

APPENDIX B: FIRM'S RESPONSE



T (505) 878-7200
F (505) 878-7282

6565 Americas Parkway NE
Suite 600
Albuquerque, NM 87110

March 1, 2024

Ms. Carolyn R. Hantz
Assistant Inspector General for Audit
U.S. Department of Labor
Office of the Inspector General
200 Constitution Avenue, NW Room S-5506
Washington, DC 20210

Dear Ms. Hantz,

Moss Adams LLP provides this response to the U.S. Department of Labor, Office of Inspector General (OIG) draft report "Quality Control Review Single Audit of State of New Mexico Workforce Solutions Department for the year ended June 30, 2022" (Report Number 24-24-002-50-598) furnished to us February 5, 2024.

As discussed at the exit conference, we object to your characterization of your finding throughout your report, including the recommendation, as incorrect inclusion of non-UI programs and expenditures in the SEFA UI total, and we disagree that the State of New Mexico Workforce Solutions Department (NMWSD) identified the UI program as a cluster of programs on the SEFA.

In its schedule of expenditures of federal awards, NMWSD inappropriately included a subtotal labeled Total Unemployment Insurance following seven individual programs with individual ALNs, including the properly presented Unemployment Insurance program (ALN 17.225). This subtotal did not include any indication that this was being presented as a total for a cluster, and nowhere in the schedule of expenditures of federal awards was the Unemployment Insurance program labeled or treated as a cluster.

Additionally, in its data collection form, NMWSD separately listed each of these seven individual programs, including the Unemployment Insurance program (ALN 17.225), and did not identify the Unemployment Insurance program as a cluster.

The inclusion of the subtotal had no impact to the identification of major programs, nor did it have any impact to the performance of the compliance audit related to NMWSD's federal awards.

You also requested us to respond to your recommendation that we work with NMWSD to revise and reissue the single audit report to ensure non-UI programs and expenditures are not included in the SEFA UI total. We understand this to mean that you would like NMWSD to remove the inappropriate subtotal on its SEFA for the year ended June 30, 2022.

Assurance, tax, and consulting offered through Moss Adams LLP. ISO/IEC 27001 services offered through Cadence Assurance LLC, a Moss Adams company.
Investment advisory services offered through Moss Adams Wealth Advisors LLC.



Ms. Carolyn R. Hantz
Assistant Inspector General for Audit
U.S. Department of Labor
Office of the Inspector General
March 1, 2024
Page 2 of 2

Presumably you would also like NMWSD to resubmit its single audit reporting package for the year ended June 30, 2022, to the Federal Audit Clearinghouse. In response to the question "How do I resubmit my record at the GSA FAC?" the Federal Audit Clearinghouse web site currently states:

"We are actively working on improved resubmission features for FAC records, and they will be available in the future. For now, if you need to resubmit your GSA record, please submit a new record at FAC.gov. Please note that this will affect your FAC Acceptance date and may potentially change your risk profile for future single audit submissions."

As you may be aware, this is different than how resubmissions to the FAC were treated when it was housed at Census, when the original FAC Accepted Date was retained. We note that the NMWSD original submission was to the Census FAC (it was not a "GSA record"), however this answer also applies to resubmitting a Census FAC submission to the GSA FAC.

Kory Hoggan, Moss Adams LLP partner, will communicate your recommendation to NMWSD management by March 8, 2024, as well as the consequences of resubmitting a single audit reporting package to remove a subtotal on the SEFA. If NMWSD management decides to revise and resubmit its single audit reporting package by June 30, 2024, we will assist them in that process, as appropriate. The SEFA for the year ended June 30, 2023 was presented without the subtotal, and NMWSD has informed us that future filings will not include this subtotal.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kory Hoggan', followed by a horizontal line.

Kory Hoggan, CPA, Partner, for
Moss Adams LLP