

# **Acequia del Llano de Santa Cruz**

**Independent Accountant's Report on the Applying Agreed-Upon Procedures  
(TIER 3)**

**For the Fiscal Year Ending December 31, 2016**



**Office of the State Auditor  
Brian S. Colón. Esq.**

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**State of New Mexico**  
**Acequia del Llano de Santa Cruz**  
**December 31, 2016**

**Official Roster**

**2016**

<b>Name</b>	<b>Title</b>
Julian Herrera	Chair
Sammy Salazar	Secretary
Larry Gallegos	Treasurer

**2019**

<b>Name</b>	<b>Title</b>
Frieda Gonzales	Chair
Don Bustos	Secretary
Larry Gallegos	Treasurer



State of New Mexico  
Office of the State Auditor

**REPORT OF INDEPENDENT ACCOUNTANT'S ON THE APPLICATION OF  
AGREED UPON PROCEDURES**

To: Frieda Gonzales, Chair  
And Members of Commission.  
Acequia del Llano de Santa Cruz

We have performed the procedures enumerated below for the Acequia del Llano de Santa Cruz (Acequia) for the year ended December 31, 2016, solely to assist in determining compliance with the provisions of the Audit Act for a Tier 3 entity per Section 12-6-3 B (3) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the Acequia through the New Mexico Office of the State Auditor (OSA). The Acequia management is responsible for its accounting records and the subject matter. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings are as follows:

1. **Procedure** - Verify the local public body's revenue calculation and tier determination documented on the form provided at [www.osanm.org](http://www.osanm.org) under "Tiered System Reporting Main Page."

**Results of Procedure 1**

Based on a review of the Acequia's general ledger, total revenue for the fiscal year ending December 31, 2016 were \$ 7,419 (excluding capital outlay grants). Based on this information, the Acequia was properly determined to be a Tier 3 entity for 2016 since their total revenues were less than \$50,000 and they expended more than 50% of the state capital outlay appropriation from the New Mexico Office of State Engineering (NMOSE) during 2016.

2. **Capital Outlay and Procurement**

Test all state-funded capital outlay expenditures.

- a. **Procedure** - Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the purchase order, contract, vendor's invoice and canceled check, as appropriate.

### **Results of Procedure 2a**

We determined that amounts recorded as disbursed agreed to adequate supporting documentation and we verified that amounts, payees, dates and descriptions agreed to the vendor's invoices, purchase orders, contracts as applicable. There was one project, 13-1575. We examined all disbursement which in total were \$41,002.

- b. **Procedure** - Determine that cash disbursements were properly authorized and approved in accordance with the budget, legal requirements and established policies and procedures.

### **Results of Procedure 2b**

We determined that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.

- c. **Procedure** - Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC).

### **Results of Procedure 2c**

We determined that the bid process or request for proposal process, purchase orders, contracts and agreements were proceeds in accordance with the New Mexico Procurement Code and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC).

- d. **Procedure** - Determine the physical existence (by observation) of the capital asset based on expenditures to date.

### **Results of Procedure 2d**

We determined the physical existence of the capital asset by photographs provided by the third party, NMOSE the awarding agency.

- e. Verify that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with the general ledger and other supporting documentation.

### **Results of Procedure 2e**

We verified that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with accounting records and

other supporting documents.

3. **Procedure** - If the project was funded in advance, determine if the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date.

**Results of Procedure 3**

The project was not funded in advance but on a reimbursement basis.

4. **Procedure** - If the project is complete, determine if there is an unexpended balance and whether it was reverted per statute and agreement with the grantor.

**Results of Procedure 4**

The project is completed. We determine there was an unexpended balance and it was reverted per statute and agreement with the grantor.

5. **Procedure** - Determine whether cash received for the award was accounted for in a separate fund or separate bank account that is non-interest bearing if so required by the capital outlay award agreement.

**Results of Procedure 5**

Since the project was approved on a reimbursement basis, no separate fund or bank accounts was required.

6. **Procedure** - Determine whether reimbursement requests were properly supported by costs incurred by the recipient. Determine whether the costs were paid by the local public body prior to the request for reimbursement.

**Results of Procedure 6**

The requests for payments were properly supported by costs incurred by Acequia. See the Schedule of Capital Outlay Awards on Pg.5 of this report.

The invoices were not paid by the Acequia prior to the request for payment forms. The Acequia paid for the invoices after the grant checks were received from OSE.

7. **Procedure** - If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10 (L) NMAC.

**Results of Procedure 7**

For the 2016 Tier 3 agreed-upon procedures, the Acequia did not submit the contract

information and the agreed-upon procedures report to the New Mexico Office of the State Auditor by the required due dates. See finding 2019-001 on Pg.7.

8. **Procedure** - The report shall include the capital outlay amount awarded, amount received, amount expended, the remaining balance, and the actual legislation and effective dates for each capital outlay appropriation that meets the Tier 3 criteria.

**Results of Procedure 8**

See Exhibit 1 -Schedule of Capital Outlay Awards to Acequia del Llano de Santa Cruz on page 5 of this report.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion or conclusion, respectively, on the Tier 3 agreed upon procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the Acequia del Llano de Santa Cruz, OSA, NM Office of the State Engineer and the NM State Legislature and is not intended to be and should not be used by anyone other than these specified parties.



Office of the State Auditor  
Santa Fe, NM  
Date 3/31/2020



**State of New Mexico**  
**Acequia del Llano de Santa Cruz**  
**December 31, 2016**

**Exhibit 1 - SCHEDULE OF CAPITAL OUTLAY AWARDS TO *Acequia***

	<b>Note 1</b>	<b>Total</b>
Amount awarded to <i>Acequia</i> (12/30/13-6/30/17)	\$41,850	\$41,850
Amount received by <i>Acequia</i>	41,850	41,850
Amount expended by <i>Acequia</i> in prior years	0	0
Amount expended by <i>Acequia</i>	41,002	41,002
Remaining Balance	\$848	\$848

**Agreement Provisions**

**Note 1: 13-1575 Capital Outlay Appropriation- Concrete lining of ditch and rerouting of ditch.**

Legislative Authority: 2013 laws, Chapter 226, Section 29, item 8

Legislative and Effective Dates: 12/30/13-6/30/17

Reversion Date: 6/30/2017

**State of New Mexico**  
**Acequia del Llano de Santa Cruz**  
**Schedule of Findings and Responses**  
**December 31, 2016**

	<u>Finding Number</u>	<u>Type of finding</u>
<b>Current Year Findings:</b>	<b>2019-001</b>	<b>Late AUP Contract and Report</b>
<b>Prior Year Findings:</b>		
None Noted	N/A	N/A

### **2019-001 - Late AUP Contract and Report**

**Condition:** Acequia del Llano de Santa Cruz agreed-upon procedures report for the year ended December 31, 2016 was submitted more than five months after the fiscal year end.

**Criteria:** Office of the State Auditor, Rule 2016, Section 2.2.2.9.H, requires that local public bodies with a fiscal year end other than June 30 shall submit the AUP report of certification no later than five months after the fiscal year-end.

**Effect:** Acequia del Llano de Santa Cruz has not complied with Office of the State Auditor, Rule 2016, and Section 2.2.2.9.H.

**Cause:** Acequia del Llano de Santa Cruz did not submit a recommendation or contract for State Auditor approval until January 22, 2020 and, therefore, could not meet the reporting deadline.

**Recommendation:** We recommend that Acequia del Llano de Santa Cruz submit all future agreed-upon procedures reports by the required deadline.

**Agency Response:** The Acequia del Llano de Santa Cruz is in agreement that the timeline for the audit surpassed the deadline and agrees with the recommendation to submit all future agreed-upon procedures reports by the required deadline.

The following procedures will be implemented by the Acequia through the following steps:

1. The Chair person will work closely with the Treasurer and the funding agency to assure that timelines are understood and those deadlines are identified to guarantee that all reports get sent to the State Auditor in a timely fashion.
2. When the Acequia is planning on applying for capital outlay they will have a conversation with the participants to get their support to assure that dues will be collected to pay for an audit.
3. Should the members of the commission change the outgoing commission will turn over all documentation with due dates to the new commission and will work with the new commission to assure that the commission has all supporting documents for the audit. The outgoing Commissioner's will offer their assistance to work side-by-side with the new commission to assure that the audit is completed within the timeline required by the State Auditor's Office.

**State of New Mexico**  
**Acequia del Llano de Santa Cruz**  
**December 31, 2016**  
**Exit Conference**

On 3-31-2020, an exit conference was held with the following individuals to discuss the results of the agreed upon procedures and the contents of this report.

Attendees

<u>Name</u>	<u>Title</u>
Natalie Cordova, CPA	Deputy state Auditor- OSA
Liza Kerr, CPA	Audit Manager- OSA
Kusum Adhikari	Audit Supervisor- OSA
Veryl Begay	Senior Auditor- OSA
Frieda Gonzales	Chair, Acequia