

Acequia de la Cañada Ancha

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

For Year Ended December 31, 2013



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

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State of New Mexico
Acequia de la Cañada Ancha
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**State of New Mexico
Acequia de la Cañada Ancha
Official Roster
December 31, 2013**

Board of Commissioners

<u>Name</u>	<u>Title</u>
Mel Garcia	President
Adan Trujillo	Secretary
Wilfred Romero	Treasurer/Mayordomo



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 de la Cañada Ancha

We have performed the procedures enumerated below for the Acequia de la Cañada Ancha (Acequia) for the year ended December 31, 2013, 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 as a Tier 3 agreed upon procedure engagement from bank statements received from the Acequia.

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.

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Results of Procedure 2a

We determined the amount disbursed agreed with the supporting documentation. The amount, date, payee, and description of the purchases agreed with the vendor's invoice, contract and the Acequia's bank statement.

- 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 (NMISC). We determined that the disbursements were 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 the bid process, purchase order, contracts and agreements were processed in accordance with the New Mexico Procurement Code and State Purchasing Regulations.

- 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. Alternative procedures were to obtain photographs via email from the Acequia management with a brief explanation.

- e. **Procedures** -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.

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Results of Procedure 2e

We determined status reports were submitted to the NMISC per terms of the agreements and amounts in the status reports agree with 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

We determined 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 funds 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 projects are complete. The Acequia expended the total appropriation for the \$50,000 Capital Outlay. For the 80/20 Agreement, the total project costs were paid in accordance with Article II, Section (A)(2) of page 2 of the agreement. There were no reversion amounts.

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

The \$50,000 Capital Outlay Agreement and the 80/20 Acequia Rehabilitation Project Agreement had no requirements for a separate non-interest bearing 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

We determined reimbursement requests were properly support by costs incurred by the recipient. We determined costs were not paid by the local public body prior to the request for reimbursement.

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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

We did not identify any instances indicating fraud, illegal acts, noncompliance, or any internal control deficiencies that are required to be reported.

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, 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, New Mexico
April 5, 2020

State of New Mexico
Acequia de la Cañada Ancha
Exhibit 1 – Schedule of Capital Outlay Awards
For Year Ended December 31, 2013

	<u>Note 1</u>	<u>Note 2</u>	<u>Total</u>
Amount awarded to Acequia (9/29/09)(11/1/12)	\$ 50,000	\$ 82,914	\$ 132,914
Amount received by Acequia	50,000	34,805	84,805
Amount expended by Acequia in prior years	12,063	-	12,063
Amount expended by Acequia in current year	37,937	34,805	72,742
Remaining balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Agreement Provisions

Note 1: Capital Project Agreement to plan, design and construct an arroyo crossing.

Legislative Authority: 2007 Laws, Chapter 42, Section 67, Item 29

Legislative and Effective Dates: September 29, 2009 and September 29, 2009

Agreement Termination / Reversion Date: July 1, 2011 (Evidence of extension was not available)

Note 2: 80/20 Acequia Rehabilitation Project consisting of mobilization and preparation for the installation of an irrigation pipeline, Flume Project.

Legislative Authority: NMSA 72-14-3 and 2012 New Mexico Laws Chapter 19, Page 104

Legislative and Effective Dates: November 1, 2012 and November 1, 2012

Agreement Termination / Reversion Dates: June 30, 2014

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Schedule of Findings and Responses
For Year Ended December 31, 2013

	<u>Status</u>	<u>Finding Number</u>
Current Year Findings: Late Agreed Upon Procedures Report		2013-001

Prior Year Findings:
No Matters were reported

2013-001 Late Agreed-Upon Procedures Contract and Report
Condition:

For the fiscal year ending December 31, 2013, the Acequia did not submit the Tier 3 agreed-upon procedures contract information and this report to the NM Office of the State Auditor by the required due dates.

Criteria:

State Audit Rule 2013, Sections 2.2.2.16(B)(3) and 2.2.2.16(H)(1) NMAC:

According to State Audit Rule 2013, Section 2.2.2.16(B)(3) NMAC, “If a local public body’s annual revenue is less than fifty thousand dollars (\$50,000), and the local public body has expended at least fifty percent of, or the remainder of, a single capital outlay award during the fiscal year, the local public body shall procure the services of an IPA for the performance of a Tier 3 Agreed Upon Procedures engagement in accordance with the Tier 3 Agree Upon Procedures checklist on the State Auditor’s website.”

According to State Audit Rule 2013, Section 2.2.2.16(H)(1) NMAC, “Local public bodies with a fiscal year end other than June 30 must submit the agreed upon procedures report no later than five months after the fiscal year-end.”

Effect:

Since the agreed upon procedures report for 2013 is late, the users of the agreed-upon procedures report did not receive timely information about the status of the capital outlay appropriations.

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Cause:

The Acequia Commission was unaware of the requirement to submit the Tier Certification and the Tier 3 Agreed Upon Procedures Report.

Recommendation:

The Acequia should determine its total revenues and state funded capital outlay awarded expenditures annually and apply the criteria noted in Section 2.2.2.16(B)(3) NMAC to determine if agreed-upon procedures are required. If an agreed upon procedures report is required, the Acequia should ensure that the report is submitted to the New Mexico Office of the State Auditor within five months of the fiscal year end.

Agency Response:

During the year 2013, the current Treasurer was not in charge of the position. The predecessor to the Treasurer's position is elderly and does not remember nor was he aware of the requirements.

The Finding has been reviewed, and it is clear and understood by management what the requirements are. This has been a learning experience and going forward better record keeping and accountability will be established.

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Exit Conference
For Year Ended December 31, 2013

On March 23, 2020 an exit conference was held by phone conference due to restrictions from COVID-19 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>
Mel Garcia	President of the Acequia
Wilfred Romero	Treasurer of the Acequia
Adan Trujillo	Secretary of the Acequia
Natalie Cordova, CPA	Deputy State Auditor
Darla Brewer	Audit Supervisor, OSA
Lucia Santini, CPA	Audit Manager, OSA
Anne Kelbley	Senior Auditor, OSA