

**STATE OF NEW MEXICO
FUND #81100 CAPITOL KITCHEN**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2013

June 30, 2013

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June 30, 2013

FIFTY-FIRST LEGISLATURE, FIRST SESSION

HOUSE OF REPRESENTATIVES PRINTING AND SUPPLIES COMMITTEE

Luciano "Lucky" Varela	Chair
Patricia Lundstrom	Vice-Chair
Alonzo Baldonado	Member
Donald E. Bratton	Member
Anna M. Crook	Member
Brian F. Egolf	Member
William Gray	Member
Dianne Miller Hamilton	Member
Tim D. Lewis	Member
Georgene Louis	Member
Antonio "Moe" Maestas	Member
W. Ken Martinez	Member
Rick Miera	Member
Sheryl Williams Stapleton	Member
Thomas C. Taylor	Member
Jim R. Trujillo	Member
James P. White	Member

HOUSE OF REPRESENTATIVES

Stephen R. Arias	House Chief Clerk
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INDEPENDENT AUDITORS' REPORT

State of New Mexico, House of Representatives
House Printing and Supplies Committee
Fund #81100 Capitol Kitchen
Hector H. Balderas, State Auditor

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the State of New Mexico, Fund #81100 Capitol Kitchen, as of and for the year ended June 30, 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the governmental activities and the major fund of the State of New Mexico, Fund #81100 Capitol Kitchen, as of June 30, 2013, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A, the financial statements present only Fund #81100 and do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2013, and the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2013 on our consideration of the State of New Mexico, Fund #81100 Capitol Kitchen's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of New Mexico, Fund #81100 Capitol Kitchen's internal control over financial reporting and compliance.

A beyta, Weimer & Chorne, P. C.

Santa Fe, New Mexico
December 13, 2013

STATE OF NEW MEXICO
FUND 81100 CAPITOL KITCHEN
Statement of Net Position

June 30, 2013

Assets:

Investment in the State General Fund Investment Pool, Note B \$ 7,500

Net Position:

Unrestricted \$ 7,500

The Accompanying Notes Are An Integral Part Of These Financial Statements

STATE OF NEW MEXICO
 FUND 81100 CAPITOL KITCHEN
 Statement of Activities

For The Year Ended June 30, 2013

Governmental Activities

Food sales	\$ 114,126
Cost of food and supplies	<u>(105,156)</u>
Net Revenue	8,970

General Revenues:

Transfers:	
Transfer out, Note D	<u>(8,514)</u>

Change in Net Position

456

Net Position:

Beginning of year	<u>7,044</u>
End of year	<u><u>\$ 7,500</u></u>

STATE OF NEW MEXICO
 FUND 81100 CAPITOL KITCHEN
 Balance Sheet - Governmental Funds

June 30, 2013

Assets:

Investment in State General Fund Investment Pool, Note B	\$ <u>7,500</u>
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Fund Balance:

Unassigned	\$ <u>7,500</u>
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Amounts reported for governmental activities in Statement of Net Position are different because:

Fund Balance - Governmental Funds	\$ 7,500
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There are no reconciling items between the governmental funds balance sheet and the statement of net position.

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Net Position of Governmental Activities	\$ <u>7,500</u>
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STATE OF NEW MEXICO
 FUND 81100 CAPITOL KITCHEN
 Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

For The Year Ended June 30, 2013

Revenues:	
Food sales	\$ 114,126
Current Expenditures:	
Cost of food and supplies	<u>105,156</u>
Revenues Over Expenditures:	8,970
Other Financing Sources (Uses):	
Transfer out, Note D	<u>(8,514)</u>
Net Change in Fund Balance	456
Fund Balance:	
Beginning of year	<u>7,044</u>
End of year	<u><u>\$ 7,500</u></u>

The Accompanying Notes Are An Integral Part Of These Financial Statements

STATE OF NEW MEXICO
 FUND 81100 CAPITOL KITCHEN
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance to
 Statement of Activities

For The Year Ended June 30, 2013

Amounts reported for governmental activities in the Statement of
 Activities are different because:

Net Change in Fund Balance - Total Governmental Funds	\$	456
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There are no reconciling items between the net change in fund balance and
 change in net position.

Change in Net Position - Governmental Activities	\$	<u>456</u>
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**STATE OF NEW MEXICO
FUND 81100 CAPITOL KITCHEN
Notes to Financial Statements**

NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the State of New Mexico, Capitol Kitchen, Fifty-First Legislature, First Session has been prepared in conformity with accounting principles generally accepted in the United State of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Financial statements for the period ended June 30, 2013 represent activity in Fund 81100 from July 1, 2012 to June 30, 2013. The more significant accounting policies of the Fund are described below:

1. Basic Financial Statements - Government-Wide Statements

Fund 81100's basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as governmental. Fund 81100 is classified as a governmental activity.

The government-wide Statement of Net Position is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long term debt and obligations. The Fund's net position is reported as unrestricted net position.

The government-wide Statement of Activities reports the cost of the Fund 81100's function. The function is supported by general government revenues (intergovernmental revenues). This government-wide focus is on the change in net position resulting from activities from the period July 1, 2012 to June 30, 2013.

2. Basic Financial Statements - Fund Financial Statements

The financial transactions of Fund 81100 are reported in one individual fund in the financial statements. The operations of Fund 81100 are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Government resources are allocated to and accounted for in this individual fund based on the appropriate state statutes and the purposes for which they are spent and the means by which spending activities are controlled. The following fund type is utilized by Fund 81100:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental fund:

General Fund - Fund 81100 is used to administer and account for the sale of food, food services and related concessions by the House of Representatives. Money in the fund may be expended by the Legislative Council Service for start-up costs, supplies and other costs necessary for the House of Representatives to operate the concessions, and with the approval of the New Mexico Legislative Council, for incidental expenses of the Legislature, including interim committees.

**STATE OF NEW MEXICO
FUND 81100 CAPITOL KITCHEN
Notes to Financial Statements**

NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. This governmental Fund 81100 presents its financial statements in accordance with U.S. generally accepted accounting principles as prescribed in applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Accrual

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recorded when susceptible to accrual; i.e. both measurable and available. "Available" means collectible within the period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

4. Investment in the State General Fund Investment Pool

The State of New Mexico, Office of the State Treasurer's scope of authority for the types of investments which may be made with state funds is statutorily defined and governed by the State Treasurer's Investment Policy approved by the State Board of Finance.

5. Nature and Purpose of Reservations and Designations of Fund Balance

Government-wide net position are divided into two components:

Restricted net position - consists of net position that are restricted by state enabling legislation.

Unrestricted net position - all other assets are reported in this category.

When an expense is incurred that can be paid using either restricted resources or unrestricted resources, the Fund policy is to first apply the expense toward unrestricted resources.

Governmental fund balances are divided into five classifications based on the extent to which government is bound to honor constraints and the specific purposes for which amounts in that fund can be spent.

Non-spendable is the most limited amounts and are legally or contractually required to stay intact.

STATE OF NEW MEXICO
 FUND 81100 CAPITOL KITCHEN
 Notes to Financial Statements

NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Nature and Purpose of Reservations and Designations of Fund Balance (Cont'd)

Spendable fund categories can be depicted as follows:

Restricted are amounts that are due to enabling legislation, constitutional provisions, externally imposed by grantors, contributors, laws and regulations of other governments, or by creditors, such as through debt covenants.

Committed are amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and removal of the constraint would require a formal action by the same authority.

Assigned consists of amounts that are intended to be used for a specific purpose established by the government's highest-level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the general fund, assigned fund balance represents the residual amount in the fund balance.

Unassigned represents the residual amount after all classifications have been considered for the government's general fund, and could report a surplus or a deficit.

6. Budgetary Procedures and Accounting

Fund 81100 is not budgeted.

7. Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB 62 does not have any impact of the Fund's financial statements.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

STATE OF NEW MEXICO
 FUND 81100 CAPITOL KITCHEN
 Notes to Financial Statements

NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Impact of Recently Issued Accounting Principles (Cont'd)

Recently Issued Accounting Pronouncements

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASB 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 15, 2011. The Fund does not have any SCAs and therefore the adoption of GASB 60 does not have any impact on the Fund's financial statements.

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASB 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This statement is effective for periods beginning after June 15, 2012. The Fund is a single fund and does not have any component units. Therefore, the adoption of GASB 61 does not have any impact on the Fund's financial statements.

NOTE B - INVESTMENT IN THE STATE GENERAL FUND INVESTMENT POOL

State law (Section 8-6-3 NMSA 1978) requires the Fund's cash be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the Fund consist of an interest in the General Fund Investment Pool managed by the New Mexico State Treasurer's Office. At June 30, 2013 the Fund had the following invested in the General Fund Investment Pool:

SHARE BU 11100, Fund 81100, Capitol Kitchen	\$ <u>7,500</u>
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Interest Rate Risk - The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit Risk - The New Mexico State Treasurer pools are not rated.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2013.

**STATE OF NEW MEXICO
FUND 81100 CAPITOL KITCHEN
Notes to Financial Statements**

NOTE B - INVESTMENT IN THE STATE GENERAL FUND INVESTMENT POOL (Continued)

For cash management and investment purposes, funds of various state agencies are deposited in the State General Fund Investment Pool (the Pool), which is managed by the Office of the New Mexico State Treasurer. Claims on the Pool are reported as assets by the various agencies investing in the Pool.

In June 2012, an independent diagnostic report revealed the Pool balances had not been reconciled at a "business unit by fund" level since the inception of the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) system in July 2006. This report, entitled "Current State Diagnostic of Cash Control," also described a difference between Pool bank balances and the corresponding general ledger balances and indicated that the effect of reconciling items were unknown. The report, dated June 20, 2012, is available on the website of the New Mexico Department of Finance and Administration at: http://www.nmdfa.state.nm.us/Cash_Control.aspx.

By state statute, the New Mexico Department of Finance and Administration (DFA) is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer. Therefore, under the direction of the State Controller / Financial Control Division Director, the Financial Control Division (FCD) of the New Mexico Department of Finance & Administration undertook action to address the situation. DFA/FCD initiated the Cash Management Remediation Project (Remediation Project) in partnership with the Office of the New Mexico State Treasurer, the New Mexico Department of Information Technology, and a contracted third party with expertise in the Enterprise System Software used by the State.

The Department of Finance Administration (DFA), in partnership with the New Mexico State Treasurer's Office, the New Mexico Department of Information Technology and a contracted third party PeopleSoft Treasury expert, conducted a Cash Management Remediation Project (Remediation Project) with a goal of achieving "a point forward" reconciliation of cash, in February 2013. As of June 30, 2013, the old unreconciled items that occurred from July 1, 2006 through February 2013, remain unreconciled.

On March 15, 2013, the third party PeopleSoft Treasury expert provided DFA with an additional report titled "Approach to the Historical Reconciliation of Bank Transactions." This report describes three possible approaches to addressing the remaining reconciliation issue: (1) adjust balances only; (2) fully reconcile only the differences created from 2010 through the present that were created while Wells Fargo was the fiscal agent; or (3) fully reconcile the differences created: from 2002 through 2006 while Wells Fargo was the fiscal agent, from 2006 through 2010 while Bank of America was the fiscal agent and from 2010 through the present while Wells Fargo was again the fiscal agent. DFA is currently requesting a 3.2 million dollar supplemental appropriation to address the remaining reconciliation issues.

Fund 81100 Capitol Kitchen has cash reconciliation policies and procedures in place which are performed on a monthly basis to ensure that the agency's cash balances in SHARE are correct and to mitigate the risk that the agency's cash balances would not be misstated as of June 30, 2013.

**STATE OF NEW MEXICO
FUND 81100 CAPITOL KITCHEN
Notes to Financial Statements**

NOTE C - RESTRICTED NET POSITION

No later than sixty days after final adjournment of each session, the balance of the Fund 81100 in excess of \$7,500 shall be transferred to the State Capitol Maintenance Fund, per the laws of 2004, Ch. 1, Section 10.

NOTE D - TRANSFERS

Uses of funds classified as "transfers out" are as follows:

Transfer from BU 11100, Fund 81100 to BU 11100, Fund 07500	\$ <u><u>(8,514)</u></u>
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NOTE E - RISK MANAGEMENT

The Legislature is exposed to various risks of loss related to torts, theft of damage to and destruction of assets, errors and omissions, and natural disasters for which the Fund carried insurance (Workers Compensation, Unemployment Compensation, Employee Liability, and Transportations Property) with the State of New Mexico Risk Management Division (RMD) of the General Services Department.

NOTE F - MANAGEMENT'S DISCUSSION AND ANALYSIS EXPLANATION

Management's discussion and analysis, while required to be presented to supplement the basic financial statements, are generally outside the purview of the legislature's management staff. The legislative body is the sole entity responsible for preparing a budget based on revenue estimates, state needs and statutory and constitutional requirements. Once appropriated, management staff is responsible for ensuring that expenditures are in compliance with state law.



**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With *Government
Auditing Standards***

State of New Mexico, House of Representatives
House Printing and Supplies Committee
Fund #81100 Capitol Kitchen
Hector H. Balderas, State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the State of New Mexico, Fund #81100 Capitol Kitchen, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the State of New Mexico, Fund #81100 Capitol Kitchen's basic financial statements, and have issued our report thereon dated December 13, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the State of New Mexico, Fund #81100 Capitol Kitchen's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of New Mexico, Fund #81100 Capitol Kitchen's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of New Mexico, Fund #81100 Capitol Kitchen's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. See 05-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Fund's Response to Findings

The Fund's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Fund's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A beyta, Weiner & Cherne, P. C.

Santa Fe, New Mexico
December 13, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes

Finding 05-1

Significant deficiencies identified that are not considered to be material weakness(es)? No

Status of Prior Year Audit Findings	Current Status
05-1 Internal Control Over Cash Receipts	Repeated and modified
08-1 Internal Control Over Cash Disbursements	Resolved

Section II - Financial Statement Findings (Current Year)

05-1 (Material Weakness) Internal Control Over Cash Receipts

Condition:

During our cash receipts test work, we noted the following conditions that represent material weaknesses in internal control over cash.

We selected House Food Service daily cash receipts summary reports for 13 days and agreed amounts to source documents and noted the following:

Ten instances (out of 37 register tapes tested) where the cash register tape grand total did not agree with the amount reported on the reconciliation of daily cash receipts summary report.

Three instances (out of 37 register tapes tested) where the over-rings did not equal the amount reported on the reconciliation of daily cash receipts summary report.

Daily cash over/short amounts for the sample of 13 days selected netted to a total shortage of \$137.11

Other internal control issues noted:

There is a lack of segregation of cash duties; the kitchen manager closes the cash registers, counts the cash received for the day, and then provides the cash to Legislative Council Service staff for deposit.

Criteria:

Sound internal controls include procedures to ensure there are adequate safeguards over cash.

Cause:

Lack of monitoring and review by management in tallying totals and over rings, lead to discrepancies between the register tapes and the daily cash receipts summary report.

Effect:

The above conditions leave the kitchen vulnerable to material misappropriation of cash.

05-1 (Material Weakness) Internal Control Over Cash receipts (Continued)

Recommendation:

We recommend that additional review of register tape totals and cash drawers by more than one employee for separate accounting. Management should provide for adequate training of employees to track and report on over-rings accurately.

Agency Response:

Kitchen management will continue to train to make this possible.

Section III - Other Matters as Required by New Mexico State Statute 12-6-5, NMSA 1978

None

Section IV - Exit Conference

An exit conference was held to discuss the audit report and current and prior year auditor's comments. The parties agreed to the factual accuracy of the comments contained herein.

In attendance on December 2, 2013 were there following individuals:

Representing the State of New Mexico, Fund #81100 Capitol Kitchen

Representative W. Ken Martinez, Speaker of the House, Legislative Council Co-Chair

Stephen Arias, House Chief Clerk

Raul Burciaga, Director, Legislative Council Service

Kathy Pacheco-Dofflemeyer, Assistant Director for Administration, Legislative Council Service

Anesa Serna-Espinoza, Financial Assistant, Legislative Council Service

Representing Abeyta, Weiner & Cherne, P.C.

Sean S. Weiner, Principal

Jeremy Hamlin, Manager
