

State of New Mexico
Acequia de la Otra Vanda
Tier 3 Agreed Upon Procedures Report
Fiscal Year Ended December 31, 2011

Acequia de la Otra Vanda

2011 Tier 3 Agreed Upon Procedures Report

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Official Roster

As of December 31, 2011

Juan Griego – President

Secretary – Isaac Suazo

Treasurer – Chester Griego

Independent Accountant's Report on Applying Agreed-Upon Procedures

Timothy Keller
New Mexico State Auditor
and
Juan Griego, President
Acequia de la Otra Vanda

We have performed the procedures enumerated below for the Acequia de la Otra Vanda (Acequia) for the year ended December 31, 2011, solely to assist in determining compliance with the provisions of the Capital Project Agreement pursuant to 2009 NM Laws, Chapter 7, Section 3, Item 110 (STB). 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. Test all state-funded capital outlay expenditures:

Procedure

- 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.

Result

All of the cash disbursements for the capital award projects were tested. The amounts 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.

Procedure

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

Result

All of the disbursements were properly authorized and approved and in accordance with the project budget, legal requirements and established policies and procedures.

Procedure

- 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).

Result

The Acequia advertised, obtained bids and quotes where necessary, and entered into contracts and purchase agreements in accordance with its procurement policies and applicable state laws and regulations.

Procedure

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

Result

The completed project was observed on May 4, 2016.

Procedure

- 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.

Result

The amounts on the reimbursement forms agreed with the general ledger and other supporting documentation. Status reports were not required by the terms of the agreements with the OSE/ISC. The Acequia submitted the required budgets and reimbursement forms for the projects to the OSE/ISC.

Procedure

- 2. 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.

Result

The projects were not funded in advance. The Acequia was required to submit reimbursement forms to the OSE/ISC upon completion of work on the project. The Acequia paid for its project expenditures after the Acequia received checks from the OSE/ISC.

Procedure

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

Result

The Acequia expended a total of \$15,000 out of a total budget of \$15,000 in the fiscal year ended December 31, 2011.

Procedure

4. 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.

Result

The funds received and disbursed in relation to the project were held in a separate bank account at Los Alamos National Bank.

Procedure

5. 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.

Result

The Acequia filed Request for Reimbursement Forms with the OSE/ISC based on unpaid invoices submitted to the Acequia by vendors who had performed work on Acequia projects. 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 after the checks were received from the OSE/ISC. A finding was not considered necessary since the Acequia complied with the OSE/ISC's reimbursement procedures requirements.

Procedure

6. 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 (1)(3)(C) NMAC.

Result

No information came to the accountant's attention indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the Tier 3 agreed upon procedures, including any of the reports, contained herein as required by those procedures. Accordingly, we do not express such an opinion.

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 the specified users listed above and is not intended to be and should not be used by anyone other than those specified parties.

Zlotnick, Law & Sandoval, P.C.

Zlotnick, Law & Sandoval, PC

June 1, 2016

Statement of Capital Outlay Award

Amount Awarded for Project (Note 1)	\$	15,000
Amount Received		15,000
Amount Expended as of 12/31/11		<u>15,000</u>
Remaining Balance	\$	<u>0</u>

Note 1: The capital project funds were appropriated pursuant to New Mexico Laws of 2007, Chapter 2, Section 25, Item 11. The project was later amended pursuant to New Mexico Laws of 2009, Chapter 7, Section 3, Subsection 110 (STB). The original agreement with the Office of the State Engineer or Interstate Stream Commission was dated May 18, 2009 and the amended agreement was dated April 23, 2010.

Schedule of Findings and Responses

Prior Year Findings: Not Applicable

Current Year Findings:

2011-001 Late Agreed-upon Procedures Report

Condition: This agreed-upon procedures report for FY 2011 was not submitted to the NM Office of the State Auditor (OSA) by the due date of May 31, 2012.

Criteria: Per Section 2.2.2.16(H) NMAC, "Local public bodies with a fiscal year-end other than June 30 must submit the agreed-upon procedures report no later than 5 months after the fiscal year-end."

Effect: If the report is late, users of the report are not receiving timely information about the results of the agreed-upon procedures.

Cause: According to State Audit Rule, Section 2.2.2.16.B NMAC, "Annually, the State Auditor shall provide local public bodies written authorization to proceed with obtaining services to conduct a financial audit or other procedures." The Acequia was unaware that by accepting and spending capital outlay money the Acequia would be required to have a Tier 3 engagement performed.

Recommendation: The officers of the Acequia should read Section 2.2.2.16 NMAC of the State Audit Rule to understand the specific requirements and due dates for agreed-upon procedures. For future fiscal years, if the Acequia's annual revenue is less than \$50,000 and the Acequia expended at least 50% of, or the remainder of, a single capital outlay award, then the Acequia shall procure services of an IPA for the performance of a Tier 3 Agreed Upon Procedures engagement (Section 2.2.2.16B(3) NMAC). If the annual revenues of the Acequia exceed \$50,000, review Section 2.2.2.16 NMAC for the applicable requirements. If agreed-upon procedures are required for future fiscal years, take the necessary steps to ensure that the agreed-upon procedures report is submitted to the OSA by May 31.

Management's response: The Agency has reviewed the above finding and will institute procedures to ensure compliance with the applicable rules.

2011 Tier 3 Agreed Upon Procedures Report

2011-002 Request for Reimbursements Submitted, Approved and Paid After Contract Termination Date

Condition: Requests for reimbursements were submitted, approved and paid after the termination date per the contract with the New Mexico Interstate Stream Commission (ISC).

Criteria: Section 3, entitled "Length of Agreement", of the Contract between the Acequia and the ISC dated May 18, 2009 states that "This Agreement shall terminate on July 1, 2011 and all written requests for reimbursement under this Agreement must be received by ISC no later than June 30, 2011."

Effect: Both the Acequia and the ISC failed to comply with the provisions of their agreement.

Cause: The capital outlay agreement was delayed by the State. After the delay the agreement was amended and both the Acequia and the ISC failed to include in the amendment an extension of the length of the agreement.

Recommendation: The Acequia should take care to make sure that all of the provisions of the agreement are adhered to and make sure that any amendments include all of the needed provisions including extension of time to complete the project. The Acequia should put processes in place to identify and monitor compliance requirements.

Management's response: The Agency has reviewed the above finding and will institute procedures to ensure compliance with the applicable rules.

Exit Conference

On May 19, 2016, an exit conference was held with the following individuals to discuss the results of the agreed upon procedures and the contents of this report in a closed meeting:

Acequia de la Otra Vanda

Juan Griego, President

Chester Griego, Treasurer

Zlotnick, Laws & Sandoval, PC

Richard Sandoval, CPA

Brian Laws, CPA