

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

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2015**



WEINER & COMPANY P.C.
Certified Public Accountants

**STATE OF NEW MEXICO
FUND 81100 CAPITOL KITCHEN
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June 30, 2015

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STATE OF NEW MEXICO
FUND 81100 CAPITOL KITCHEN
Official Roster

June 30, 2015

FIFTY-SECOND LEGISLATURE, FIRST SESSION AND FIRST SPECIAL SESSION

HOUSE OF REPRESENTATIVES

Denise Ramonas

House Chief Clerk



WEINER & COMPANY P.C.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

State of New Mexico, House of Representatives
Fund 81100 Capitol Kitchen
Tim Keller, 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, 2015, and the related notes to the financial statements, which collectively comprise the State of New Mexico, Fund 81100 Capitol Kitchen's basic 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 auditors' 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the State of New Mexico, Fund 81100 Capitol Kitchen, as of June 30, 2015, and the respective changes in financial position 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 of the State of New Mexico, Fund 81100 Capital Kitchen are intended to present the financial position and changes in financial position of only that portion of the governmental activities and the major fund that is attributable to the transactions of the Fund. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2015, the changes in its financial position, or, where applicable, its cash flows 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 Information

Our audit was conducted for the purpose of forming opinions on the State of New Mexico, Fund 81100 Capitol Kitchen's financial statements. The Schedule of Vendor Information required by Section 2.2.2 NMAC is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Vendor Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2015 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.

Weiner & Company, P.C.

Santa Fe, New Mexico
November 24, 2015

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

June 30, 2015

Assets:

Investment in the State General Fund Investment Pool, Note B \$ 7,286

Net Position:

Unrestricted \$ 7,286

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, 2015

Governmental Activities:

Food Sales	\$ 125,792
Cost of food and supplies	<u>(98,478)</u>

Net Revenue	27,314
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General Revenues:

Transfers:	
Transfer out, Note D	<u>(27,468)</u>

Change in Net Position	(154)
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Net Position:

Beginning of year	<u>7,440</u>
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End of year	<u><u>\$ 7,286</u></u>
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The Accompanying Notes Are An Integral Part Of These Financial Statements.

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

June 30, 2015

Assets:

Investment in State General Fund Investment Pool, Note B	\$ <u>7,286</u>
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Fund Balance:

Unassigned	\$ <u>7,286</u>
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Amounts reported for governmental activities in Statement of Net Position are different because:

Fund Balance - Governmental Funds	\$ 7,286
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There are no reconciling items between the governmental funds balance sheet and the statement of net position.

	<u>-</u>
Net Position of Governmental Activities	\$ <u>7,286</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements.

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, 2015

Revenues:

Food sales	\$	125,792
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Current Expenditures:

Cost of food and supplies		<u>98,478</u>
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Revenues Over Expenditures:

27,314

Other Financing Sources (Uses):

Transfer out, Note D		<u>(27,468)</u>
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Net Change in Fund Balance

(154)

Fund Balance:

Beginning of year		<u>7,440</u>
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End of year	\$	<u><u>7,286</u></u>
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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, 2015

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

Net Change in Fund Balance - Total Governmental Funds	\$	(154)
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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	\$	(154)
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The Accompanying Notes Are An Integral Part Of These Financial Statements.

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

NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A primary government is any state or general purpose local government consisting of all the organizations that make up its legal entity. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government. The State of New Mexico, Fund 81100 Capitol Kitchen, therefore, is part of the primary government of the State of New Mexico and its financial data should be included in the financial data of the State.

The financial statements of the State of New Mexico, Capitol Kitchen, Fifty-Second 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 Fund does not have any component units. The Financial statements for the period ended June 30, 2015 represent activity in Fund 81100 from July 1, 2014 to June 30, 2015. 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 are 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, 2014 to June 30, 2015.

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 statement 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 are 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

Unassigned represents the residual amount after all classifications have been considered for the government's

6. Budgetary Procedures and Accounting

Fund 81100 is not budgeted.

7. Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

GASB Statement 65, Items Previously Reported as Assets and Liabilities. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Statement 65 is effective for periods beginning after December 15, 2012, and earlier application is encouraged. The Fund does not have any items that have been reclassified as deferred outflows of resources or deferred inflows of resources that were previously reported as assets and liabilities.

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2015. The Fund 81100 Capitol Kitchen, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

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

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

Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

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, 2015 the Fund had the following invested in the General Fund Investment Pool:

SHARE BU 11100, Fund 81100 Capitol Kitchen	\$ <u>7,286</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, 2015.

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.

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. Fund balance did not exceed \$7,500 therefore no liability is recorded at year end.

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>27,468</u>
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**STATE OF NEW MEXICO
FUND 81100 CAPITOL KITCHEN
Notes to Financial Statements**

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 - STATEWIDE CASH RECONCILIATION UPDATE

As communicated in the prior year audit, recorded agency claims against the State General Fund Investment Pool (SGFIP) and fiduciary resources held at the State Treasurer's Office to fulfill those claims were not reconciled from the inception of SHARE, in July 2006, through January 2013. A late 2014 effort to reconcile transactions which occurred during the period, also referred to as the Historical Cash Reconciliation Project, was unsuccessful in part due to incomplete data sets. The absence of all required data suggests that future efforts would be equally inconclusive and therefore not meriting additional energy.

While the results of the Historical Cash Reconciliation Project did not yield the hope for closure, significant progress has been made in the overall reconciliation process and the Financial Control Division (FCD) now has an operational model that effectively compares statewide claims against the SGFIP and resources held at the State Treasurer's Office. This process, has been operational since March 2015 and we have data points for seven consecutive months beginning with January 2015 business. As a result, FCD is able to make the following representations. 1) The established allowance recorded within the General Operating Reserve Fund is sufficient to accommodate the current calculated difference between resources held in the SGFIP and agency claims. 2) The calculated difference between resources maintained by STO and the agency claims has remained stable during the past seven months in which the process has been employed. 3) The entirety of any adjustment will be applied against the allowance established in the General Operating Reserve Fund. No portion of the adjustment shall be allocated to any specific business unit that participates in the SGFIP.

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, 2015.

NOTE G - 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.

**STATE OF NEW MEXICO
FUND 81100 CAPITOL KITCHEN
Schedule of Vendor Information**

For The Year Ended June 30, 2015

None.



WEINER & COMPANY P.C.
Certified Public Accountants

Independent Auditors' 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
Fund 81100 Capitol Kitchen
Tim Keller, 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 general fund of the State of New Mexico, Fund 81100 Capitol Kitchen, as of and for the year ended June 30, 2015, 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 November 24, 2015.

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 2005-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of New Mexico, Fund 81100 Capitol Kitchen'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 State of New Mexico, Fund 81100 Capitol Kitchen's Response to Findings

The State of New Mexico, Fund 81100 Capitol Kitchen's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The State of New Mexico, Fund 81100 Capitol Kitchen's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weiner & Company, P.C.

Santa Fe, New Mexico
November 24, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes

Finding 2005-001 [05-1]

Significant deficiencies identified that are not considered to be material weakness(es)? None noted

Status of Prior Year Audit Findings

Current Status

2005-001 Internal Control Over Cash Receipts

Repeated and modified
as finding 2005-001

Section II - Financial Statement Findings (Current Year)

2005-001 [05-1] (Material Weakness) Internal Control Over Cash Receipts

Condition:

During our cash receipts testwork, 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 8 days and agreed amounts to source documents and noted the following:

Daily cash over/short amounts for the sample of 8 days selected netted to a total overage of \$47.22.

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.

Management's progress on corrective action plan:

The following internal control issues were noted in the prior year and cleared in the current year, thus making progress toward implementing their corrective action plan:

- a) Ten instances (out of 34 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.
- b) There is a lack of supporting documentation for catering service deposits that are input on the kitchen cash registers. During our test work, we noted five instances totaling \$1,036.50, in which there was a large "no-sale" transaction recorded on the cash register tape with no supporting documentation to show the detail of the catering services and food provided.

Criteria:

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

Cause:

Staff responsible for entering cash register transactions have not assured amounts collected for each transaction agree to the amounts entered in the cash register. On the lack of segregation of duties, the Kitchen manager maintains all of the financial duties within the Kitchen.

Section II - Financial Statement Findings (Current Year) (continued)

2005-001 [05-1] (Material Weakness) Internal Control Over Cash Receipts (continued)

Effect:

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

Recommendation:

Management should provide for adequate training of all individuals that work the cash registers to minimize cash over/short items. We recommend an additional review of register tape totals and cash drawers by a second Kitchen employee.

Agency Response:

The House Chief Clerk will assign a Payroll/Accounting Department staffer during fiscal year 2016 to close the registers with the manager. This should establish the recommended segregation of duties.

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 November 12, 2015 were there following individuals:

Representing the State of New Mexico, Fund 81100 Capitol Kitchen

Denise Ramonas, House Chief Clerk
Raúl Burciaga, Director, Legislative Council Service
Kathy Pacheco-Dofflemeyer, Assistant Director for Administration, Legislative Council Service
Anesa Serna-Espinoza, Financial Assistant, Legislative Council Service

Representing Weiner & Company, P.C.

Sean S. Weiner, Managing Shareholder
Janet Pacheco-Morton, Principal
Wendy Weatherford, Senior Accountant

In attendance on November 16, 2015 were there following individuals:

Representing the State of New Mexico, Fund 81100 Capitol Kitchen

Senator Mary Kay Papen, President Pro-Tempore
Representative Don L. Tripp, Speaker Of The House
Raúl Burciaga, Director, Legislative Council Service
Kathy Pacheco-Dofflemeyer, Assistant Director for Administration, Legislative Council Service
Anesa Serna-Espinoza, Financial Assistant, Legislative Council Service

Representing Weiner & Company, P.C.

Sean S. Weiner, Managing Shareholder
Janet Pacheco-Morton, Principal
Wendy Weatherford, Senior Accountant
