

**STATE OF NEW MEXICO
VILLAGE OF VIRDEN
Independent Accountants' Report on
Applying Agreed-Upon Procedures
For the Year Ended
June 30, 2014**

**Harshwal & Company LLP
Certified Public Accountants
6739 Academy Road NE, Suite 130
Albuquerque, NM 87109
(505) 814-1201**

STATE OF NEW MEXICO

VILLAGE OF VIRDEN

Table of Contents

	<u>Page</u>
Official Roster.....	1
Independent Accountants' Report on Applying	
Agreed-Upon Procedures.....	2
Schedule of Revenues and Expenditures - Budget and Actual (Accrual Basis)	
General Fund.....	7
Special Revenue Funds.....	8
Enterprise Fund.....	9
Year-End Financial Report Submitted to DFA.....	10
Schedule of Findings and Responses.....	
Exit Conference.....	19

STATE OF NEW MEXICO

VILLAGE OF VIRDEN

OFFICIAL ROSTER

YEAR ENDED JUNE 30, 2014

Name	Title
<u>Board of Directors</u>	
Rulene Jensen	Mayor
Carl Crotts	Councilor
Kent Clouse	Councilor
Roy Corona	Councilor
<u>Staff</u>	
Zoann Adams	Clerk/Treas.
Bridget Payne	Asst. Clerk/Treas.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

**To: Rulene Jensen, Mayor
Village of Virden
and
Honorable Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico**

We have performed the procedures enumerated below which were agreed to by Village of Virden (Village) and New Mexico State Auditor (the specified parties), solely to users in evaluating the Village's financial reporting relating to its Cash, Capital Assets, Revenue, Expenditures, Journal Entries, and Budget information and its compliance with Section 12-6-3B (4) NMSA 1978 and Section 2.2.2.16 NMAC as of and for the year ended June 30, 2014. The Village is responsible for its financial reporting to the State Auditor as described above. 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 those parties specified in the 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.

In accordance with Tier 4 of the Audit Act - Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC, we performed the following procedures:

1. 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. For purposes of performing our procedures, "timely" means completion of the bank reconciliations within one month after the last day of the reporting month and "complete" means that statements for bank and investment accounts are all accounted for by the Village.

- b) Perform a random test 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). For purposes of performing our procedures "accuracy" means that reconciling items agree to deposit slips and subsequent bank or investment statements.

c) Determine whether the local public body's financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

Findings

None

2. CAPITAL ASSETS

Procedures

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

Findings

The Village did not perform a yearly inventory as required by Section 12-6-10 NMSA 1978 and has not been maintaining capital asset listing. This has been noted as finding 2010-002 (10-2) on page 15 of this report.

3. 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 revenues based on auditor judgment and test using 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.

Findings

None

4. EXPENDITURES

Procedures

Select a sample of cash disbursements and test at least 25 transactions and 50% of the total amount of expenditures for the following attributes:

- 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 canceled check, as appropriate.
- b) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures. For purposes of performing our procedures, disbursements were considered to be properly authorized if they contained evidence of review such as sign off on invoices or approval through correspondence.
- 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).

Findings

See finding 2014-001 on page 18.

5. 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.

Findings

The Village does not have any procedure for reviewing and approving the journal entries. This has been noted as finding 2012-002 (12-2) on page 17 of this report.

6. BUDGET

Procedures

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

- 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 (cash, accrual or modified accrual basis) for each individual fund.

Findings

None.

OTHER

Procedures

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 (I) (3) (C) NMAC.

Findings

The agreed-upon procedures report for the year ending June 30, 2014 was not submitted by the deadline of December 1, 2014. The village is not in compliance with Section 2.2.2.16 H of the NMAC, Audit Rule 2014. This has been noted as finding 2010-004 (10-4) on page 16 of this report.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the Village's financial reporting to the State Auditor as described above. 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 Village, the New Mexico Office of the State Auditor, and the Department of Finance and Administration, Local Government Division and is not intended to be and should not be used by anyone other than those specified parties.

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
December 9, 2014

**SCHEDULE OF REVENUES &
EXPENDITURES - BUDGET AND
ACTUAL (NON GAAP BASIS)**

STATE OF NEW MEXICO

VILLAGE OF VIRDEN

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP BASIS)

GENERAL FUND

YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance
GENERAL FUND				
REVENUES				
Taxes:				
Property current	\$ 1,625	\$ 1,625	\$ 1,329	\$ (296)
Gross receipts	9,161	9,161	8,715	(446)
Intergovernmental				
Gas tax [0.01 cent]	5,004	5,004	5,004	
County gas tax	16	16		(16)
MVD	357	357	345	(12)
Small city assistance	90,000	90,000	90,000	
Licenses and permits	42	42	20	(22)
Charges for services	4,975	4,975	7,990	3,015
Refund and other income	500	500	154	(346)
Interest	305	305	48	(257)
Total Revenues	111,985	111,985	113,605	1,620
EXPENDITURES				
Administrative - legislative	42,274	61,769	58,245	3,524
Culture and recreation	14,021	15,159	14,255	904
Finance and administration	16,000	8,000	7,546	454
Election	338	267	267	
Street utilities	2,700	2,700	2,177	523
Total Expenditures	75,333	87,895	82,490	5,405
Net change in fund balances	36,652	24,090	31,115	7,025
Fund balances, beginning of year	465	(11,667)	215,145	226,812
Fund balances, end of year	\$ 37,117	\$ 12,423	\$ 246,260	\$ 233,837

STATE OF NEW MEXICO

VILLAGE OF VIRDEN

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP BASIS)

SPECIAL REVENUE FUNDS

YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
FIRE FUND				
REVENUES				
State fire allotment	\$ 63,400	\$ 63,400	\$ 63,400	\$ 0
Fire department interest			22	22
Total revenues	<u>63,400</u>	<u>63,400</u>	<u>63,422</u>	<u>22</u>
EXPENDITURES	<u>63,312</u>	<u>63,391</u>	<u>62,785</u>	<u>606</u>
Net change in fund balances	88	9	637	628
Fund balances, beginning of year	<u>4,837</u>	<u>(939)</u>	<u>27,137</u>	<u>28,076</u>
Fund balances, end of year	<u>\$ 4,925</u>	<u>\$ (930)</u>	<u>\$ 27,774</u>	<u>\$ 28,704</u>

STATE OF NEW MEXICO

VILLAGE OF VIRDEN

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP BASIS)

ENTERPRISE FUND

YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
WATER FUND				
REVENUES				
Utility services	\$ 15,633	\$ 15,633	\$ 17,786	\$ 2,153
Connection	100	100		(100)
Reconnect	60	60	(30)	(90)
Total revenues	<u>15,793</u>	<u>15,793</u>	<u>17,756</u>	<u>1,963</u>
EXPENDITURES	<u>17,295</u>	<u>17,295</u>	<u>6,560</u>	<u>10,735</u>
Net change in fund balances	(1,502)	(1,502)	11,196	12,698
Fund balances, beginning of year	<u>4,987</u>	<u>4,558</u>	<u>34,983</u>	<u>30,425</u>
Fund balances, end of year	<u>\$ 3,485</u>	<u>\$ 3,056</u>	<u>\$ 46,179</u>	<u>\$ 43,123</u>

STATE OF NEW MEXICO

VILLAGE OF VIRDEN

YEAR-END FINANCIAL REPORT SUBMITTED TO DFA

YEAR ENDED JUNE 30, 2014

Village of Virden

State Finance Report Village of Virden

Page: 1

GL Period: 06/14

Dec 09, 2014 11:58am

Summary Report

Report Criteria:

Electronic File: c:\STATEFIN.CSV june2014

Fund Title	Fund No	Beginning Cash	Revenue	Transfer	Expense	Balance Sheet Changes	Ending Cash	Outstanding Deposits	Outstanding Checks	Adjustments	Total	Ending Bank Balance	Difference
General Fund	101	128,406.86	113,605.37	.00	82,490.80	4,609.70 -	155,032.65	2,313.99	5,570.53		158,289.19	158,289.19	.00
Group 1 Totals:		128,406.86	113,605.37	.00	82,490.80	4,609.70 -	155,032.65	2,313.99	5,570.53		158,289.19	158,289.19	.00
Fire Fund	209	30,841.86	63,421.87	.00	62,784.82	.00	31,478.91	.00	23,760.06		55,238.97	55,238.97	.00
Group 2 Totals:		30,841.86	63,421.87	.00	62,784.82	.00	31,478.91	.00	23,760.06		55,238.97	55,238.97	.00
Water Fund	500	45,158.40	17,756.12	.00	6,560.08	1,372.86 -	54,812.48	375.88	127.56		54,564.16	54,564.16	.00
Group 3 Totals:		45,158.40	17,756.12	.00	6,560.08	1,372.86 -	54,812.48	375.88	127.56		54,564.16	54,564.16	.00
Grand Totals:		204,407.12	194,783.36	.00	151,835.70	5,982.56 -	241,324.04	2,689.87	29,458.15		268,092.32	268,092.32	.00

STATE OF NEW MEXICO

VILLAGE OF VIRDEN

YEAR-END FINANCIAL REPORT SUBMITTED TO DFA

YEAR ENDED JUNE 30, 2014

Village of Virden State Finance Report Village of Virden
GL Period: 06/14
Page: 1
Dec 09, 2014 11:59am
Detail Report

Report Criteria:
 Electronic File: c:\STATEFIN.CSV june2014

Receipts	Fund	Line Item	Qtr. Reporting	Year to Date Total	Approved Budget	Resolutions Adj. Budget	Adjusted Budget	Budget Balance	Budget % Received
Group 1									
Property Current	101	30	245.26	1,329.19	1,625.00	.00	1,625.00	295.81	81.80
Bus License/Reg	101	32	.00	20.00	42.00	.00	42.00	22.00	47.62
Rent	101	33	2,500.00	7,990.00	4,975.00	.00	4,975.00	3,015.00 -	160.60
Gross Receipts	101	311	1,858.32	8,715.09	9,161.00	.00	9,161.00	445.91	95.13
Gas Tax (.01 cent)	101	312	1,251.00	5,004.00	5,004.00	.00	5,004.00	.00	100.00
County Gas Tax	101	313	.00	.00	16.00	.00	16.00	16.00	.00
MVD	101	314	97.64	344.75	357.00	.00	357.00	12.25	96.57
Small City Assistance	101	315	.00	90,000.00	90,000.00	.00	90,000.00	.00	100.00
Interest Income - Savings	101	70100	12.02	48.18	305.00	.00	305.00	256.82	15.80
Library Grant	101	70260	54.16	54.16	.00	.00	.00	54.16 -	.00
Reimburse/Refund	101	70280	.00	100.00	500.00	.00	500.00	400.00	20.00
General Fund Totals:			6,018.40	113,605.37	111,985.00	.00	111,985.00	1,620.37 -	101.45
Group 1 Totals:			6,018.40	113,605.37	111,985.00	.00	111,985.00	1,620.37 -	101.45
Group 2									
State Fire Allot	209	70130	.00	63,400.00	63,400.00	.00	63,400.00	.00	100.00
Fire Department Interest	209	70140	4.78	21.87	.00	.00	.00	21.87 -	.00
Fire Fund Totals:			4.78	63,421.87	63,400.00	.00	63,400.00	21.87 -	100.03
Group 2 Totals:			4.78	63,421.87	63,400.00	.00	63,400.00	21.87 -	100.03
Group 3									
Util Services	500	70	.00	667.10	100.00	.00	100.00	567.10 -	667.10
Connect	500	70120	4,626.69	17,119.02	15,533.00	.00	15,533.00	1,586.02 -	110.21
Re-Connect	500	70130	.00	.00	100.00	.00	100.00	100.00	.00
Re-Connect	500	70140	.00	30.00 -	60.00	.00	60.00	90.00	50.00 -
Group 3 Totals:			4,626.69	17,756.12	15,793.00	.00	15,793.00	1,963.12 -	112.43
Unclassified Revenue Totals:			.00	.00	61.00 -	61.00	.00	.00	.00

STATE OF NEW MEXICO

VILLAGE OF VIRDEN

YEAR-END FINANCIAL REPORT SUBMITTED TO DFA

YEAR ENDED JUNE 30, 2014

Village of Virden	State Finance Report Village of Virden								Page: 2
	GL Period: 06/14								Dec 09, 2014 11:59am
	Detail Report								
Receipts	Fund	Line Item	Qtr. Reporting	Year to Date Total	Approved Budget	Resolutions Adj. Budget	Adjusted Budget	Budget Balance	Budget % Received
Revenue Grand Totals:			<u>10,649.87</u>	<u>194,783.36</u>	<u>191,117.00</u>	<u>61.00</u>	<u>191,178.00</u>	<u>3,605.36 -</u>	<u>101.89</u>

STATE OF NEW MEXICO

VILLAGE OF VIRDEN

YEAR-END FINANCIAL REPORT SUBMITTED TO DFA

YEAR ENDED JUNE 30, 2014

Village of Virden	State Finance Report Village of Virden								Page: 3	
	GL Period: 06/14								Dec 09, 2014 11:59am	
	Detail Report									
Disbursements	Fund	Line Item	Qtr. Reporting	Year to Date Total	Year to Date Encumbrances	Approved Budget	Resolutions Adj. Budget	Adjusted Budget	Budget Balance	Budget % Expended
Water Fund Totals:			.00	.00	.00	.00	.00	.00	.00	.00
Group 1										
Administrative Legislative	101	90	20,203.54	58,244.98	.00	42,274.00	19,495.00	61,769.00	3,524.02	94.29
Culture and Recreation	101	91	3,957.85	14,255.13	.00	14,021.00	1,138.00	15,159.00	903.87	94.04
Finance and Administration	101	93	2,339.40	7,546.42	.00	16,000.00	8,000.00 -	8,000.00	453.58	94.33
Election	101	94	.00	266.92	.00	338.00	71.00 -	267.00	.08	99.97
Street Utilities	101	95	554.78	2,177.35	.00	2,700.00	.00	2,700.00	522.65	80.64
General Fund Totals:			27,055.57	82,490.80	.00	75,333.00	12,562.00	87,895.00	5,404.20	93.85
Group 1 Totals:			27,055.57	82,490.80	.00	75,333.00	12,562.00	87,895.00	5,404.20	93.85
Group 2										
Expenditure	209	90	40,322.15	62,784.82	.00	63,312.00	79.00	63,391.00	606.18	99.04
Group 2 Totals:			40,322.15	62,784.82	.00	63,312.00	79.00	63,391.00	606.18	99.04
Group 3										
Expenditures	500	90	1,255.39	6,560.08	.00	17,295.00	.00	17,295.00	10,734.92	37.93
Group 3 Totals:			1,255.39	6,560.08	.00	17,295.00	.00	17,295.00	10,734.92	37.93
Unclassified Expenditure Totals:			.00	.00	.00	.00	.00	.00	.00	.00
Expenditure Grand Totals:			68,633.11	151,835.70	.00	155,940.00	12,641.00	168,581.00	16,745.30	90.07

STATE OF NEW MEXICO

VILLAGE OF VIRDEN

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2014

1. Current Year Findings

	<u>Type of Finding</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
Physical Inventory and Capital Listing	D	10-2	2010-002(10-2)
Late Submission of the Agreed Upon Procedures Report	D	10-4	2010-004(10-4)
Lack of Internal Control Over Journal Entries	C	12-2	2012-002(12-2)
Material Weakness- Internal Control over Cash Disbursements	D	N/A	2014-001

Follow-up on Prior Year Findings:

	<u>Type of Finding</u>	<u>Prior Year Finding Number</u>	<u>Status</u>
Physical Inventory and Capital Listing	D	10-2	Repeated
Late Submission of IPA Recommendation Form and AUP Contract	D	12-4	Resolved
Lack of Internal Control Over Journal Entries	C	12-2	Repeated
Budget Overages	D	12-3	Resolved
Late Submission of the Agreed Upon Procedures Report	D	10-4	Repeated

*** Legend for Findings:**

- A. Fraud
- B. Illegal Act(s)
- C. Internal Control Deficiency(ies)
- D. Noncompliance

STATE OF NEW MEXICO
VILLAGE OF VIRDEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II. CURRENT YEAR AUDIT FINDINGS - FINANCIAL STATEMENT AUDIT

2010-002(10-2) Physical Inventory and Capital Listing-Repeated

Condition

During the year ended June 30, 2014, the entity's capital asset listing was not kept in accordance with the Section 12-6-10 NMSA 1978 requirements. In addition, an adequate physical inventory has not been completed.

Criteria

Capital asset records and yearly inventory should be maintained in accordance with Section 12-6-10 NMSA 1978. The records should be detailed enough that program management is able to adequately and efficiently identify and locate any and all items.

Effect

The Village has not complied with Section 12-6-10 NMSA 1978 requirements.

Cause

The entity does not have controls in place to ensure that all capital asset additions and disposals are captured by the accounting system in a timely manner.

Auditor's Recommendation

We recommend the Village to perform physical inventory count of capital assets and maintain documentation of the inventories at hand.

Management Response

The Village did what it thought was a complete physical inventory. All property, buildings and equipment was inspected and photographed. There is an itemized list of the buildings, Property and equipment. However there is no itemized list of components or parts for the buildings and water system. Going forward the village will make a full list of every item it owns.

The Capital assets list has not been kept since 2007. The Village has gathered the information needed to bring the list up to date but is unsure of how to proceed. The Village will hire an accountant to bring the list to date.

STATE OF NEW MEXICO
VILLAGE OF VIRDEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

2010-004(10-4) Late Submission of the Agreed Upon Procedures Report

Condition

The Village did not file their agreed upon procedures report by December 1, 2014, as required by the Office of the State Auditor. The audit report was submitted on January 12, 2015.

Criteria

2.2.2 NMAC, Audit Rule 2014, specifies the deadline for submission of agreed-upon procedures report. Section 2.2.2.16 H stipulates that Village reports are due no later than December 1. Further, Section 2.2.2.9 A (2) requires that submission of a late report shall be reported as current year audit finding in the audit report.

Effect

The agreed-upon procedures report for the year ending June 30, 2014 was not submitted by the deadline of December 1, 2014.

Cause

There was a delay in submitting the IPA recommendation form and contract to the State Auditor's Office. The Village is not in compliance with Section 2.2.2.16 H of the NMAC, Audit Rule 2014.

Auditor's Recommendation

Management should ensure that contract be executed on a timely manner to ensure that report will be submitted on or before the deadline.

Management Response

The Agreed Upon Procedure was performed through email and there was difficulty getting our information to the Auditor. In the end some of the reports we printed from the software system had incorrect information that had to be corrected. The staff is working to better understand the software so all information will be correct.

STATE OF NEW MEXICO
VILLAGE OF VIRDEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

2012-002(12-2) Lack of Internal Control Over Journal Entries- Repeated

Condition

The Village did not have adequate internal controls for reviewing and approving the journal entries entered into accounting system.

Criteria

Good accounting practices state that journal entries should be completed by knowledgeable staff and then reviewed and approved by someone other than the person initiating the journal entry.

Effect

Without proper review and approval of these journal entries, errors or irregularities could go undetected. The Village may be at risk for fraudulent activity without a proper review and approval process over journal entries.

Cause

Due to small nature of operation and limited number of business office staff, the Village does not have a formal system of review and approval process of journal entries.

Auditor's Recommendation

The Village should update their policies and procedures manual for review and approval of journal entries and implement a procedure to insure the journal entries are reviewed, approved and supported

Management Response

The office staff is still trying to learn what the Auditor requires for Journal Entries. The Clerk kept a record of all journal entries as suggested by the Auditor. The Village has plans to prepare a Policy and Procedures Manual that includes a review and approval process.

STATE OF NEW MEXICO
VILLAGE OF VIRDEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

2014-001 Material Weakness- Internal Control over Cash Disbursements

Condition

During our test work of cash disbursements, we noted the following:

- For 1 out of 25 disbursements tested(\$3539.00) ,the village did not have supporting documentation.

Criteria

Good accounting and internal control practices requires that cash disbursements are required to be properly authorized, and the Village is required to provide supporting documentation. Maintenance of adequate supporting documentations for all cash receipts is an integral part of sound internal control system to safeguard assets.

Effect

The village's internal control over authorizations and payments limit management's ability to monitor the accuracy of transactions and provide assurance with respect to funds. Also, when purchases are made without proper authorization, items could be procured that are inappropriate and/or unallowed and the risk of misappropriation is increased.

Cause

There was a lack of oversight at the Authority to ensure that all transactions and expenditures have supporting documentation.

Auditor's Recommendation

The Village should exercise more caution with its document retention, authorization and payment procedures to ensure similar instances do not occur.

Management Response

Going forward the Office Staff will make every effort to ensure all disbursements are accompanied with proper documentation and are approved by the council.

STATE OF NEW MEXICO

VILLAGE OF VIRDEN

EXIT CONFERENCE

YEAR ENDED JUNE 30, 2014

The report contents were discussed at an exit conference held on December 09, 2014 with the following in attendance:

Village of Virden

Archie W. Payne, Mayor
Zoann Adams, Clerk/Treasurer
Bridget Payne, Clerk

Harshwal & Company LLP

Vaishali Shukla, Audit Manager