

Acequia del Rincon

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

For the Year Ended December 31, 2019



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

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**State of New Mexico
Acequia del Rincon
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For the Year Ended December 31, 2019**

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**State of New Mexico
Acequia del Rincon
Official Roster
December 31, 2019**

Board of Commissioners

<u>Name</u>	<u>Title</u>
Robert Garcia	President
Alex Trujillo	Mayordomo
Martha Trujillo	Secretary
Scott DeMuth	Treasurer



State of New Mexico Office of the State Auditor

CONSTITUENT SERVICES
(505) 476-3821

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

Members of the Board of Commissioners
Acequia del Rincon

We have performed the procedures enumerated below for the Acequia del Rincon (Acequia) for the year ended December 31, 2019, 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 under "Tiered System Reporting Main Page."

Results of Procedure 1

We verified the Acequia's revenue calculation and determination form as a Tier 3 agreed upon procedures engagement.

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 the amount disbursed agreed with the supporting documentation. The amount, payee, date and description of the purchase agreed with the vendor's invoice, contract and canceled check.

- 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

The Acequia is not required to submit a budget to the Department of Finance and Administration – Local Government Division. However, a project budget is required to be submitted by the terms of the agreements with the New Mexico Interstate Stream Commission. We determined that the disbursement was properly authorized and approved and in accordance with the project 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 Acequia obtained three bids/quotes and entered into contracts in accordance with its procurement policies and applicable state laws and regulations.

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

Results of Procedure 2d

Due to restrictions enacted by the New Mexico Governor during the COVID-19 pandemic, we were unable to determine the physical existence by observation of the capital assets based on expenditures to date. We did obtain limited pictures of the project with descriptions from the Acequia's Treasurer, Scott DeMuth. We determined this alternative procedure was adequate support of the completed project.

- 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

The agreement the Acequia has with the New Mexico Interstate Stream Commission (NMISC) required the Acequia to submit monthly reports in a prescribed format. The agreement also allows for on-line reporting due the last day of each month. These reports were required to be submitted each month until the project was terminated, and the final report submitted. The Acequia has printed copies of the reports filed on-line. The amounts on the status reports agree with the general ledger and other supporting documentation.

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 projects were not funded in advance. The Acequia was required to submit a reimbursement form to the NMISC upon completion of work on the project. The Acequia paid for the project expenditure after the Acequia received a check from the NMISC.

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 complete. The Acequia expended the total appropriation. There was no reversion amount.

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

Per agreement with NMISC dated December 21, 2018, the Acequia did not require funds to be held in a separate bank account.

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 Acequia filed a Request for Reimbursement Forms with the NMISC based on an unpaid invoice submitted to the Acequia by the contractor who had performed work on the Acequia project. The costs were not paid by the Acequia prior to the request for reimbursement because the Acequia did not have the necessary funds. The Acequia paid

for its project expenditures soon after the check was received from the NMISC. The Acequia complied with the NMISC reimbursement procedures requirements.

The costs were not paid by the Acequia prior to the request for reimbursement.

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

There were no instances of fraud, illegal acts, noncompliance, or any internal control deficiencies that came to our attention.

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 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, the OSA, and the New Mexico Interstate Stream Commission, the New Mexico Department of Finance and Administration -Local Government Division, and the New Mexico 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

Office of the State Auditor
Santa Fe, NM
March 31, 2020

State of New Mexico
Acequia del Rincon
Exhibit 1 – Schedule of Capital Outlay Awards
For the Year Ended December 31, 2019

	<u>Note 1</u>
Amount awarded to the Acequia	\$ 35,000
Amount received by the Acequia	35,000
Amount expended by the Acequia in prior years	-
Amount expended by the Acequia in current year	<u>35,000</u>
Remaining balance	<u><u>\$ -</u></u>

Agreement Provisions

Note 1: The capital project funds were appropriated as follows:

Fund C2402 Capital Outlay Appropriation Project - to plan, design, construct and install improvements, including concrete headgates, piping and stabilizing banks and borders.

Legislative Authority: New Mexico Laws of 2018, Chapter 80, Section 25, Paragraph 31

Legislative and Effective Dates: The Agreement with the Interstate Stream Commission was dated December 21, 2018. The effective date is October 16, 2018.

Agreement Termination and Reversion Dates: The Agreement Terminates on June 30, 2022, which is also the reversion date.

**State of New Mexico
Acequia del Rincon
Schedule of Findings and Responses
For the Year Ended December 31, 2019**

Current Year Findings:

None Noted

Prior Year Findings:

None Noted

**State of New Mexico
Acequia del Rincon
Exit Conference
For the Year Ended December 31, 2019**

On March 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>
Liza Kerr, CPA	Financial Audit Manager, OSA
Darla Brewer, CFE	Financial Audit Supervisor, OSA
Scott DeMuth	Treasurer, Acequia Del Rincon