

# **Accounting & Auditing Services, LLC**

**Financial Audits + Agreed Upon Procedures + Tax + Consulting**

**Acequia de el Rincon**

**Independent Accountant's Report on Applying Agreed-Upon Procedures**

**For the Fiscal Year Ending December 31, 2017**

**Acequia de el Rincon  
Table of Contents  
Fiscal Year Ending December 31, 2017**

	<u>Page</u>
Table of Contents	i
Official Roster	ii
Independent Accountant's Report	1
Schedule of Findings and Responses	4
Schedule of Capital Outlay Awards	6
Exit Conference	7

**Acequia de el Rincon  
Official Roster  
Fiscal Year Ending December 31, 2017**

**Acequia Commissioners**

Robert Garcia, President

Patrick L. Colestock, Treasurer

Martha E. Trujillo, Secretary

Alex Trujillo, Mayordomo

**Administrative Staff**

None

## Independent Accountant's Report on Applying Agreed-Upon Procedures

Robert Garcia, President  
Acequia de el Rincon  
and  
Wayne Johnson, New Mexico State Auditor

I have performed the procedures enumerated below for the Acequia de el Rincon (Acequia) for the year ending December 31, 2017, 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, Section 2.2.2.16 NMAC and Section 6-6-2 (A) NMSA 1978. The procedures were agreed to by the Acequia through the New Mexico Office of the State Auditor. The Acequia's 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. 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."

Based on a review of the Acequia's general ledger, total revenues for the fiscal year ending December 31, 2017 were \$4,110 (excluding capital outlay appropriation receipts of \$39,000). Based on this information, the Acequia was properly determined to be a Tier 3 entity for FY17 since their total revenues were less than \$50,000 and they expended at least 50% of a capital outlay appropriation during the fiscal year.

2. Perform the following tests on all state funded capital outlay expenditures:
  - a. 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.

All of the cash disbursements for the capital grant project were tested. The amounts disbursed agreed with the supporting documentation. The amount, payee, date and description of the purchase agreed with the contractor's invoice, contract, canceled check and purchase order form.

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

The cash disbursements tested were properly authorized and approved in accordance with the project budget, legal requirements and the Acequia's procurement policies and procedures.

- c. 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).

Request for proposals or invitation for bids were not required for the project work. The Acequia obtained written quotes for the construction project in accordance with the New Mexico Procurement Code.

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

The completed project work at the Acequia was observed on March 13, 2018. The work done was consistent with the invoices from the contractor. Nothing unusual was noted.

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

The Acequia did not submit the monthly periodic paper reports or the paper final report to the NM Interstate Stream Commission (NMISC) and the NM Department of Finance and Administration (DFA). See Finding 2017-001 on p. 4.

- 3. 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.

The project was not funded in advance. The Acequia was required to submit Request for Reimbursement forms to the NMISC along with the contractor's invoices and supporting documentation.

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

The project work was completed and the capital outlay appropriation was fully expended. See the Schedule of Capital Outlay Awards on p. 7.

5. 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.

The Acequia used its checking account at Wells Fargo Bank to account for the grant receipts and check disbursements for the project expenditures.

6. 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.

The Acequia submitted two Request for Reimbursement forms to the NMISC for services rendered by the contractor. The reimbursement requests were supported by two invoices from the contractor totaling \$40,401.06. The Association paid the invoices after the grant checks were received from the NMISC. See the Schedule of Capital Outlay Awards on p. 7.

7. 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.

No findings were noted during the performance of the agreed-upon procedures.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the subject matter. 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 and others with the Acequia, the New Mexico State Auditor, the Department of Finance and Administration – Local Government Division, the New Mexico Interstate Stream Commission and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

*Accounting & Auditing Services, LLC*

Accounting & Auditing Services, LLC

Santa Fe, New Mexico

March 13, 2018

**Acequia de el Rincon  
Schedule of Findings and Responses  
Fiscal Year Ending December 31, 2017**

**Status of Prior Year Findings**

Not applicable.

**Current Year Findings**

**Finding 2017-001. Non-Submission of Project Status Reports**

**Condition**

The Acequia did not submit the monthly paper periodic and final paper reports for the project to the NM Interstate Stream Commission (NMISC) and the NM Department of Finance and Administration (DFA).

**Criteria**

Article VIII.A and B (Reports) of the agreement with the NMISC states the Acequia shall submit monthly “paper periodic reports” to the NMISC and a “paper final report” to the NMISC and DFA.

**Effect**

NMISC and DFA did not receive the required reports from the Acequia to further monitor the project activity.

**Cause**

The Treasurer of the Acequia stated that he was unaware of the requirement to submit the paper reports to the NMISC since he did not fully read the agreement and thought the electronic submission of the paperless (Article VIII.C) reports were sufficient.

**Recommendation**

For future capital appropriation projects, the Association’s Board of Commissioners should thoroughly read the agreement to understand all of the reporting requirements. The Board of Commissioners should develop and implement a procedure to ensure that the Treasurer submits the required project status reports to the appropriate oversight agencies by the required due date in accordance with the terms of the agreement.

**Management’s Response**

To remedy this issue, the Acequia will have a Commissioner’s meeting by April 14, 2018 where the Commissioner’s will review in detail the agreement and all reporting

**Acequia de el Rincon  
Schedule of Findings and Responses  
Fiscal Year Ending December 31, 2017**

requirements. The Treasurer will personally explain the mistake to the Commission and see to it that the Acequia complies fully with any subsequent capital outlay projects. Specifically, the Treasurer will submit monthly paper progress reports and a paper final report in addition to the required online reporting. An explanation of the problem will be entered into Acequia minutes so that any future commission members will be made aware of the requirements.



**Acequia de el Rincon  
Schedule of Capital Outlay Awards  
For the Fiscal Year Ending December 31, 2017**

	<b>1</b>
Amount Awarded for Project	\$ 39,000.00
Amount Received and Expended by Acequia in 2017	(39,000.00)
Remaining Balance	\$ -

**Agreement Provisions**

**1 - Agreement Between the Interstate Stream Commission and the Acequia de el Rincon Fund [15-0654] Capital Appropriation Project**

Legislative Authority: NM Laws of 2015, Chapter 3, Section 27, Paragraph 26

Date of Agreement: November 5, 2015

Project Description: To plan, design and construct Phase 2 infrastructure improvements to the Acequia del el Rincon in Pojoaque in Santa Fe County.

Estimated Project Cost: \$39,000

State Appropriation Amount: \$39,000

Agreement termination/reversion date: June 30, 2019

**Acequia de el Rincon  
Exit Conference  
Fiscal Year Ending December 31, 2017**

On March 13, 2018, the following officials held an exit conference to discuss the results of the agreed upon procedures and the contents of this report:

Acequia de el Rincon

Patrick Colestock, Treasurer

Accounting & Auditing Services, LLC

Steve B. Archibeque, CPA, Audit Manager