

**REGIONAL COALITION OF LANL COMMUNITIES  
INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED JUNE 30, 2016**

**REGIONAL COALITION OF LANL COMMUNITIES  
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**REGIONAL COALITION OF LANL COMMUNITIES  
OFFICIAL ROSTER  
JUNE 30, 2016**

**Board of Directors**

Barney Trujillo – Chair

Javier Gonzales – Vice Chair

Kristen Henderson – Secretary / Treasurer

Alice Lucero – Member

Henry Roybal – Member

Mark Gallegos – Member

Raymond Loretto – Member

Earl Salazar – Member

Andrew Gonzales - Member

**Principal Employee (On Contract)**

Andrea Romero – Executive Director



## Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of:  
Regional Coalition of LANL Communities  
and  
Honorable Brian S. Colón, Esq.  
New Mexico State Auditor

We have performed the procedures enumerated below, which were agreed to by the Regional Coalition of LANL Communities (RCLC), and the New Mexico State Auditor's Office, solely to assist in determining if RCLC is in compliance with New Mexico State Audit Rule, Tier 4, for the period July 1, 2015 through June 30, 2016. The RCLC is the responsible party and the subject matter is the responsibility of the RCLC. 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.

The procedures we performed, and the associated findings are included beginning on the following page.

This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 financial statements of the RCLC as of June 30, 2016. 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 and others within the RCLC, the State Auditor, the Department of Finance and Administration – Local Government Division, and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

*Kubiak Melton & Associates, LLC*

Kubiak Melton & Associates, LLC  
Auditors – Business Consultants - CPAs

Albuquerque, New Mexico  
August 16, 2019

**STATE OF NEW MEXICO  
REGIONAL COALITION OF LANL COMMUNITIES  
TIER 4 AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED JUNE 30, 2016**

**PROCEDURES PERFORMED AND RELATED RESULTS**

**1. Tier Status**

This engagement is to be performed pursuant to the AICPA Statements on Standards for Attestation Engagements (Clarified), AT-C Section 215 for agreed-upon procedures engagements.

**Procedures:**

Verify the Regional Coalition of LANL Communities' revenue calculation and tier determination documented on the "Tier System Reporting Main Page".

**Results:**

Because the RCLC had revenues of less than \$250,000 for the year, after applying the State Auditor's calculation which requires federal grants to be excluded, they are classified as Tier 4 for the year ended June 30, 2016. Upon further review, as documented in procedure 7, DFDA-LGD determined that PRCLC is not a local public body.

**2. Cash**

**Procedures:**

- a) Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements for the fiscal year are complete and on-hand.
- b) Test at least 30% of bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA-Local Government Division (DFA-LGD).
- c) Determine whether the local public body's financial institutions have provided it with 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

**Results:**

- a) In a letter from Los Alamos County, dated July 2, 2019, the procedures for the bank reconciliations were specified. RCLC does not have an accounting system of their own. RCLC is accounted for as an agency fund in the accounting system of Los Alamos County (County), their fiscal agent. Although the fund is accounted for discretely, the bank account is processed out of the County's general checking pooled cash account. Based on procedures performed, the bank reconciliations are being performed for all periods and timely.

**STATE OF NEW MEXICO  
REGIONAL COALITION OF LANL COMMUNITIES  
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FOR THE YEAR ENDED JUNE 30, 2016**

**PROCEDURES PERFORMED AND RELATED RESULTS**

**Results (Continued):**

Furthermore, through discussions with the County CFO in tandem with a review of the last five audits for the County, our conclusion is that their current process is meeting the objective and operating effectively.

b) See a. Our conclusion is that the bank reconciliations are accurate and are reflected correctly in the general ledger. Per determination letter from DFA (see Section 7 – Budget), RCLC is not considered a public body and is not required to submit financial reports to the Local Government Division.

c) Our analysis of pledged collateral shows over 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act.

**3. Capital Assets**

**Procedures:**

Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978.

**Results:**

Through review of records and conversations with management we are satisfied that the RCLC has no capital assets and therefore, would not require an annual inventory.

**4. Revenue**

**Procedures:**

Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

- a) Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

Select a sample of revenue equal to at least 30% of the total dollar amount and test the following attributes:

- b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.
- c) Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting records on, cash basis, modified accrual basis, or accrual basis.

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REGIONAL COALITION OF LANL COMMUNITIES  
TIER 4 AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED JUNE 30, 2016**

**PROCEDURES PERFORMED AND RELATED RESULTS**

**Results:**

For FY 2016, one revenue transaction, representing 59% of the dollars in the population, was selected for testwork.

- a) The Board-approved revenue budget for FY 2016 was \$215,516.
- b) For the item tested, the amount recorded in the general ledger agreed to the supporting documentation and the bank statement.
- c) For the item tested, the transaction was properly recorded in terms of classification, amount and transaction date.

**5. Expenditures**

**Procedures:**

Select a sample of cash disbursements, equal to at least 30% of the total dollar amount, and test the following attributes (the sample must be representative of the population):

- a) Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and cancelled checks, as appropriate.
- b) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- 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 (Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC ).

**STATE OF NEW MEXICO  
REGIONAL COALITION OF LANL COMMUNITIES  
TIER 4 AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED JUNE 30, 2016**

**PROCEDURES PERFORMED AND RELATED RESULTS**

**Results:**

A representative sample of four (4) expenditure transactions covering 30% of total expenditures for the year ended June 30, 2016 were selected for testwork:

- a) In all cases, the amounts recorded as disbursed agreed to the supporting documentation. In all cases the amounts, payees, dates and descriptions agreed to the supporting documentation. No exceptions noted.
- b) Our testwork revealed these instances of noncompliance:

1.) Of the four (4) tested two (2) transactions selected were with the vendor JLH Media, LLC (JLH). The total of the transactions was \$27,535. Of this total, 92% represented the agreed-upon monthly fee of \$11,566 and 8% were "reimbursable expenses". The contract between RCLC and JLH addresses reimbursements as follows:

"...travel costs shall be subject to the annual budget as approved by the Board and shall be in accordance with the Regional Coalition's travel policy resolution."

The vague language addressing reimbursements allowed for these possible effects:

- The fact that there is no detailed budget associated with reimbursable expenses as required by the Contract with JLH makes it possible for RCLC to incur larger expenditures than intended when the contract was drafted.
- The fact that the contract does not clearly delineate what costs are reimbursable and which costs are not, coupled with the fact that there is no detailed budget that is monitored leaves open the likelihood that unallowed or otherwise, excessive costs are being paid for by RCLC.

See finding **2013-001** (Repeated and Modified).

2.) Our review of the receipts associated with these transactions showed meal reimbursements of \$36 that were supported by receipts that were not itemized. Without itemized receipts, we were unable to determine if the purchases complied with laws, regulations and/or policies. See finding **2015-002** (Repeated and Modified).



**STATE OF NEW MEXICO  
REGIONAL COALITION OF LANL COMMUNITIES  
TIER 4 AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED JUNE 30, 2016**

**PROCEDURES PERFORMED AND RELATED RESULTS**

**Results (Continued):**

- 3.) Our review of receipts for meals and travel that were submitted for reimbursement by the contract Executive Director noted one instance where meal and travel expenses for non-board members and/or non-employees were paid for by RCLC. These meal and travel expenses were then reimbursed to the contract Executive Director by RCLC. See finding **2018-001** (Repeated and Modified).
  
- 4.) There were other instances of non-compliance. See findings **2018-006** and **2018-018**.
  
- c) In all cases, the bid process was followed and was accompanied by sufficient supporting documentation. We are satisfied that the transactions tested complied with the New Mexico Procurement Code (Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

**6. Journal Entries**

**Procedures:**

If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test significant items for the following attributes:

- a) Journal entries appear reasonable and have supporting documentation.
  
- b) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

**Results:**

- a) & b) There was one journal entry posted for the fiscal year in the amount of \$13,449; this was a correction of a transaction that was incorrectly posted; no exception noted.

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REGIONAL COALITION OF LANL COMMUNITIES  
TIER 4 AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED JUNE 30, 2016**

**PROCEDURES PERFORMED AND RELATED RESULTS**

**7. Budget**

**Procedures:**

Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following testwork:

- a) Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD.
- b) Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.
- c) From the original and final approved budgets, and general ledger, prepare a schedule of revenues and expenditures – budget and actual on the budgetary basis used by the local public body, in this case, cash basis, for each individual fund.

**Results:**

- a) A determination was made prior to our starting the fieldwork that addressed whether RCLC is, in fact, a Local Public Body as defined by Local Government Finance Act, Section 6-6-1. In an email dated June 17, 2019, the DFA Budget & Finance Bureau concluded that "it does not appear that this agency [RCLC] meets the 'criteria' as a Local Public Body...Because the RCLC was formed under the Joint Powers Act, it is not under the regulatory authority of LGD [Local Government Division] except as the issues relate to LGD's regulatory authority over its constituent local government members. Therefore, the RCLC would not be required to submit their annual budget to LGD."

Although RCLC was not required to submit their annual budget to DFA Local Government Division, the Board approved a budget of \$215,516 for FY 2016.

- b) See a.

- c) See Schedule of Revenues and Expenditures – Budget to Actual.

**STATE OF NEW MEXICO  
REGIONAL COALITION OF LANL COMMUNITIES  
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FOR THE YEAR ENDED JUNE 30, 2016**

**PROCEDURES PERFORMED AND RELATED RESULTS**

**8. Other**

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, disclose 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 (I) (3) (C) NMAC.

**Results:**

The Tier 4 Agreed Upon Procedures report for RCLC for the year ended June 30, 2016, was due to be submitted to the Office of the State Auditor by December 15, 2016. This did not occur. See finding **2013-003** (Repeated).

All noncompliance identified is disclosed in the *Schedule of Findings and Responses*.

**STATE OF NEW MEXICO  
REGIONAL COALITION OF LANL COMMUNITIES  
TIER 4 AGREED-UPON PROCEDURES  
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Approved Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues and Other Financing Sources</b>				
Member Contributions	\$ 115,516	\$ 115,516	\$ 102,000	\$ (13,516)
Federal	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
<b>Total Revenues and Other Financing Sources</b>	<u>215,516</u>	<u>215,516</u>	<u>202,000</u>	<u>(13,516)</u>
<b>Expenditures and Other Financing Uses</b>				
Contractual Services - Executive Director	<u>215,516</u>	<u>215,516</u>	<u>176,057</u>	<u>39,459</u>
<b>Total Budgeted Expenditures and Other Financing Uses</b>	<u>215,516</u>	<u>215,516</u>	<u>176,057</u>	<u>39,459</u>
<b>Excess (deficiency) of Revenues over (under) Expenditures and Other Financing Sources and Uses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,943</u>	

**REGIONAL COALITION OF LANL COMMUNITIES  
STATUS OF PRIOR YEAR FINDINGS  
JUNE 30, 2016**

**TIER 4 FINDINGS**

**2013-001 – Contractual Agreements Between RCLC and contract Executive Director does not adequately define allowable reimbursements in the contract (Repeated and Modified)**

**Condition:** During this year RCLC had a contractual agreement with JLH Media, LLC (JLH) and Andrea Romero Consulting, LLC (ARC), for professional services (contract Executive Director). The contract with JLH stipulated:

*“...travel costs shall be subject to the annual budget as approved by the Board and shall be in accordance with the Regional Coalition’s travel policy resolution.”*

The contract with ARC stipulated:

*“...travel costs shall be subject to the annual budget as approved by the Board and will be paid in accordance with the Regional Coalition’s travel policy.”*

Neither contract addresses what expenses specifically are allowable and unallowable nor places any limits on the total that can be reimbursed. The fact that there is no limit associated with reimbursable expenses allows RCLC liability to incur larger expenditures than intended when the contract was drafted and executed. Of the two (2) transactions tested totaling \$27,535 in this category, reimbursements were \$2,264, or 8%.

*Management Progress:* The condition existed since fiscal year 2013.

**Criteria:** Reimbursement eligibility and specific criteria of allowed and unallowed costs should be detailed on any contractual agreements with a “reimbursable expenses” clause. Specifics and limits should be established for allowable reimbursable expenses based on the approved budget. The approved budget should be closely monitored against actual reimbursements made.

**Cause:** The clause in the contract is open ended and could allow for abuse especially without an internal control such as a Board review of reimbursement limits.

**Effect:** Reimbursements are routinely approved by the Board, seemingly with no dollar limit.

**KMA’s Recommendation:** We recommend that all professional services contracts entered into by RCLC contain a clause that specifically addresses what costs are allowed and not allowed to be reimbursed and that requests above a certain dollar limit be considered by the Board in full session. Furthermore, we recommend that there are limits associated with all allowed amounts and they are tracked for variances regularly.

**Management’s Response:** The RCLC concurs with the recommendation and has changed its policies and procedures regarding allowable reimbursements to include a review by the treasurer, an independent contracted accountant, and the board of all requests, and changed all contractual services to not permit reimbursements, as well as setting and tracking budgeted limits.

**Responsible Party:** RCLC Board and Management.

**REGIONAL COALITION OF LANL COMMUNITIES  
STATUS OF PRIOR YEAR FINDINGS  
JUNE 30, 2016**

**2013-003 – Late submission of report (Repeated)**

**Condition:** The Tier 4 Agreed Upon Procedures report for the year ended June 30, 2016, was not submitted by the due date of December 15, 2016.

*Management Progress:* The conditions are the same as in the previous year. FY2013-FY2018 Tier 4 Agreed Upon Procedures were engaged in FY2019 and will be finalized and submitted to the State Auditor's Office in early FY2020.

**Criteria:** Tier 4 reports are required to be submitted to the Office of the State Auditor by December 15<sup>th</sup> subsequent to year-end per State Audit Rule 2.2.2.9 NMAC.

**Cause:** The Board did not contract with an IPA to conduct the Agreed Upon Procedures for 2016 until 2019.

**Effect:** The Agreed Upon Procedures report for the year ended June 30, 2016 is late and therefore, is in violation of the State Auditor Rule.

**KMA's Recommendation:** The Board should contract with an IPA on a yearly basis to ensure that the required annual report is submitted timely to the Office of the State Auditor.

**Management's Response:** The RCLC concurs with the recommendation and has implemented policies to become current on all previously required reports and to remain current by contracting with an IPA for appropriate Agreed Upon Procedures (AUP) services on a yearly basis.

**Responsible Party:** RCLC Board and Management.

**REGIONAL COALITION OF LANL COMMUNITIES  
STATUS OF PRIOR YEAR FINDINGS  
JUNE 30, 2016**

**2015-002 – Reimbursements made for restaurant bills without itemized receipts (Repeated and Modified)**

**Condition:** Our testwork revealed one (1) instance in which a restaurant bill was charged through contract reimbursement involving a receipt that was not itemized. Out of the five (5) transactions tested totaling \$66,255, one (1) instance was identified of \$36 that was reimbursed without an itemized receipt submitted by the contract Executive Director. This is the same \$36 indicated on finding **2018-001** in this report. There could have potentially been items reimbursed strictly prohibited by RCLC's Travel Policy that the Accountants could not determine.

*Management's Progress:* The conditions are the same as in the previous year.

**Criteria:** Requested reimbursements for meals are required to be itemized as per RCLC's *Travel Policy*.

**Cause:** This condition occurred because of a lack of Board oversight and confirmation of adherence to policies prior to reimbursement.

**Effect:** A restaurant bill was reimbursed by the Board without confirming adherence to policies. Without an itemized receipt, it is possible that the *Travel Policy's* "Specifically Prohibited Expenses" were circumvented.

**KMA's Recommendation:** We recommend that the Board and/or Board Member responsible for approving reimbursements be thoroughly knowledgeable in allowable and unallowable expenses as permitted by law and policies prior to approving reimbursements.

**Management's Response:** The RCLC concurs with the recommendation and has adopted a policy eliminating reimbursements to contractors and board members. Also, the RCLC, in collaboration with the independent accountant, will develop and adopt training for all board officers and contracted staff to educate them on all allowable and unallowable expenses pursuant to the requirements of NMAC 2.42.2.

**Responsible Party:** RCLC Board and Management.

**REGIONAL COALITION OF LANL COMMUNITIES  
STATUS OF PRIOR YEAR FINDINGS  
JUNE 30, 2016**

**2018-001 – Reimbursement of expenses for other guests, prohibited by the Mileage and Per Diem Act and the Travel Policy (Repeated and Modified)**

**Condition:** Our testwork revealed one (1) instance in which a meal reimbursement included charges for guest(s); e.g.: third parties who were not board members or employees of RCLC. Out of the five (5) transactions tested totaling \$66,255, one instance was identified that showed \$36 was reimbursed to the contract Executive Director for a meal with an individual(s) who was not an employee or Board Member of RCLC.

*Management's Progress:* The conditions are the same as in the previous year.

**Criteria:** Section VIII of the Travel Policy states, "Prohibited expenses include, but are not limited to, the following:

- Personal items, including personal grooming items
- Beverages and snacks, hotel mini bar charges
- Gifts
- Entertainment and recreation expenses, including hotel movie and health club activities
- Golf outings, fitness events and other "recreational" activities
- Alcoholic Beverages
- Expenses for spouses, guests or family

NMAC 2.42.2.1 et seq. does not contain any provisions that allow for payment of travel and per diem rates to persons who are not public officers or employees.

**Cause:** Lack of Board oversight and confirmation of adherence to policies prior to reimbursement.

**Effect:** RCLC is not in compliance with their Travel Policy or New Mexico law.

**KMA's Recommendation:** We recommend that the Board and/or Board Member responsible for approving reimbursements thoroughly review the requests to determine if they are allowable under RCLC policy and/or New Mexico law.

**Management's Response:** The RCLC concurs with the recommendation and has changed its policies and procedures to ensure that it complies with the requirements of NMAC 2.42.2. The FY 2019 RCLC budget was amended to assume that the respective local governments handle all board member travel directly, and the FY 2020 budget adopted on June 7, 2019 continued this practice. In addition, the executive director services contract adopted in August 2018 assumes that the executive director's travel is handled directly by that vendor and not as a reimbursable expense. If there should be any instances where the RCLC board approves any exceptions and pre-approves any travel to be paid by the RCLC, the RCLC adopted a policy that requires the treasurer and the board to preapprove any such items. The new policy also mandates that all expenditures be reviewed for compliance with RCLC policy, local government procurement policy and state regulations, including the requirements of NMAC 2.42.2. In addition, the treasurer, an independent contracted accountant, and the board, will review and verify that any allocated funds are from appropriate accounts and authorized sources.

**Responsible Party:** RCLC Board and Management.



**REGIONAL COALITION OF LANL COMMUNITIES  
STATUS OF PRIOR YEAR FINDINGS  
JUNE 30, 2016**

**2018-006 The RCLC Governing Board not exercising control over finances in accordance with the Joint Powers Agreement Act, § 11-1-5(D), NMSA 1978 (Repeated and Modified)**

**Condition:** The RCLC Board approved reimbursement request for travel and per diem expenditures that did not appear to be adequately reviewed against the RCLC's Travel Policy, the Per Diem and Mileage Act, and NMAC 2.42.2.1. Of the five (5) transactions reviewed, two (2) transactions totaling \$27,535 were relevant to this issue. In these two (2) transactions we found invoices totaling \$1,469 that reflected this lack of control.

*Management's Progress:* The conditions are the same as in the previous year.

**Criteria:** The RCLC Board's responsibility for control over their finances is set forth in the Joint Powers Agreement Act § 11-1-4(D) and Section 9 of the Joint Powers Agreement which formed the RCLC. Both the statute and the Agreement provide that the RCLC Board is "strictly accountable" for all receipts and disbursements of the entity.

**Cause:** The RCLC failed to follow the requirements of the Joint Powers Agreement.

**Effect:** The RCLC improperly expended public funds in violation of state law.

**KMA's Recommendation:** In order to ensure that each party is fulfilling its statutory duties and fiduciary responsibilities to the RCLC, the contract Executive Director and RCLC's Board should implement and formalize policies and procedures for the processing of transactions. Additionally, the RCLC Board should provide training to all members and contractors. Only payments reviewed in accordance with the policies and procedures and related laws and regulations should be approved by the Board prior to processing by the fiscal agent.

**Management's Response:** The RCLC concurs with the recommendation and will be normalizing and implementing appropriate policies and procedures for the processing of transactions so that only appropriate transactions are approved by the RCLC Treasurer prior to payment processing by the fiscal agent.

The RCLC Board will also provide training to all members and contractors. These updated policies and procedures will also be reflected in a future version of the RCLC enabling Joint Powers Agreement and a future fiscal agent agreement.

**Responsible Party:** RCLC Board and Management.

**REGIONAL COALITION OF LANL COMMUNITIES  
STATUS OF PRIOR YEAR FINDINGS  
JUNE 30, 2016**

**2018-018 Failure to comply with the State Constitutions Anti-Donation of Public Monies Act Article IX (Repeated and Modified)**

**Condition:** During our testwork, we identified expenditures paid by the RCLC for meals, travel and/or entertainment on behalf of third parties. Of the five (5) transactions tested, two (2) transactions totaling \$27,535 were relevant to this issue. In these two transactions we identified invoices totaling \$563 that reflected this matter.

*Management's Progress:* The conditions are the same as in the previous year.

**Criteria:** Article IX, Section 14 of the New Mexico Constitution (the Anti-Donation Clause) prohibits any donation to or in aid of any person, association or public or a private corporation.

**Cause:** The contract Executive Director submitted, to the fiscal agent, previously paid invoices and receipts for reimbursement by the RCLC. Many of these reimbursement requests did included payments for meals, travel and/or entertainment of third parties.

**Effect:** The improper payments may have constituted an unwarranted donation of public funds to private individuals in violation of the Anti-Donation Clause.

**KMA's Recommendation:** RCLC should clearly identify and document acceptable items subject to reimbursement. The Board shall then review each reimbursement request against that specific criteria prior to reimbursement.

**Management's Response:** The RCLC concurs with the recommendation has changed its policies and procedures to ensure that appropriate reviews and approval of invoices for compliance with all applicable regulations occur prior to authorizing the fiscal agent to make payments. Furthermore, the RCLC has adopted policy that no current and future contracts allow reimbursements resolving this weakness.

**Responsible Party:** RCLC Board and Management.

**REGIONAL COALITION OF LANL COMMUNITIES  
STATUS OF PRIOR YEAR FINDINGS  
JUNE 30, 2016**

**\*Prior Year Audit Findings:**

2018-001 - The RCLC Board approved reimbursements to Andrea Romero Consulting, LLC or JLH Media, Inc. for meals, alcoholic beverages or entertainment expenses for Board members who would not have been entitled to receive per diem and mileage themselves, in violation of the Per Diem and Mileage Act and NMAC 2.42.2.1 (Material Weakness) **Repeated and Modified**

2018-002 - The RCLC Board approved reimbursements to Andrea Romero Consulting, LLC or JLH Media, Inc., which included expenses for other guests, which is prohibited by both the Travel Policy Section VIII and the Per Diem and Mileage Act (Material Weakness) **Not identified from sample of items tested as existing in FY2016.**

2018-003 - The RCLC Board approved reimbursements to JLH Media, Inc. or Andrea Romero Consulting, LLC for expenditures for alcoholic beverages, personal expenses and entertainment and recreation expenses, in violation of the Travel Policy and state law. (Material Weakness) **Not identified from sample of items tested as existing in FY2016.**

2018-004 - JLH Media, Inc. charged NM gross receipts tax on mileage and travel and per diem expenditures resulting in double taxation to the RCLC. (Significant deficiency) **Not identified from sample of items tested as existing in FY2016.**

2018-005 - Duplicate billing of mileage by Contractor (Significant deficiency) **Not identified from sample of items tested as existing in FY2016.**

2018-006 - The RCLC Governing Board not exercising control over finances in accordance with the Joint Powers Agreement Act, § 11-1-5(D), NMSA 1978 (Material Weakness) **Repeated and Modified**

2018-007 - Travel expenditures in excess of board approved budget (Material Weakness) **Not identified from sample of items tested as existing in FY2016.**

2018-008 - Potential non-compliance with the Department of Energy Grant Award in regard to explicitly prohibited lobbying (Material Weakness) **Not identified from sample of items tested as existing in FY2016.**

2018-009 - Potential violations of (Executive Order 12674) Fourteen Principals of ethical Conduct for Federal employees' item 4 related to the solicitation or acceptance of gifts. (Material Weakness) **Not identified from sample of items tested as existing in FY2016.**

2018-010 - Breach of Fiduciary Duty by the Fiscal Agent – Los Alamos County (Material Weakness) **Not identified from sample of items tested as existing in FY2016.**

2018-011 - Failure to comply with State Audit Act (Material Weakness) **Not identified from sample of items tested as existing in FY2016.**

**REGIONAL COALITION OF LANL COMMUNITIES  
STATUS OF PRIOR YEAR FINDINGS  
JUNE 30, 2016**

**\*Prior Year Audit Findings (continued):**

2018-012 - Fiscal Agent combined RCLC monies with Los Alamos County's pooled cash account resulting in a lack of transparency (Material Weakness) ***Not identified from sample of items tested as existing in FY2016.***

2018-013 - miscoding of expenditures and using a pooled cash account, resulted in the RCLC paying for expenditures of Los Alamos County (Material Weakness) ***Not identified from sample of items tested as existing in FY2016.***

2018-014 - Improper reporting of contract labor (Material Weakness) ***Not identified from sample of items tested as existing in FY2016.***

2018-015 - Improper accounting for reimbursements, including the netting of reimbursements with expenditures. (Significant deficiency) ***Not identified from sample of items tested as existing in FY2016.***

2018-016 - Management Could Not Provide All Requested Information (Material Weakness) ***Not identified from sample of items tested as existing in FY2016.***

2018-017 - Budget irregularities (Significant deficiency) ***Not identified from sample of items tested as existing in FY2016.***

2018-018 - Failure to comply with the State Constitutions Anti-Donation of Public Monies Act Article IX (Material Weakness) ***Repeated and Modified***

*\*All findings for 2018 are a result of a Special Audit performed by the New Mexico State Auditor's Office and reported on August 7, 2018, prior to this engagement. Therefore, all findings were considered during our engagement.*

**REGIONAL COALITION OF LANL COMMUNITIES  
EXIT CONFERENCE  
JUNE 30, 2016**

An exit conference was held on August 16, 2019 to discuss the agreed upon procedures.

**Attending were the following:**

Attending were the following:

Harry Burgess, Los Alamos County Manager

Henry Roybal, Chair, RCLC

Darien Fernandez, Vice Chair, RCLC

Sara Scott, Alternate, RCLC

Peter Ives, RCLC

Daniel O. Trujillo, CPA, CFE, CGFM, CGMA, Audit Partner, Kubiak Melton & Associates, LLC