference Appendix-A-III in this section. If none, note the agency has no requests.]
- C. Reauthorization of C2 Appropriations:** [Include requested reauthorizations of prior C2 appropriations or note the agency is not requesting reauthorization of prior C2 appropriations.]

REQUEST FOR REAUTHORIZATION OF C2 APPROPRIATIONS

Information Technology Request for Reauthorization of C2 Appropriations			
Agency Name		Agency Code	
Lead Agency Name Listed on Appropriation		Project Name	
Source of Authorization (e.g. Laws 2022, Chapter 54, Section 7 (12) or Grant/Federal Fund #)		Appropriation Amount (in thousands)	Remaining Balance (in thousands)
		0.0	0.0
		0.0	0.0
		0.0	0.0
		0.0	0.0
		0.0	0.0
		0.0	0.0
Total amount appropriated for project life (in thousands)		Will the project be completed within the next fiscal year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Reason for Requesting Reauthorization			

APPENDIX A-II: IT ORGANIZATION CHART



APPENDIX A-III: C2 IT DATA PROCESSING CSEF

APPENDIX A-III: C2 IT Data Processing CSEF

C2: Information Technology Data Processing - Computer Systems Enhancement Fund (CSEF)

Agency Name	Agency Code	Project Name		
Multi-Agency Project	Participating Agencies	Priority	Projected/Actual Start Date	Projected End Date

Revenue Project Cost (dollars in thousands)				
Category or Account Description	FY25 & Prev Actual	FY26 Budget	FY27 Request	Total
General Fund (CSEF)	0.0	0.0	0.0	0.0
Other State Funds (*specify funds below)	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0
Internal Svc Funds/Interagency Transfer	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0
*If Other State Funds, Specify Funding Source/Fund Name				

Expenditure Categories (dollars in thousands)				
	FY25 & Prev Actual	FY26 Budget	FY27 Request	Total
Personnel Services & Employee Benefits	0.0	0.0	0.0	0.0
Professional Services	0.0	0.0	0.0	0.0
Travel/Lodging	0.0	0.0	0.0	0.0
IT Hardware	0.0	0.0	0.0	0.0
IT Software	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

	Print Name	Phone	Email Address	Date
Agency Cabinet Secretary/ Director (Mandatory)				
Chief Information Officer or IT Lead(Mandatory)				
Chief Finance Officer / Budget Director (Mandatory)				

Agency Cabinet Secretary/Director Signature _____

Chief Information Officer/IT Lead Signature _____

Chief Finance Officer/Budget Director Signature _____

**FY26 APPROPRIATION REQUEST
FORM E-6B LEASED PASSENGER-RELATED VEHICLES**

Account code 542800

LEASED VEHICLE INFORMATION @ 7/1/25

Business Unit: 30800
Program Code: P628

Agency Name: Office of the State Auditor
Program Name:

Item No.	LONG TERM LEASES ONLY				Lease Type Operational (O) or Standard (S)	Long Term Only				SHORT TERM ONLY		
	Year	Make/Model	Vehicle Type	A** R C		Mileage As of 7/1/25	FY27 Monthly Rate S= Rate Schedule	B Number of months to lease	A x B = C Total cost Rate FY27	D Daily Rate Based On Vehicle Type	E No. of Days	D x E = F Total Lease Rate
1	2024	Nissan Rogue	02B	C	3,943	678	12	8,136.0			-	
2	2021	Nissan Altima	02BA	C	10,846	747	12	8,964.0			-	
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
TOTAL LONG TERM:									17,100.0	TOTAL SHORT TERM:	-	

Operational(O) rate for FY27 will be

** Code A = additional leased vehicle request C = vehicle currently leased R = request to replace previously purchased vehicle