

Acequia del Llano

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

For the Year End December 31, 2018



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

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**State of New Mexico
Acequia del Llano
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For the Year Ended December 31, 2018**

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**State of New Mexico
Acequia del Llano
Official Roster
December 31, 2018**

<u>Name</u>		<u>Title</u>
	2018	
Chris Trujillo		President
Sharon Mottola		Treasurer
Anne Gifford		Secretary
Lucky Trujillo		Mayrodomo
	2019	
Chris Trujillo		President
Sharon Mottola		Treasurer
Irene Webb		Secretary
Lucky Trujillo		Mayrodomo



State of New Mexico Office of the State Auditor

CONSTITUENT SERVICES
(505) 476-3821

INDEPENDENT ACCOUNTANT'S REPORT ON THE APPLICATION OF AGREED UPON PROCEDURES

Members of the Board of Commission
Acequia del Llano

We have performed the procedures enumerated below for the Acequia del Llano (Acequia) for the year ended December 31, 2018, 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

Based on a review of the Acequia's general ledger, total revenue for the fiscal year ending December 31, 2018 were \$ 1,840 (excluding capital outlay grants). Based on this information, the Acequia was properly determined to be a Tier 3 entity for 2018 since their total revenues were less than \$50,000 and they expended 100% of the capital outlay award from the New Mexico Interstate Stream Commission (NMISC) during 2018.

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 amounts recorded as disbursed agreed to adequate supporting documentation and we verified that amounts, payees, dates and descriptions agreed to the vendor's invoices, purchase orders, contracts as applicable. We examined all disbursement related to 90/10 project which in total were \$27,034.

- 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

We determined that disbursements were properly authorized and approved in compliance with the 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 bid process or request for proposal process, 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).

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

Results of Procedure 2d

Given the recent health precautions, physical observation/contact has been limited during this time period in which the AUPs are being conducted, and alternative procedures are deemed sufficient. Accordingly, we determined the physical existence of the capital asset by photographs provided by the agency based on the expenditures to date.

- e. **Procedure** - 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

We verified that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with accounting records and other supporting documents.

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 project was not funded in advance but on a reimbursement basis.

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 completed. We determined that the grant money was fully expended.

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

Since the project was approved on a reimbursement basis, no separate fund or bank accounts was required.

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 requests for payments were properly supported by costs incurred by Acequia. See the Schedule of Capital Outlay Awards on Pg.5 of this report.

The invoices were not paid by the Acequia prior to the request for payment forms. The Acequia paid for the invoices after the grant checks were received from NMISC in accordance with the terms of the grant.

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

For the 2018 Tier 3 agreed-upon procedures, the Acequia did not submit the contract information and the agreed upon procedures report to the New Mexico Office of the State Auditor by the required due dates. See finding 2018-001 on Pg.7.

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 del Llano, the OSA, 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.

Office of the State Auditor

Office of the State Auditor
April 30, 2020
Santa Fe, New Mexico

State of New Mexico
Acequia del Llano
Exhibit 1 – Schedule of Capital Outlay Awards
For the Year End December 31, 2018

	Note 1
Amount awarded to Acequia	\$ 27,841
Amount received by Acequia	27,034
Amount expended by Acequia in prior years	-
Amount expended by Acequia in current year	27,034
Remaining balance	\$ -

Agreement Provisions

Note 1: NMISC's 90/10 Program Irrigation Works Construction Fund for the construction of an arroyo crossing stabilization structure.

Legislative Authority: Laws of 2017, CH 135, p. 78 Lines 21-25 and p. 79 Lines 1-9

Legislative and Effective Dates: November 9, 2017

Reversion Date: June 30, 2018

State of New Mexico
Acequia del Llano
Schedule of Findings and Responses
For the Year End December 31, 2018

	<u>Status</u>	<u>Finding Number</u>
Current Year Findings:	2018-001	Late AUP Contract and Report

Prior Year Findings:

None Noted

State of New Mexico
Acequia del Llano
Schedule of Findings and Responses
For the Year End December 31, 2018

2018-001 – Late Agreed Upon Procedures Report

Condition: The Acequia’s agreed upon procedures report for the year ended December 31, 2018 was submitted more than five months after the fiscal year end.

Criteria: Section 2.2.2.16(H)(1) NMAC (Audit Rule) states that “Local public bodies with a fiscal year end other than June 30 shall submit the AUP report or certification no later than five months after the fiscal year-end.”

Effect: Noncompliance with the Audit Rule which could impact the Association’s ability to receive funding.

Cause: The Acequia did not submit a recommendation or contract for State Auditor approval until February 25, 2020 and, therefore, could not meet the reporting deadline.

Recommendation: We recommend that the Acequia submit all future agreed-upon procedures reports by the required deadline.

Agency Response: The Acequia del Llano agrees to submit all future agreed-upon procedures reports by the required deadline. It will be the responsibility of the acequia president, working with the acequia treasurer and funding agency, to understand timelines and guarantee that all reports are sent to the State Auditor in a timely fashion.

Parcientes will be informed of the requirement and cost of an audit when discussing the cost to benefit ratio of applying for capital outlay or other funds.

Commissioners in office during the funding application and project completion process will assist the commissioners in office during the audit process, should they be different.

State of New Mexico
Acequia del Llano
Exit Conference
For the Year End December 31, 2018

On April 30, 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>
Joel Martin	2017 President, Acequia del Llano
Sharon Mottola	2019 Acequia del Llano Treasurer
Liza Kerr, CPA	Audit Manager, OSA
Kusum Adhikari	Audit supervisor, OSA