

ROOSEVELT SOIL AND WATER CONSERVATION DISTRICT

Independent Accountants' Report on Applying Agreed-Upon Procedures For The Year Ended June 30, 2011

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Roosevelt Soil and Water Conservation District
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June 30, 2011

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Roosevelt Soil and Water Conservation District
Official Roster
June 30, 2011

Board of Supervisors

Mike Cone	Chairperson
Mitzi Miller	Vice-Chairperson
George Hay	Secretary/Treasurer
Rick Ledbetter	Supervisor
Gene Massey	Supervisor
Don Sanders	Supervisor

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Griego Professional Services, LLC

Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Supervisors
Roosevelt Soil and Water Conservation District
Portales, New Mexico
and
To Mr. Hector H. Balderas, New Mexico State Auditor

We have performed the procedures enumerated below, which were agreed to by the Roosevelt Soil and Water District (District) and the New Mexico State Auditor's Office, solely to assist in determining if the District is in compliance with the Tier 4 requirements under the Audit Act, Section 12-6-3 B (4) NMSA 1978, and Section 2.2.2.16 NMAC, for the year ended June 30, 2011. The District's management is responsible for the organization's accounting records. 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.

The procedures and associated findings are included in a supplemental attachment.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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 management and others within the Roosevelt Soil and Water Conservation District, the New Mexico State Auditor's Office, the New Mexico 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.

Griego Professional Services, LLC
Albuquerque, New Mexico
January 21, 2014

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**Roosevelt Soil and Water Conservation District
Agreed Upon Procedures
June 30, 2011**

PROCEDURES PERFORMED AND RELATED RESULTS

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.
- 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).
- 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.

Results

- a) The District has an Operating account, a Building account, a Weather Modification account, a LEPA Loan account, a Money Market account, and a Savings account. All bank statements for the fiscal year ended June 30, 2011 were on hand. Bank reconciliations are being performed; however, the District is reconciling the bank statements to the check book instead of the QuickBooks accounting software. It cannot be determined if the reconciliations are being prepared timely. It was also noted that no one reviews the reconciliations after they are prepared.
- b) All bank statements and reconciliations for the year ended June 30, 2011 were tested.
 - Ten of twenty-four bank reconciliations examined for the Operating account and the Building account were not properly reconciled to QuickBooks.
 - The Money Market account bank statements do not reconcile to the amounts in QuickBooks. For the fiscal year ended June 30, 2011, the variances in this account averaged \$39,641 per month.
 - In QuickBooks, the Weather Modification account showed a certificate of deposit with a negative amount of \$3,957.66 in QuickBooks for all months of the fiscal year ended June 30, 2011.
 - The Primary Savings account had a balance of \$5.01 for all bank statements for the fiscal year ended June 30, 2011. This balance was not recorded in QuickBooks.
 - The District maintained several versions of quarterly financial reports on the administrative assistant's computer. The District could not identify which versions were

**Roosevelt Soil and Water Conservation District
Agreed Upon Procedures (continued)
June 30, 2011**

- the actual versions submitted to the Department of Finance and Administration – Local Government Division (DFA).
 - The quarterly report to DFA for June 30, 2011 was compared to QuickBooks and to Bank Statements. The District had Bank Balances of \$116,549.31 at June 30, 2011, but reported zero balances on the June DFA quarterly report. At June 30, 2011, the District showed \$155,784.98 in QuickBooks for cash, but the amount reported on the June DFA quarterly report is \$297,530, resulting in a variance of \$141,745.02.
- c) Bank account balances never exceeded uninsured limits and therefore, pledged collateral was not required on any bank account.

2. Capital Assets

Procedures

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

Results

The District did not perform a yearly inventory as required by Section 12-6-10 NMSA 1978 for the fiscal year ended June 30, 2011. The capital asset listing provided to the independent accountants was from the fiscal year ended June 30, 2002.

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 body keeps its accounting records on, cash basis, modified accrual basis, or accrual basis.

**Roosevelt Soil and Water Conservation District
Agreed Upon Procedures (continued)
June 30, 2011**

Results

- a) Analytical review and test of actual revenue compared to budgeted revenue revealed that budgeted revenues were \$154,666, while the amount of revenue recorded in QuickBooks was \$112,446.98. The amount of revenues reported on the fourth quarter report to DFA was \$304,096. The District cannot explain the amount reported to DFA versus the amount recorded in QuickBooks. The variance is \$191,649.

It was also noted that the District budgeted \$29,000 in Loan Payments as revenue for the year ended June 30, 2011. The Loan Payments are a reduction in principal; therefore, the payments should not be budgeted as revenue by the District.

- b) and c)
- For eight of twenty-five receipts selected for testing, the amount recorded in the general ledger could not be traced to a deposit slip. The amount was either different or there was no supporting documentation.
 - For twenty of twenty-five receipts tested, the receipts are incomplete. Check numbers, type of currency, or other detailed information is not being documented on the receipts.

4. Expenditures

Procedures

Select a sample of cash disbursements based on auditor judgment and test using 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 cancelled check, 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).

**Roosevelt Soil and Water Conservation District
Agreed Upon Procedures (continued)
June 30, 2011**

Results

a) b) and c)

- For nine of twenty-five transactions tested, the District was unable to provide supporting documentation for the expenditure.
- For twenty-five of twenty-five transactions tested, the expenditures were not being properly authorized; the District used checks pre-signed by the Board at the Board meeting. The number of checks signed is based on estimate from the administrative assistant. A check listing is printed out at the end of the month and reviewed by the Board for the following meeting.
- Payroll transactions were part of the expenditure sample. It was noted in the payroll testing that the Form I-9 was not available for three employees.

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 attribute:

- 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) No journal entries were posted to QuickBooks.
- b) The District has not developed procedures that require journal entries to be reviewed.

6. Budget

Procedures

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

**Roosevelt Soil and Water Conservation District
Agreed Upon Procedures (continued)
June 30, 2011**

- 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.

Results

- a) A review of the minutes indicated that the budget was approved by the Board of Supervisors. A copy of the approved budget was not included in the Board minutes, however. A letter from the Department of Finance and Administration - Local Government Division approving the budget for the fiscal year ended June 30, 2011 could not be located. The District maintained various copies of the budgets for the fiscal year ended June 30, 2011; but the District could not identify which budget was the original budget, which budget was the final budget, or if there were any budget adjustments made during the fiscal year.
- b) The accounts listed on the budget differ from the accounts in the District's QuickBooks accounting software. The District was not able to provide the independent accountants with reconciliation between the two charts of accounts. It could not be determined if actual expenditures exceed the final budget at the legal level of budgetary control.
- c) There was not sufficient information available to prepare a meaningful schedule of revenues and expenditures – budget and actual.

Other

Procedures

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

Findings required to be disclosed by Section, 12-6-6 NMSA 1978 are disclosed in the Schedule of Findings and Responses.

**DEPARTMENT OF FINANCE AND ADMINISTRATION
LOCAL GOVERNMENT DIVISION
BUDGET AND FINANCE BUREAU
SOIL AND WATER CONSERVATION DISTRICT QUARTERLY FINANCIAL REPORT**

SUBMIT TO LOCAL GOVERNMENT DIVISION NOT LATER THAN ONE MONTH AFTER THE CLOSE OF EACH QUARTER. I HEREBY CERTIFY THAT THE CONTENTS IN THIS REPORT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.
Dona Hamar

S.W.C.D.: Roosevelt Soil and Water Conservation District
Period Ending: 06/30/11

Fund #	FUND (1)	YEAR TO DATE TRANSACTIONS PER BOOKS QUARTERLY REPORT											DIFFERENCE		
		CASH BALANCE PER BOOKS July 1 2010 (2)	REVENUES TO DATE (3)	NET TRANSFERS (4)	EXPENDITURES TO DATE (5)	BOOK BALANCE END OF PERIOD (6)	ADD: OUTSTANDING CHECKS (7)	LESS: DEPOSITS IN TRANSIT (8)	ADJUSTMENTS (9)	ADJUSTED BALANCE END OF PERIOD (10)	BALANCE PER BANK STATEMENTS (11)				
101	GENERAL FUND	26,245	277,351	-	44,081	259,515	-	-	-	259,515	-	-	-	259,515	(12)
299	OTHER	60,306	26,745	-	49,636	38,015	-	-	-	38,015	-	-	-	38,015	38,015
400	DEBT SERVICE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	GRAND TOTAL	\$ 87,151	\$ 304,096	\$ -	\$ 93,717	\$ 297,530	\$ -	\$ -	\$ -	\$ 297,530	\$ -	\$ -	\$ -	\$ 297,530	\$ -

NOTE: USE DETAIL PAGES FROM ANNUAL BUDGET FORM IF NEEDED.

*USER NOTES: (Please describe what any reserve requirements are used for.)

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
General Fund 101	4th quarter			
Mill Levy Funds: Property Tax - Current Year	0	0	0	n/a
Property Tax - Delinquent	0	0	0	n/a
Property Tax - Penalty & Interest	0	0	0	n/a
Oil and Gas - Equipment	0	0	0	n/a
Oil and Gas - Production	0	0	0	n/a
Total Interest income (e.g. From Bank Accounts and CDs)	99	514	0	(100.00%)
Hazardous Fuels Income	0	0	0	n/a
Grass Seed and or Tree Sales	13716	29692	0	(100.00%)
Book Sales	0	0	0	n/a
Rent Revenue (e.g. equipment rentals)	18466	247145	0	(100.00%)
Brush Control Materials	0	0	0	n/a
Noxious Weed Program	0	0	0	n/a
Conservation Sale Items	0	0	0	n/a
Legislative Funding			0	n/a
Capital Outlay Funded			0	n/a
Grants Income	0	0	0	n/a
Miscellaneous	0	0	0	n/a
TOTAL GENERAL FUND REVENUES	32,281	277,351	0	(1)
OTHER FINANCING SOURCES				
Transfers In	0	0	0	n/a
Transfers (Out)	0	0	0	n/a
TOTAL - OTHER FINANCING SOURCES	0	0	0	n/a
Other (Non Operational) 299				
Water Trust Board	0	0	0	n/a
District Building (e.g. rent)	0	0	0	n/a
Interstate Streams Loan Program Revenue	26745	26745	0	(100.00%)
Emergency Watershed Protection Program Revenue	0	0	0	n/a
Miscellaneous	0	0	0	n/a
TOTAL OTHER 299	\$ 26,745	\$ 26,745	\$ -	(1)
OTHER FINANCING SOURCES				
Transfers In	0	0	0	n/a
Transfers (Out)	0	0	0	n/a
TOTAL - OTHER FINANCING SOURCES	0	0	0	n/a
Debt Service 400				
General Obligation Bonds	0	0	0	n/a
General Obligation - (Property Tax)	0	0	0	n/a
Investment Income	0	0	0	n/a
Other - Misc	0	0	0	n/a
Revenue Bonds	0	0	0	n/a
Bond Proceeds	0	0	0	n/a
Revenue Bonds - GRT	0	0	0	n/a
Investment Income	0	0	0	n/a
Revenue Bonds - Other	0	0	0	n/a
Miscellaneous (NMFA, BOF, etc.)	0	0	0	n/a
Investment Income	0	0	0	n/a
Loan Revenue	0	0	0	n/a
TOTAL DEBT SERVICE REVENUES	\$ -	\$ -	\$ -	n/a
OTHER FINANCING SOURCES				
Transfers In	0	0	0	n/a
Transfers (Out)	0	0	0	n/a
TOTAL - OTHER FINANCING SOURCES	0	0	0	n/a
GRAND TOTALS REVENUES- CURRENT QTR	\$ 59,026	\$ 304,096	\$ -	(1)

NOTE: If this report is for the first quarter YEAR TO DATE will be the same as the CURRENT QUARTER.

SWCD:

Roosevelt Soil and Water Conservation District

Period Ending: 6/30/2011

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
GENERAL FUND 101				
Personnel Services, Salaries including Benefits	3,580	13,802	0	#DIV/0!
Taxes	1,431	2,934	0	#DIV/0!
Mileage and Per Diem	0	692	0	#DIV/0!
Fees and Services Expenses (e.g. supervisors)	0	0	0	#DIV/0!
Meeting Expense	0	0	0	#DIV/0!
Building Expenses (e.g. rent/maintenance/telephone)	3,014	13,397	0	#DIV/0!
Office Supplies	173	473	0	#DIV/0!
Election Expense	0	0	0	#DIV/0!
Education expense	0	0	0	#DIV/0!
Vehicle Expense (Insurance, gas, maintenance)	0	0	0	#DIV/0!
Advertising,Public Relations (e.g. newsletter, awards)	40	169	0	#DIV/0!
Annual Audit Expenses	0	0	0	#DIV/0!
Dues and Subscriptions	1,040	1,040	0	#DIV/0!
Field Supplies (e.g. Salt Cedar Mechanical Removal)	0	0	0	#DIV/0!
property insurance	0	2,049	0	#DIV/0!
Cost Sharing Expense	0	0	0	#DIV/0!
Brush Control Expenses	0	0	0	#DIV/0!
Training and Workshops	0	0	0	#DIV/0!
Contractual Services Expenses	0	0	0	#DIV/0!
Utilities (Electricity, Natural Gas, Propane, Water, Sewer)	2,687	9,525	0	#DIV/0!
Bonding/Liability Insurance	0	0	0	#DIV/0!
Grants Expense	0	0	0	#DIV/0!
Conservation Project Expenses	0	0	0	#DIV/0!
Miscellaneous (e.g. Chipper Expense)	0	0	0	#DIV/0!
TOTAL GENERAL FUND EXPENDITURES	11,965	44,081	0	#DIV/0!
Other Expenditures 299				
Water Trust Board	0	0	0	#DIV/0!
District Building	0	29,109	0	#DIV/0!
Interstate Streams Loan Program Expense	0	20,527	0	#DIV/0!
Emergency Watershed Protection Program Expense	0	0	0	#DIV/0!
Miscellaneous	0	0	0	#DIV/0!
Total Other Expenditures	\$ -	\$ 49,636	\$ -	#DIV/0!
Debt Service 400				
Bond Payments Principal	0	0	0	#DIV/0!
Bond Payments- Interest	0	0	0	#DIV/0!
Other Debt Service	0	0	0	#DIV/0!
Total Debt Service Expenditures	\$ -	\$ -	\$ -	#DIV/0!
TOTAL EXPENDITURES Current Quarter	\$ 11,965	\$ 93,717	\$ -	#DIV/0!

NOTE: If this report is for the first quarter YEAR TO DATE will be the same as the CURRENT QUARTER.

**Roosevelt Soil and Water Conservation District
Schedule of Findings and Responses
Year Ended June 30, 2011**

Current Year Findings

2010-1 Late Report - Repeated

Criteria: The State Auditor Rule, Section 2.2.2.16H requires that local public bodies submit the agreed upon procedures report no later than five months after the fiscal year end.

Condition: The Roosevelt Soil and Water Conservation District (District) agreed upon procedures report was not submitted to the Office of the State Auditor until February 26, 2014.

Cause: The contract with the independent accountant for the agreed upon procedures was not signed until after the required deadline. The District had difficulty locating information requested by the auditors.

Effect: The District was not in compliance with the State Audit Rule, section 2.2.2.16H.

Recommendation: The District should attempt to get back on schedule with its future agreed upon procedures deadlines.

Management's Response: The District has hired additional administrative staff and hopes to get its agreed upon procedures reports back on schedule.

2010-2 Annual Physical Inventory - Repeated

Criteria: Section 12-6-10(A) NMSA, 1978 requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the agency's auditors.

Condition: The District did not conduct an annual physical inventory for the year ended June 30, 2011. The inventory listing provided to the independent accountants was from the fiscal year ended June 30, 2002.

Cause: The District was unaware of the requirement for an annual physical inventory.

Effect: The District was not in compliance with the Audit Act Section 12-6-10(A) NMSA 1978.

Recommendation: The District should conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The agency should certify the correctness of the inventory after the physical inventory. This certification should be provided to the agency's auditors.

**Roosevelt Soil and Water Conservation District
Schedule of Findings and Responses (continued)
Year Ended June 30, 2011**

Management's Response: The District will comply with Audit Act Section 12-6-10(A) NMSA 1978 in future fiscal years.

2010-3 Record of Approved Budget – Revised and Repeated

Criteria: Section 6-6-5 NMSA, 1978 requires that upon receipt of any budget approved by the local government division, the local public body shall cause such budget to be a part of the minutes of such body.

Condition: The District had on file various versions of budgets for the year ended June 30, 2011. It was not clear to the independent accountants which budget was the final budget approved by the Board of Supervisors. A letter from the Department of Finance Administration – Local Government Division approving the budget for the fiscal year ended June 30, 2011 could not be located. The District did not include a copy of the approved budget in its minutes.

Cause: The District was not aware that it was required to make the approved final budget a part of the Board minutes.

Effect: The District was not in compliance with Section 6-6-5 NMSA 1978. Additionally, any comparison of the District's budget, with actual results is hindered if the correct budget is not being used.

Recommendation: The District should maintain records which clearly indicate which version of the budget are the final budget approved by Department of Finance and Administration - Local Government Division. This budget should also be made part of the Board minutes.

Management's Response: The District will make sure that in future fiscal years, the final budget approved by Department of Finance and Administration - Local Government Division will be made a part of Board minutes.

2010-4 Quarterly Financial Reports – Revised and Repeated

Criteria: Section 6-6-2 NMSA, 1978 requires that each local public body submit periodic financial reports, at least quarterly, to the Department of Finance and Administration - Local Government Division.

Condition: The District had on file various versions of quarterly reports for the year ended June 30, 2011. It was not clear to the independent accountants, which quarterly reports were the versions submitted to the Department of Finance and Administration - Local Government Division.

The DFA report for the quarter ended June 30, 2011 was compared to the QuickBooks balances; and it was noted the balances on the DFA quarterly report do not reconcile to the QuickBooks balances. The

**Roosevelt Soil and Water Conservation District
Schedule of Findings and Responses (continued)
Year Ended June 30, 2011**

District had bank account balances of \$116,549.31 at June 30, 2011, but reported zero balances on the DFA quarterly report. At June 30, 2011, the District showed \$155,784.98 in QuickBooks for cash accounts, but the amount reported on the June DFA quarterly report is \$297,530.00, resulting in a variance of \$141,745.02. The District cannot explain why there are differences.

Cause: The District does not have an efficient filing system in regards to financial reports. The DFA quarterly reports are not being reconciled to the QuickBooks balances.

Effect: The District was not in full compliance with Section 6-6-2 NMSA, 1978. Additionally, any analysis of the District's financial status is hindered if the correct reports are not available.

Recommendation: Quarterly reports should be accurately completed and filed timely. The District should maintain records which make it clear which reports were actually filed with the Department of Finance and Administration - Local Government Division.

Management's Response: The District will take measures to ensure that future quarterly reports are accurate and filed timely. The District will maintain copies of all future reports filed with the Department of Finance and Administration - Local Government Division.

2010-5 Bank Reconciliations – Revised and Repeated

Criteria: Good internal controls include timely and proper reconciliation of bank accounts to the general ledger. Good internal control over bank reconciliations also includes having someone other than the preparer review the reconciliations as well.

Condition: While reviewing bank statements and bank reconciliations, we noted the following issues:

- a) It could not be determined if bank reconciliations are being prepared timely.
- b) Bank reconciliations are not being reviewed by anyone other than the preparer.
- c) Bank accounts are being reconciled to the check book and not to the general ledger amounts in QuickBooks.
- d) The Money Market account bank statements do not reconcile to the amounts in QuickBooks. For the fiscal year ended June 30, 2011, the variances in the account averaged \$39,641 per month.
- e) In QuickBooks, the Weather Modification account showed a certificate of deposit with a negative amount of \$3,957.66 for all months of the fiscal year ended June 30, 2011.
- f) The Primary Savings account had a balance of \$5.01 for all bank statements of the fiscal year ended June 30, 2010. This balance was not recorded in QuickBooks.
- g) Ten of twenty-four bank reconciliations examined for the Operating account and the Building account were not properly reconciled to QuickBooks.

**Roosevelt Soil and Water Conservation District
Schedule of Findings and Responses (continued)
Year Ended June 30, 2011**

Cause: The District has not established good internal controls in regards to monthly bank reconciliations. Administrative staff of the District is not familiar with all the features of the accounting software QuickBooks.

Effect: The District's financial statements may not be accurate if the bank accounts are not properly reconciled.

Recommendation: The District should use the bank reconciliation features in QuickBooks, so that the amount are being reconciled to the general ledger and not to the check book. The bank reconciliations should be reviewed by someone other than the preparer. The bank reconciliations should be signed and dated by the preparer when completed. The reviewer should also sign and date the reconciliations after they are reviewed.

Management's Response: The District has hired additional administrative staff that has a working knowledge of QuickBooks. Bank reconciliations will be reviewed by someone other than the preparer. The bank reconciliations will be signed and dated by the preparer when completed. The reviewer will also sign and date the reconciliations after they are reviewed.

2010-6 Pre-signed Checks – Repeated

Criteria: The District requires dual signatures on all checks issued to vendors and suppliers of goods and services. The reason for the requirements of having dual signed checks is to provide a measure of internal control. The practice of pre-signing checks violates this procedure and overrides internal control over the expenditure process.

Condition: The administrative assistant provides an estimate of the number of checks to be needed in an upcoming month and then the members of the Board will pre-sign that number of checks.

Cause: The District finds it difficult to have authorized signers come into the District office to sign checks when needed.

Effect: Pre-signing checks makes it possible for checks to be written for items which are not approved in the budget or the possibility that a check could be used in a fraudulent manner.

Recommendation: The District should establish a schedule in where authorized signers will come into the District office on designated dates during the month in order to review expenditures and sign checks.

Management's Response: The District will develop a system in where checks are no longer pre-signed.

**Roosevelt Soil and Water Conservation District
Schedule of Findings and Responses (continued)
Year Ended June 30, 2011**

2010-6 Internal Controls Over Expenditures – Revised and Repeated

Criteria: Good internal control requires that supporting documentation be maintained on file for all expenditures.

Condition: In a sample of twenty five expenditures, we noted nine instances in where there was insufficient supporting documentation for the expenditure.

Cause: The District is not maintaining supporting documentation for all expenditures.

Effect: Without supporting documentation, it is not possible to determine if expenditures are properly approved and authorized expenditures of the District.

Recommendation: The District should maintain supporting documentation such as vendor invoices, vendor statements, or contracts for all expenditures.

Management's Response: The District will take measures to ensure that all expenditures are properly supported.

2010-7 Internal Controls Over Revenue – Revised and Repeated

Criteria: Good internal control requires that supporting documentation be maintained on file for all revenue related items including bank deposits and journal entries.

Condition: While testing revenue, the following items were noted:

- a) Analytical review and test of actual revenue compared to budgeted revenue revealed that budgeted revenues were \$154,666, while the amount of actual revenue recorded in QuickBooks was \$112,466.98. The amount of revenues reported to DFA was \$304,096. The District cannot explain the amount reported to DFA versus the amount recorded in QuickBooks. The variance is \$191,649.
- b) For eight of twenty-five receipts selected for testing, the amount recorded in the general ledger could not be traced to a deposit slip. The amount was either different or there was no supporting documentation.
- c) For twenty of twenty-five receipts selected for testing, the receipts are incomplete. Check numbers, type of currency, or other detailed information is not being documented on the receipts.
- d) The District does not have procedures in place that require journal entries in QuickBooks to be reviewed.

**Roosevelt Soil and Water Conservation District
Schedule of Findings and Responses (continued)
Year Ended June 30, 2011**

Cause: The District has not established good internal controls in regards to bank deposits and journal entries.

Effect: Deposits which are not properly supported could be miscoded on the general ledger. If revenue is not properly reported in the general ledger, the Board could possibly make decisions based on incorrect information.

Recommendation: All deposits should be properly supported. Receipts issued should be completely filled out. The District should establish procedures to ensure that journal entries in QuickBooks are reviewed.

Management's Response: The District will take measures to ensure that all bank deposits are properly supported and that receipts are properly completed. The District will implement policies to ensure that journal entries in QuickBooks are reviewed.

2011-01 Form I-9

Criteria: Federal regulations require that a properly completed Form I-9 be on file for employees hired after November 6, 1986.

Condition: In a random sample of twenty-five expenditures there were some payroll transactions included. In reviewing personnel files, it was noted that three employees did not have a Form I-9 on file.

Cause: District personnel were not aware of the requirements to maintain a properly completed Form I-9 on file for all employees hired after November 6, 1986.

Effect: The District was not in compliance with federal regulations governing the Form I-9.

Auditors' Recommendation: We recommend that the District review its personnel files to ensure that a properly completed Form I-9 is available for all employees that are required to have one. Updated Forms I-9 should be obtained if needed.

Management's Response: A properly completed Form I-9 will be obtained for all employee personnel files.

2011-02 Schedule of Revenues and Expenditures – Budget and Actual

Criteria: Tier 4 of the Audit Act –Section 12-6-3 B (4) NMSA and Section 2.2.2.16 NMAC require that a Schedule of Revenues and Expenditures – Budget and Actual be included in the agreed upon procedures report.

Condition: A Schedule of Revenues and Expenditures – Budget and Actual has been omitted from the agreed upon procedures report.

Cause: The District was not able to provide the information necessary to complete the required schedule. The original budget was not available. Budget adjustments were not available. The final budget was not available. The accounts listed on the budget are different from the accounts used in the District's general ledger and the District cannot provide a reconciliation showing how accounts on the general ledger are reported in the budget.

**Roosevelt Soil and Water Conservation District
Schedule of Findings and Responses (continued)
Year Ended June 30, 2011**

Effect: The District was not in compliance with Tier 4 of the Audit Act –Section 12-6-3 B (4) NMSA and Section 2.2.2.16 NMAC.

Auditors' Recommendation: We recommend that the District in the future, should maintain copies of the original budget, any budget adjustments, and the final budget. A reconciliation showing how accounts on the general ledger are reported on the budget should also be maintained. The District should use the features in QuickBooks which will track actual expenditures and revenues versus budget.

Management's Response: The District will implement procedures to ensure that the information necessary to complete a Schedule of Revenues and Expenditures – Budget and Actual will be available in the future.

**ROOSEVELT SOIL AND WATER CONSERVATION DISTRICT
EXIT CONFERENCE
JUNE 30, 2011**

EXIT CONFERENCE

The report contents were discussed at an exit conference held on September 10, 2013 with the following in attendance:

Roosevelt Soil and Water Conservation District

Mike Cone, Chairperson
Rick Ledbetter, Supervisor

Griego Professional Services, LLC

David Baca, Audit Senior