

April 9, 2015

SENATE EXECUTIVE MESSAGE NO. 16

The Honorable Mary Kay Papen, President Pro Tempore and  
Members of the New Mexico State Senate  
State Capitol Building  
Santa Fe, New Mexico 87501

Honorable President Pro Tempore Papen and Members of the Senate:

Pursuant to the Constitution of the State of New Mexico, Article IV, Section 22, I hereby VETO and return SENATE BILL 257, as amended, enacted by the Fifty-Second Legislature, First Session, 2015.

Senate Bill 257 (SB 257) adds charter schools as a political subdivision of the state for purposes of the Audit Act. Additionally, this bill provides that if a political subdivision of the state is determined to be a “component unit” of a “primary government entity” the component unit can obtain its own audit, separate from the primary entity’s audit. If the component unit chooses to have a separate audit conducted, the primary government entity is then required to accept the audit performed by the component unit’s auditor and include it in its own audit. So, for example, this bill could result in a charter school undertaking an independent audit that is not thorough or conducted properly, with no ability for the school district or the Public Education Department to be able to question the audit or conduct one of its own to ensure accuracy.

Furthermore, the New Mexico Administrative Code already allows a component unit to be audited by a different auditor than the primary government entity and includes charter schools as a component unit, making SB 257 unnecessary. Additionally, these requests are currently controlled, conditioned, and monitored by the State Auditor. The language proposed by this bill eliminates the State Auditor’s review process, which has the potential to decrease the efficiency of the audit process and increase the State’s aggregate annual audit costs.

The new statutory language included in this bill also conflicts with Generally Accepted Auditing Standards (AU Section 543). This conflict could result in unfavorable audit opinions for the primary government entity.

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For these reasons, I cannot sign Senate Bill 257.

Respectfully yours,

Susana Martinez

Governor

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Time: \_\_\_\_\_ a.m. p.m.

Date: \_\_\_\_\_, 2015

By \_\_\_\_\_

Secretary of State

Time: \_\_\_\_\_ a.m. p.m.

Date: \_\_\_\_\_, 2015

By \_\_\_\_\_

Chief Clerk of the Senate