

Accounting & Auditing Services, LLC

Financial Audits + Agreed Upon Procedures + Tax + Consulting

Anton Chico Land Grant

Independent Accountant's Report on Applying Agreed-Upon Procedures

For the Fiscal Year Ending June 30, 2019

**Anton Chico Land Grant
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For the Fiscal Year Ending June 30, 2019**

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**Anton Chico Land Grant
Official Roster
June 30, 2019**

Board of Directors

Stoney Jaramillo, President

Roberto Mondragon, Treasurer

Max Sisneros, Secretary

Gerald Maestas, Board Member

Adolfo Bachicha, Board Member

Staff

Rafael Jaramillo, Land Grant Manager

Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Directors
Anton Chico Land Grant
Anton Chico, New Mexico
and
Brian S. Colón, Esq., New Mexico State Auditor
Santa Fe, New Mexico

I have performed the procedures enumerated below for the Anton Chico Land Grant (Land Grant) for the year ending June 30, 2019, solely to assist in determining compliance with the provisions of the Audit Act for a Tier 3 entity per Section 12-6-3 B (3) NMSA 1978, Section 2.2.2.16 NMAC and Section 6-6-2 (A) NMSA 1978. The procedures were agreed to by the Land Grant through the New Mexico Office of the State Auditor. The Land Grant's management is responsible for its accounting records and the subject matter. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings are as follows

1. Verify the local public body's revenue calculation and tier determination documented on the form provided at www.osanm.org under "Tiered System Reporting Main Page."

According to the Land Grant's general ledger, total revenues for the fiscal year ending June 30, 2019 were \$31,078 (excluding capital appropriation grant revenues of \$25,000 from the New Mexico Department of Finance & Administration and \$5,600 from the New Mexico Land Grant Council). Based on this information, the Land Grant was properly determined to be a Tier 3 entity for FY19 since their total revenues were less than \$50,000 and they expended the remaining balance of a state capital outlay grant during FY19.

2. Perform the following tests on all state-funded capital outlay expenditures:
 - a. Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the purchase order, contract, vendor's invoice and canceled check, as appropriate.

The capital outlay expenditures for the project work were tested. The amount recorded as disbursed (payee, date and description of purchase) agreed with the invoice, canceled check and supporting documentation.

- b. Determine that cash disbursements were properly authorized and approved in accordance with the budget, legal requirements and established policies and procedures.

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The cash disbursements tested were properly authorized and approved in accordance with the project 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 and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC).

The Land Grant obtained quotes and proposals, and selected the best contractor and price for the items purchased in accordance with the State Procurement Code.

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

The items purchased (construction plans for the La Loma Medical Clinic, a 2005 Ford F-150 and a laptop computer) were physically observed on January 6, 2021. The items agreed with the invoices and bill of sale for the truck purchase.

- e. Verify that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with the general ledger and other supporting documentation.

For the grant agreement with the New Mexico Land Grant Council, the Land Grant submitted the required final report dated 7/1/19 to the Land Grant Council. However, management of the Land Grant was unable to provide evidence showing that the monthly and final project status reports were submitted to the New Mexico Department of Finance & Administration. See Finding 2019-001 on p. 6.

3. If the project was funded in advance, determine if the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date.

The project was not funded in advance. The Land Grant was required to submit a Request for Payment form to the New Mexico Department of Finance and Administration – Local Government Division (DFA-LGD) and the New Mexico Land Grant Council with invoices and other supporting documentation.

4. If the project is complete, determine if there is an unexpended balance and whether it was reverted per statute and agreement with the grantor.

For the capital appropriation project agreement with DFA-LGD, the project work was completed and the capital appropriation was fully expended. For the grant agreement with the New Mexico Land Grant Council, the project had an unexpended balance of \$50.01 as of June 30, 2019 which was reverted to the Land Grant Support Fund. See the Schedule of Capital Outlay Awards on p. 5.

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5. Determine whether cash received for the award was accounted for in a separate fund or separate bank account that is non-interest bearing if so required by the capital outlay award agreement.

The Land Grant used its checking account at the Wells Fargo Bank to account for the cash receipts and disbursements for the projects. A separate bank account was not required by the capital appropriation project agreement and grant agreement.

6. Determine whether reimbursement requests were properly supported by costs incurred by the recipient. Determine whether the costs were paid by the local public body prior to the request for reimbursement.

For the capital appropriation project agreement with DFA-LGD, the Land Grant submitted two Request for Payment forms dated January 29, 2019 to DFA-LGD totaling \$25,000. The amounts requested in the Request for Payment forms agreed with the invoice and was supported by costs incurred by the Land Grant. The invoice was not paid by the Land Grant prior to the request for payment because the Land Grant did not have the necessary funds. The Land Grant paid the invoice after the grant funds were received from DFA-LGD.

For the grant agreement with the New Mexico Land Grant Council, the Land Grant submitted one Request for Payment form dated July 1, 2019 to the New Mexico Land Grant Council for \$5,599.99. The amount requested in the Request for Payment form agreed with the bill of sale and invoice, and was supported by costs incurred by the Land Grant. The purchase of the truck and laptop computer were paid by the Land Grant prior to the request for reimbursement.

7. The agreed-upon procedures report shall include the capital outlay amount awarded, amount received, amount expended, the remaining balance, and the actual legislation and effective dates for each capital outlay appropriation for which there were expenditures during the fiscal year.

See the Schedule of Capital Outlay Awards on p. 5.

8. If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10 (L) NMAC.

For the fiscal year 2019 Tier 3 agreed-upon procedures, the Land Grant did not submit the contract information and the agreed-upon procedures report to the New Mexico Office of the State Auditor by the required due dates. See Finding 2019-002 on p. 7.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the subject matter. 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.

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This report is intended solely for the information and use of management and others with the Land Grant, the New Mexico State Auditor, the New Mexico Department of Finance & Administration – Local Government Division, the New Mexico Land Grant Council and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Accounting & Auditing Services, LLC

Accounting & Auditing Services, LLC

Santa Fe, New Mexico

January 14, 2021

**Anton Chico Land Grant
Schedule of Findings and Responses
For the Fiscal Year Ending June 30, 2019**

Status of Prior Year Findings

There were no prior year findings.

Current Year Findings

Finding 2019-001. Non-Submission of Monthly Project Status Reports

Condition

For the capital appropriation project agreement with DFA-LGD, the Land Grant could not provide documentation showing they entered the monthly project information into the capital project database maintained by the New Mexico Department of Finance and Administration (DFA).

Criteria

Article VIII.A (Database Reporting) of the agreement between the Land Grant and DFA-LGD states that on the last day of each month, the Land Grant shall report monthly project activity by entering such project information into the database maintained by the New Mexico Department of Finance and Administration on their website (<http://cpms.dfa.state.nm.us>).

Effect

The grant agreement states that failure to perform and/or certify updates into the database will delay or potentially jeopardize the reimbursement of funds to the Land Grant.

Cause

The Manager of the Land Grant stated that they were under the impression that an employee from the beneficiary of the grant funds (El Centro Family Health - La Loma Clinic) had completed all the required paperwork and that no reports were filed by the Land Grant after the money was received from DFA-LGD.

Recommendation

For future capital outlay appropriations from the State of New Mexico, management of the Land Grant should enter the required project information into DFA's database on a monthly basis in accordance with the terms of the grant agreement. Management of the Land Grant should also print and maintain the monthly capital project appropriation report submitted to DFA.

**Anton Chico Land Grant
Schedule of Findings and Responses
For the Fiscal Year Ending June 30, 2019**

Management's Response

Beginning with the fiscal year ending June 30, 2021, if the Anton Chico Land Grant receives capital outlay funds from the State of New Mexico, the Treasurer will enter the required project information into DFA's data base in accordance with the grant agreement and will print, maintain and submit all required status reports and paperwork to the granting agency.

Finding 2019-002. Late Agreed-Upon Procedures Contract and Report

Condition

For the fiscal year ending June 30, 2019, the Anton Chico Land Grant did not submit the Tier 3 agreed-upon procedures contract information and this report to the New Mexico Office of the State Auditor by the required due dates.

Criteria

According to State Audit Rule 2019, Section 2.2.2.16.B (3) NMAC, "if a local public body's annual revenue is less than \$50,000 and the local public body expended at least 50%, or the remainder of, a single capital outlay award, then the local public body shall procure the services of an IPA for the performance of a Tier 3 agreed-upon procedures engagement in accordance with the audit contract for a Tier 3 agreed-upon procedures engagement."

According to State Audit Rule 2019, Section 2.2.2.8.F(8)(e) NMAC, the Anton Chico Land Grant should have hired a CPA firm and submitted the unsigned Tier 3 contract to the New Mexico Office of the State Auditor by July 30, 2019. The contract information was submitted to the NM Office of the State Auditor on November 15, 2020.

According to State Audit Rule 2019, Section 2.2.2.9.A(1)(j) NMAC, this agreed-upon procedures report should have been submitted to the New Mexico Office of the State Auditor by December 15, 2019.

Effect

Since the agreed-upon procedures report for FY19 is late, the users of the agreed-upon procedures report did not receive timely information about the results of the agreed-upon procedures and the status of the capital outlay grants.

Cause

The Manager did not follow the instructions noted on the State Auditor's Tier Determination Form and inaccurately concluded that the Anton Chico Land Grant fell under Tier 2 for FY19.

**Anton Chico Land Grant
Schedule of Findings and Responses
For the Fiscal Year Ending June 30, 2019**

Recommendation

For the fiscal year ending June 30, 2020 and future fiscal years, the Anton Chico Land Grant shall determine its total revenues and state funded capital outlay award expenditures and apply the criteria noted in Section 2.2.2.16.B NMAC to determine if agreed-upon procedures are required; if so, management of the Anton Chico Land Grant should submit the contract information to the NM Office of the State Auditor by July 30 as required by State Audit Rule 2020, Section 2.2.2.8.F(8)(e) NMAC, and ensure that the agreed-upon procedures report is submitted to the NM Office of the State Auditor by December 15 as required by State Audit Rule 2020, Section 2.2.2.8.A(1)(g) NMAC.

Management's Response

Beginning with the fiscal year ending June 30, 2020, the Treasurer of the Anton Chico Land Grant will determine what tier we fall under by determining its total revenue and will then submit the tier determination form or contract information to the New Mexico Office of the State Auditor by February 1, 2021 (for FY20) and July 30th (for future fiscal years) as required by the State Audit Rule. Should we need an agreed-upon procedures report, the Treasurer will ensure that the report is submitted to the New Mexico Office of the State Auditor by December 15th as required by the State Audit Rule.

**Anton Chico Land Grant
Schedule of Capital Outlay Awards
For the Fiscal Year Ending June 30, 2019**

	1	2
Amount Awarded	\$ 25,000.00	\$ 5,650.00
Received and Expended in FY19	(25,000.00)	(5,599.99)
Unexpended Balance	\$ -	\$ 50.01

Agreement Provisions

1 - Fund 89200 Capital Appropriation Project Agreement Between the New Mexico Department of Finance and Administration - Local Government Division and the Anton Chico Land Grant

Legislative Authority: New Mexico Laws of 2015, Chapter 3, Section 28, Paragraph 138

Date of Agreement: June 6, 2017

Project Description: To plan, design and construct phase 1 of a primary health care clinic, including infrastructure and a solar array, for the Anton Chico Land Grant in Guadalupe County.

Estimated Project Cost: \$25,000

State Grant Amount: \$25,000

Agreement termination/reversion date: June 30, 2019

2 - Land Grant Support Fund Grant Agreement Between the New Mexico Land Grant Council and the Anton Chico Land Grant (Project No. 19-LGSF-04)

Legislative Authority: New Mexico Laws of 2018 and Section 49-11-4 NMSA 1978

Date of Agreement: February 1, 2019

Project Description: To purchase equipment and furnishing needed to set up a land grant administrative office, for the purchase of a vehicle for use by the land grant natural resource enforcement officer; and to plan, design, construct, renovate, furnish and equip capital improvements to the land grant multipurpose community building. This includes but is not limited to: office equipment such as computers, printers, scanners, and office furniture; a vehicle; and the purchase of materials, goods, equipment and services relating to capital improvements and renovations of the land grant multipurpose community building.

Estimated Project Cost: \$5,650

State Grant Amount: \$5,650

Agreement termination/reversion date: June 30, 2019

**Anton Chico Land Grant
Exit Conference
Fiscal Year Ending June 30, 2019**

On January 14, 2021, the following officials held an exit conference and discussed the results of the agreed upon procedures and the contents of this report:

Anton Chico Land Grant

Stoney Jaramillo, President

Accounting & Auditing Services, LLC

Steve Archibeque, CPA, Audit Manager