STATE OF NEW MEXICO

PUBLIC EDUCATION DEPARTMENT

Financial Statements
June 30, 2017

VOLUME II

AXIOM
Certified Public Accountants
and Business Advisors LLC

STATE OF NEW MEXICO PUBLIC EDUCATION DEPARTMENT
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STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

Federal Agency / Pass-Through Agency	Pass - Through	Federal CFDA Number	Pass-Through Expenditures	Department Expenditures	Total Federal Expenditures
PUBLIC EDUCATION DEPARTMENT					
DEPARTMENT OF AGRICULTURE:					
Food and Nutrition Service:					
Child Nutrition Cluster	Federal Direct	10.553/10.555	$ 146,007,633	$ 1,361,189	$ 147,368,822
Total Child Nutrition Cluster					147,368,822
New Meal Patterns/SAE	Federal Direct	10.560	-	8,866	8,866
Fresh Fruit and Vegetable Program	Federal Direct	10.582	2,044,867	65,871	2,110,738
National School Lunch Program - Equipment	Federal Direct	10.579	208,000	-	208,000
TOTAL U.S. DEPARTMENT OF AGRICULTURE					149,696,426
U.S. DEPARTMENT OF EDUCATION:					
Office of Elementary and Secondary Education:					
Title I Grants to Local Educational Agencies	Federal Direct	84.010A	112,535,993	930,172	113,466,165
Total Title I Grants to Local Education Agencies					113,466,165
School Achievement Fund 1003(g)	Federal Direct	84.377A	2,139,441	380,443	2,519,884
Total School Achievement Fund 1003(g)					2,519,884
Education for Homeless Children and Youth	Federal Direct	84.196A	355,282	114,008	469,290
Total Education for the Homeless					469,290
Migrant Education - State Grant Program	Federal Direct	84.011A	753,034	211,813	964,847
Title I Program for Neglected and Delinquent Children	Federal Direct	84.013A	285,559	2,607	288,166
MEP Consort. Incentive Grants (Migrant Consortium)	Federal Direct	84.144F	-	81,668	81,668
School Safety National Activities	Federal Direct	84.184E	-	11,263	11,263
Twenty-first Century Community Learning Centers	Federal Direct	84.287C	8,001,499	385,659	8,387,158
Rural Education	Federal Direct	84.358B	946,363	27,499	973,862
Title III English Language Acquisition Grants	Federal Direct	84.365A	4,188,346	246,434	4,434,780
Mathematics and Science Partnerships	Federal Direct	84.366B	-	1,486,408	1,486,408
Title II Improving Teacher Quality State Grants	Federal Direct	84.367A	15,537,505	493,580	16,031,085
Grants for State Assessments and Related Activities	Federal Direct	84.369A	-	3,950,112	3,950,112
Total Office of Elementary and Secondary Education					153,064,688
Office of Special Education and Rehabilitative Services:					
Special Education Cluster (IDEA)					
Special Education - Grants to States	Federal Direct	84.027A	69,010,651	12,168,210	81,178,861
Special Education - Preschool Grants	Federal Direct	84.173A	1,938,855	817,442	2,756,297
Total Special Education Cluster (IDEA)					83,935,158
Special Education - State Personnel Development	Federal Direct	84.323A	-	804,220	804,220
Office of Innovation and Improvement:					
Advance Placement Program	Federal Direct	84.330B	-	156,800	156,800
Race to the Top	Federal Direct	84.412A	-	9,424,649	9,424,649
Total Office of Innovation and Improvement					9,581,449

See Notes to the Schedule of Expenditures of Federal Awards

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended June 30, 2017

Federal Agency / Pass-Through Agency	Pass - Through	Federal CFDA Number	Pass-Through Expenditures	Department Expenditures	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION - continued:					
Office of Vocation and Adult Education:					
Carl Perkins - Voc. Educ. - Basic Grants to States/Adult Educ. - State Grant Program	Federal Direct	84.048A	6,507,682	1,325,014	7,832,696
TOTAL U.S. DEPARTMENT OF EDUCATION					255,218,211
DEPARTMENT OF HEALTH AND HUMAN SERVICES:					
Centers for Disease Control and Prevention:					
Centers for Disease Control and Prev. - Investigations and Tech. Assistance	Federal Direct	93.283	-	371,893	371,893
Office of the Secretary					
Pregnancy Assistance Fund Program	Federal Direct	93.500	-	1,399,473	1,399,473
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					1,771,366
TOTAL EXPENDITURES - PUBLIC EDUCATION DEPARTMENT			$ 370,460,710	$ 36,225,293	$ 406,686,003

See Notes to the Schedule of Expenditures of Federal Awards

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended June 30, 2017

Federal Agency / Pass-Through Agency	Pass - Through	Federal CFDA Number	Federal Participating Expenditures
DEPARTMENT OF VOCATIONAL REHABILITATION			
U.S. DEPARTMENT OF EDUCATION:			
Office of Special Education and Rehabilitative Services:			
Rehabilitation Services Cluster			
Rehabilitation Services - Vocational Rehabilitation Grants to States	Federal Direct	84.126A	$ 19,874,872
TOTAL REHABILITATION SERVICE CLUSTER			19,874,872
TOTAL U.S. DEPARTMENT OF EDUCATION			19,874,872
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Independent Living State Grants	Federal Direct	93.369	248,471
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			248,471
SOCIAL SECURITY ADMINISTRATION:			
Disability Insurance	Federal Direct	96.001	13,375,406
TOTAL SOCIAL SECURITY ADMINISTRATION			13,375,406
TOTAL EXPENDITURES - DEPARTMENT OF VOCATIONAL REHABILITATION			33,498,749
TOTAL FEDERAL EXPENDITURES			$ 440,184,752

See Notes to the Schedule of Expenditures of Federal Awards

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the State of New Mexico Public Education Department (PED) for the year ended June 30, 2017 and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in the Schedule is presented in accordance with the requirements Title 2 U.S. *Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* . Because the schedule presents only a selected portion of the operations of the Department, its is not intended to and does no present financial position and changes in the net position of the Department.

NOTE 2. INDIRECT COST RATE

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the PED's federal award programs have been charged with indirect costs, based upon a rate established by the State of New Mexico, and the PED has elected not to use the 10% deminimis indirect costs rate allowed under the Uniform Guidance applied to overall expenditures. The PED's indirect cost rate for the year was 19.4% for the Department and 28.6% for the Division.

NOTE 3. NON-CASH ASSISTANCE

The Department did not receive any federal non-cash assistance during the year ended June 30, 2017.

NOTE 4. LOANS

The Department does not have any loans outstanding with the Federal government at June 30, 2017.

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
Year Ended June 30, 2017

Note 5 - Subrecipients of Grant Awards

U.S. DEPARTMENT OF EDUCATION

Federal CFDA Number	Program Name	Subrecipient Name	Amount
84.010	Title I Grants to Local Educational Agencies		
		ACADEMY OF TRADES AND TECHNOLOGY	$ 68,764
		ALAMOGORDO PUBLIC SCHOOLS	1,592,005
		ALBUQUERQUE INSTITUTE FOR MATH AND	5,836
		ALBUQUERQUE PUBLIC SCHOOLS	34,755,549
		ALBUQUERQUE SCHOOL OF EXCELLENCE	83,886
		ALBUQUERQUE SIGN LANGUAGE ACADEMY	35,272
		ALDO LEOPOLD CHARTER SCHOOL	60,668
		ALMAD'ARTE CHARTER HIGH SCHOOL	44,402
		AMY BIEHL CHARTER SCHOOL	70,933
		ANIMAS PUBLIC SCHOOLS	89,469
		ANTHONY CHARTER SCHOOL	42,432
		ARTESIA PUBLIC SCHOOLS	606,281
		AZTEC MUNICIPAL SCHOOL DISTRICT	307,003
		BELEN CONSOLIDATED SCHOOL DISTRICT	118,536
		BELEN CONSOLIDATED SCHOOLS	1,587,890
		BERNALILLO MUNICIPAL SCHOOL	998,267
		BLOOMFIELD SCHOOLS	978,693
		CAPITAN MUNICIPAL SCHOOLS	142,318
		CARINOS DE LOS NINOS CHARTER SCHOOL	38,449
		CARLSBAD MUNICIPAL SCHOOLS	1,028,412
		CARRIZOZO MUNICIPAL SCHOOLS	120,787
		CENTRAL CONSOLIDATED SCHOOLS #22	3,207,264
		CESAR CHAVEZ COMMUNITY SCHOOL	124,041
		CHAMA VALLEY INDEPENDENT	55,338
		CHAMA VALLEY INDEPENDENT SCHOOLS	(635)
		CIEN AGUAS INTERNATIONAL SCHOOL	77,848
		CIMARRON MUNICIPAL SCHOOLS	64,798
		CLAYTON MUNICIPAL SCHOOLS	94,985
		CLOUDCROFT MUNICIPAL SCHOOLS	81,363
		CLOVIS MUNICIPAL SCHOOLS	2,031,230
		COBRE CONSOLIDATED SCHOOLS	417,764
		CORAL COMMUNITY CHARTER	29,965
		CORONA PUBLIC SCHOOLS	15,780
		COTTONWOOD CLASSICAL PREPARATORY SCHOOL	43,130
		CUBA INDEPENDENT SCHOOLS	651,310
		DEMING PUBLIC SCHOOLS	3,652,329
		DES MOINES MUNICIPAL SCHOOLS	56,437
		DEXTER CONSOLIDATED SCHOOLS	176,278
		DORA CONSOLIDATED SCHOOL	45,334
		DULCE INDEPENDENT SCHOOLS #21	195,773
		DZIL DIT L'OOI SCHOOL OF EMPOWERMENT	31,530
		ELIDA MUNICIPAL SCHOOLS	12,860
		ESPANOLA PUBLIC SCHOOLS	1,607,769

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
Year Ended June 30, 2017

Note 5 - Subrecipients of Grant Awards

U.S. DEPARTMENT OF EDUCATION

Federal CFDA Number	Program Name	Subrecipient Name	Amount
		ESTANCIA BOARD OF EDUCATION	243,287
		ESTANCIA VALLEY CLASSICAL ACADEMY	55,166
		EUNICE PUBLIC SCHOOLS	79,851
		EXPLORE ACADEMY	42,981
		FARMINGTON MUNICIPAL SCHOOLS	2,561,432
		FLOYD MUNICIPAL SCHOOLS	45,726
		FORT SUMNER MUNICIPAL SCHOOLS	90,274
		GADSDEN INDEPENDENT SCHOOL DISTRICT	7,798,332
		GADSDEN INDEPENDENT SCHOOLS	(99)
		GALLUP-MCKINLEY COUNTY SCHOOL DISTRICT	7,422,780
		GILBERT L SENA HIGH SCHOOL	75,982
		GRADY MUNICIPAL SCHOOLS	17,968
		GRANTS/CIBOLA COUNTY SCHOOL	2,147,722
		GREAT ACADEMY, THE	16,230
		HAGERMAN MUNICIPAL SCHOOLS	141,276
		HATCH VALLEY PUBLIC SCHOOLS	990,872
		HEALTH LEADERSHIP HIGH SCHOOL	28,853
		HOBBS MUNICIPAL SCHOOLS	1,828,432
		HONDO VALLEY SCHOOLS	51,351
		HORIZON ACADEMY WEST	127,060
		INTERNATIONAL SCHOOL AT MESA DEL SOL	39,499
		J. PAUL TAYLOR ACADEMY	35,874
		JAL PUBLIC SCHOOLS	53,287
		JEMEZ MTN SCHOOL DIST NO 53	132,628
		JEMEZ VALLEY PUBLIC SCHOOLS	98,953
		LA ACADEMIA DOLORES HUERTA	56,115
		LA PROMESA EARLY LEARNING CENTER	165,623
		LA RESOLANA LEADERSHIP ACADEMY	42,365
		LA TIERRA MONTESSORI SCH OF ARTS & SCI	39,797
		LAKE ARTHUR MUNICIPAL SCHOOLS	20,026
		LAS CRUCES SCHOOL DISTRICT #2	7,209,892
		LAS MONTANAS CHARTER HIGH SCHOOL	59,278
		LAS VEGAS CITY SCHOOLS	836,914
		LOGAN MUNICIPAL SCHOOL	38,033
		LORDSBURG MUNICIPAL SCHOOLS	207,275
		LOS ALAMOS PUBLIC SCHOOLS	47,454
		LOS LUNAS SCHOOLS	2,152,779
		LOVING MUNICIPAL SCHOOLS	70,423
		LOVINGTON MUNICIPAL SCHOOLS	472,840
		MAGDALENA MUNICIPAL SCHOOLS	383,643
		MAXWELL MUNICIPAL SCHOOL	18,937
		MCCURDY CHARTER SCHOOL	124,133
		MEDIA ARTS COLLABORATIVE CHARTER SCHOOL	92,982
		MELROSE MUNICIPAL SCHOOLS	51,202
		MESA VISTA CONSOLIDATED SCHOOL	70,426

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
Year Ended June 30, 2017

Note 5 - Subrecipients of Grant Awards

U.S. DEPARTMENT OF EDUCATION

Federal CFDA Number	Program Name	Subrecipient Name	Amount
		MISSION ACHIEVEMENT & SUCCESS CHARTER SCHOOL	187,800
		MONTE DEL SOL CHARTER SCHOOL	69,354
		MONTESSORI ELEMENTARY SCHOOL	50,505
		MORA INDEPENDENT SCHOOLS	110,621
		MORIARTY MUNICIPAL SCHOOLS	575,320
		MOUNTAINAIR PUBLIC SCHOOLS	120,565
		NEW AMERICA SCHOOL, THE	40,009
		NEW MEXICO CONNECTIONS ACADEMY	284,728
		NEW MEXICO SCHOOL FOR THE ARTS	23,755
		NM SCHOOL FOR ARCHITECTURE	94,192
		NORTH VALLEY ACADEMY	152,469
		PECOS INDEPENDENT SCHOOLS	263,281
		PENASCO INDEPENDENT SCHOOL DISTRICT	159,465
		POJOAQUE VALLEY SCHOOLS	269,607
		PORTALES MUNICIPAL SCHOOLS	996,129
		QUEMADO INDEPENDENT SCHOOL	79,004
		QUESTA INDEPENDENT SCHOOLS	216,647
		RATON PUBLIC SCHOOLS	274,475
		RED RIVER VALLEY CHARTER SCHOOL	26,074
		RESERVE SCHOOL DISTRICT	127,616
		RIO RANCHO PUBLIC SCHOOLS	1,480,040
		ROOTS & WINGS COMMUNITY CHARTER SCHOOL	20,856
		ROSWELL INDEPENDENT SCHOOL DISTRICT	3,106,602
		ROY MUNICIPAL SCHOOLS	6,199
		RUIDOSO MUNICIPAL SCHOOLS	529,190
		SAGE MONTESSORI CHARTER SCHOOL	55,505
		SAN DIEGO RIVERSIDE CHARTER SCHOOL	(1,121)
		SAN JON MUNICIPAL SCHOOLS	45,181
		SANTA FE PUBLIC SCHOOLS	3,770,747
		SANTA ROSA CONSOLIDATED SCHOOLS	260,726
		SCHOOL OF DREAMS ACADEMY	61,309
		SILVER CONSOLIDATED SCHOOLS	825,889
		SOCORRO CONSOLIDATED SCHOOLS	979,586
		SOUTH VALLEY PREPORATORY SCHOOL	63,947
		SOUTHWEST AERONAUTICS, MATHEMATICS, & SCIENCE	31,778
		SOUTHWEST PRIMARY LEARNING CTN	14,793
		SOUTHWEST SECONDARY LEARNING	10,609
		SPRINGER MUNICIPAL SCHOOLS	77,762
		T OR C MUNICIPAL SCHOOLS	659,244
		TAOS ACADEMY	51,142
		TAOS ACADEMY CHARTER SCHOOL	(1,000)
		TAOS INTEGRATED SCHOOL OF THE ARTS	71,953
		TAOS INTERNATIONAL SCHOOL	13,300
		TAOS MUNICIPAL SCHOOLS	1,072,781
		TATUM MUNICIPAL SCHOOLS	45,086

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
Year Ended June 30, 2017

Note 5 - Subrecipients of Grant Awards

U.S. DEPARTMENT OF EDUCATION

Federal CFDA Number	Program Name	Subrecipient Name	Amount	
		TECHNOLOGY LEADERSHIP HIGH SCHOOL	69,650	
		TEXICO MUNICIPAL SCHOOL	107,049	
		THE ASK ACADEMY	20,669	
		THE NEW AMERICA SCHOOL-LAS CRUCES	12,236	
		TIERRA ADENTRO OF NEW MEXICO	54,244	
		TIERRA ENCANTADA CHARTER SCHOOL	37,933	
		TUCUMCARI PUBLIC SCHOOLS	449,558	
		TULAROSA MUNICIPAL SCHOOLS	781,516	
		TURQUOISE TRAIL CHARTER SCHOOL	92,413	
		UPLIFT COMMUNITY SCHOOL	126,130	
		VAUGHN MUNICIPAL SCHOOLS	39,729	
		WAGON MOUND PUBLIC SCHOOLS	82,492	
		WALATOWA CHARTER HIGH SCHOOL	15,835	
		WEST LAS VEGAS SCHOOL DISTRICT	662,771	
		WILLIAM W & JOSEPH CHARTER COMMUNITY SCHOOL	53,023	
		ZUNI PUBLIC SCHOOL DIST	822,833	
		Total for CFDA 84.010		112,535,993
84.377A	School Achievement Fund 1003(g)			
		ALAMOGORDO PUBLIC SCHOOLS	113,195	
		ALBUQUERQUE PUBLIC SCHOOLS	1,588,828	
		ALBUQUERQUE SIGN LANGUAGE ACADEMY	268,968	
		FARMINGTON MUNICIPAL SCHOOLS	48,150	
		HATCH VALLEY PUBLIC SCHOOLS	17,910	
		PECOS INDEPENDENT SCHOOLS	75,940	
		RUIDOSO MUNICIPAL SCHOOLS	26,449	
		Total for CFDA 84.377A		2,139,440
84.011A	Migrant Education - State Grant Program			
		CARLSBAD MUNICIPAL SCHOOLS	6,316	
		CLOVIS MUNICIPAL SCHOOLS	87,151	
		CUBA INDEPENDENT SCHOOLS	11,460	
		DEMING PUBLIC SCHOOLS	215,346	
		DEXTER CONSOLIDATED SCHOOLS	36,562	
		GADSDEN INDEPENDENT SCHOOL DISTRICT	54,860	
		HAGERMAN MUNICIPAL SCHOOLS	63,255	
		LAS CRUCES SCHOOL DISTRICT #2	113,537	
		PORTALES MUNICIPAL SCHOOLS	103,073	
		ROSWELL INDEPENDENT SCHOOL DISTRICT	35,899	
		T OR C MUNICIPAL SCHOOLS	25,574	
		Total for CFDA 84.011A		753,034
84.013A	Title I Program for Neglected and Delinquent Children			
		CENTRAL REGION EDUCATIONAL COOPERATIVE	285,559	
		Total for CFDA 84.013A		285,559

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
Year Ended June 30, 2017

Note 5 - Subrecipients of Grant Awards

U.S. DEPARTMENT OF EDUCATION

Federal CFDA Number	Program Name	Subrecipient Name	Amount	
84.287C	Twenty-first Century Community Learning Centers			
		APPLETREE EDUCATION CENTER	158,424	
		APPLETREE EDUCATIONAL CENTER	121,578	
		CENTRAL CONSOLIDATED SCHOOL	(154,897)	
		CENTRAL CONSOLIDATED SCHOOLS #22	528,272	
		CHAMA VALLEY INDEPENDENT	95,071	
		COMMUNITY FOR LEARNING	366,006	
		ESPANOLA PUBLIC SCHOOLS	860,777	
		FARMINGTON MUNICIPAL SCHOOLS	165,839	
		HATCH VALLEY PUBLIC SCHOOLS	161,329	
		HOBBS MUNICIPAL SCHOOLS	1,088,148	
		LAGUNA	(5,165)	
		NMSU MAIN	1,395,898	
		REGENTS OF NEW MEXICO STATE	1,039,685	
		RIO GRANDE EDUCATIONAL COLLABORATIVE	892,768	
		SANTA FE PUBLIC SCHOOLS	1,034,681	
		WORKING CLASSROOM	24,877	
		WORKING CLASSROOM INC	94,121	
		YOUNG MEN'S CHRISTIAN ASSOC OF CNTRL NM	134,086	
		Total for CFDA 84.287C		8,001,499
84.358B	Rural Education			
		DEMING PUBLIC SCHOOLS	111,248	
		DEXTER CONSOLIDATED SCHOOLS	5,590	
		DULCE INDEPENDENT SCHOOLS #21	13,887	
		ESPANOLA PUBLIC SCHOOLS	63,905	
		GALLUP-MCKINLEY COUNTY SCHOOL DISTRICT	212,795	
		GRANTS/CIBOLA COUNTY SCHOOL	71,364	
		HATCH VALLEY PUBLIC SCHOOLS	28,353	
		LAS VEGAS CITY SCHOOLS	38,860	
		LORDSBURG MUNICIPAL SCHOOLS	6,373	
		PORTALES MUNICIPAL SCHOOLS	61,934	
		RATON PUBLIC SCHOOLS	13,428	
		RUIDOSO MUNICIPAL SCHOOLS	17,361	
		SANTA ROSA CONSOLIDATED SCHOOLS	15,655	
		SILVER CONSOLIDATED SCHOOLS	71,242	
		SOCORRO CONSOLIDATED SCHOOLS	22,778	
		T OR C MUNICIPAL SCHOOLS	20,942	
		TAOS MUNICIPAL SCHOOLS	57,885	
		TUCUMCARI PUBLIC SCHOOLS	27,040	
		TULAROSA MUNICIPAL SCHOOLS	26,885	
		WEST LAS VEGAS SCHOOL DISTRICT	37,136	
		ZUNI PUBLIC SCHOOL DIST	21,699	
		Total for CFDA 84.358B		946,363

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
Year Ended June 30, 2017

Note 5 - Subrecipients of Grant Awards

U.S. DEPARTMENT OF EDUCATION

Federal CFDA Number	Program Name	Subrecipient Name	Amount	
84.365	Title III English Language Acquisition Grants			
		ALBUQUERQUE PUBLIC SCHOOLS	1,098,230	
		APS	(40,798)	
		ARTESIA PUBLIC SCHOOLS	21,320	
		BELEN CONSOLIDATED SCHOOLS	18,559	
		BERNALILLO MUNICIPAL SCHOOL	30,597	
		BLOOMFIELD SCHOOLS	22,588	
		CENTRAL CONSOLIDATED SCHOOLS #22	115,892	
		CLOVIS MUNICIPAL SCHOOLS	81,301	
		COBRE CONSOLIDATED SCHOOLS	410	
		CUBA INDEPENDENT SCHOOLS	54,703	
		DEMING PUBLIC SCHOOLS	102,210	
		DEXTER CONSOLIDATED SCHOOLS	10,830	
		ESPANOLA PUBLIC SCHOOLS	45,223	
		FARMINGTON MUNICIPAL SCHOOLS	272,585	
		GADSDEN INDEPENDENT SCHOOL DISTRICT	484,616	
		GALLUP-MCKINLEY COUNTY SCHOOL DISTRICT	337,196	
		GRANTS/CIBOLA COUNTY SCHOOL	33,615	
		HATCH VALLEY PUBLIC SCHOOLS	45,921	
		HOBBS MUNICIPAL SCHOOLS	304,087	
		LA PROMESA EARLY LEARNING CENTER	3,910	
		LAS CRUCES SCHOOL DISTRICT #2	298,625	
		LAS VEGAS CITY SCHOOLS	14,485	
		LOS LUNAS SCHOOLS	58,007	
		LOVINGTON MUNICIPAL SCHOOLS	1,753	
		MONTE DEL SOL CHARTER SCHOOL	33,597	
		NEW AMERICA SCHOOL, THE	9,311	
		POJOAQUE VALLEY SCHOOLS	22,316	
		PORTALES MUNICIPAL SCHOOLS	22,650	
		PORTALES SCHOOLS	(240)	
		RIO RANCHO PUBLIC SCHOOLS	72,118	
		ROSWELL INDEPENDENT SCHOOL DISTRICT	226,690	
		RUIDOSO MUNICIPAL SCHOOLS	26,053	
		SANTA FE PUBLIC SCHOOLS	311,182	
		TAOS MUNICIPAL SCHOOLS	12,430	
		WEST LAS VEGAS SCHOOL DISTRICT	26,372	
		ZUNI PUBLIC SCHOOL DIST	10,005	
		Total for CFDA 84.365		4,188,346
84.367A	Title II Improving Teacher Quality State Grants			
		ACADEMY OF TRADES AND TECHNOLOGY	7,566	
		ALAMOGORDO PUBLIC SCHOOLS	254,880	
		ALBUQUERQUE PUBLIC SCHOOLS	4,327,220	
		ALBUQUERQUE SCHOOL OF EXCELLENCE	6,480	
		ALDO LEOPOLD CHARTER SCHOOL	2,211	
		AMY BIEHL CHARTER SCHOOL	9,447	

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
Year Ended June 30, 2017

Note 5 - Subrecipients of Grant Awards

U.S. DEPARTMENT OF EDUCATION

Federal CFDA Number	Program Name	Subrecipient Name	Amount
		ANTHONY CHARTER SCHOOL	7,493
		ARTESIA PUBLIC SCHOOLS	108,912
		AZTEC MUNICIPAL SCHOOL DISTRICT	77,654
		BELEN CONSOLIDATED SCHOOLS	246,424
		BERNALILLO MUNICIPAL SCHOOL	164,030
		BLOOMFIELD SCHOOLS	123,835
		CAPITAN MUNICIPAL SCHOOLS	36,943
		CARLSBAD MUNICIPAL SCHOOLS	294,093
		CARRIZOZO MUNICIPAL SCHOOLS	10,825
		CENTRAL CONSOLIDATED SCHOOLS #22	467,908
		CESAR CHAVEZ COMMUNITY SCHOOL	12,475
		CHAMA VALLEY INDEPENDENT	13,399
		CIEN AGUAS INTERNATIONAL SCHOOL	24,204
		CIMARRON MUNICIPAL SCHOOLS	8,583
		CLAYTON MUNICIPAL SCHOOLS	16,288
		CLOUDCROFT MUNICIPAL SCHOOLS	680
		CLOVIS MUNICIPAL SCHOOLS	388,214
		COBRE CONSOLIDATED SCHOOLS	45,400
		CORAL COMMUNITY CHARTER	4,563
		CORONA PUBLIC SCHOOLS	2,992
		COTTONWOOD CLASSICAL PREPARATORY SCHOOL	626
		CUBA INDEPENDENT SCHOOLS	109,785
		DEMING PUBLIC SCHOOLS	237,759
		DES MOINES MUNICIPAL SCHOOLS	5,143
		DEXTER CONSOLIDATED SCHOOLS	34,544
		DORA CONSOLIDATED SCHOOL	4,281
		DULCE INDEPENDENT SCHOOLS #21	14,532
		ESPANOLA PUBLIC SCHOOLS	170,286
		ESTANCIA BOARD OF EDUCATION	3,707
		ESTANCIA VALLEY CLASSICAL ACADEMY	12,862
		EUNICE PUBLIC SCHOOLS	8,746
		FARMINGTON MUNICIPAL SCHOOLS	305,825
		FLOYD MUNICIPAL SCHOOLS	4,621
		FORT SUMNER MUNICIPAL SCHOOLS	14,893
		GADSDEN INDEPENDENT SCHOOL DISTRICT	812,792
		GALLUP-MCKINLEY COUNTY SCHOOL DISTRICT	1,270,611
		GILBERT L SENA HIGH SCHOOL	6,521
		GRADY MUNICIPAL SCHOOLS	245
		GRANTS/CIBOLA COUNTY SCHOOL	336,826
		GREAT ACADEMY, THE	3,277
		HAGERMAN MUNICIPAL SCHOOLS	20,688
		HATCH VALLEY PUBLIC SCHOOLS	84,160
		HOBBS MUNICIPAL SCHOOLS	212,964
		HONDO VALLEY SCHOOLS	4,594
		HORIZON ACADEMY WEST	22,041
		HOUSE MUNICIPAL SCHOOL	204

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Note 5 - Subrecipients of Grant Awards

U.S. DEPARTMENT OF EDUCATION

Federal CFDA Number	Program Name	Subrecipient Name	Amount
		INTERNATIONAL SCHOOL AT MESA DEL SOL,	3,395
		J. PAUL TAYLOR ACADEMY	3,819
		JAL PUBLIC SCHOOLS	10,952
		JEMEZ MTN SCHOOL DIST NO 53	26,157
		JEMEZ VALLEY PUBLIC SCHOOLS	40,532
		LA ACADEMIA DOLORES HUERTA	7,006
		LA PROMESA EARLY LEARNING CENTER	22,116
		LA TIERRA MONTESSORI SCH OF ARTS & SCI	758
		LAKE ARTHUR MUNICIPAL SCHOOLS	1,228
		LAS CRUCES SCHOOL DISTRICT #2	986,547
		LAS MONTANAS CHARTER HIGH SCHOOL	2,980
		LAS VEGAS CITY SCHOOLS	86,593
		LOGAN MUNICIPAL SCHOOL	7,319
		LORDSBURG MUNICIPAL SCHOOLS	14,883
		LOS ALAMOS PUBLIC SCHOOLS	28,541
		LOS LUNAS SCHOOLS	404,009
		LOVING MUNICIPAL SCHOOLS	16,277
		LOVINGTON MUNICIPAL SCHOOLS	53,958
		MAGDALENA MUNICIPAL SCHOOLS	41,535
		MAXWELL MUNICIPAL SCHOOL	2,269
		MCCURDY CHARTER SCHOOL	31,372
		MEDIA ARTS COLLABORATIVE CHARTER SCHOOL	9,856
		MELROSE MUNICIPAL SCHOOLS	8,430
		MESA VISTA CONSOLIDATED SCHOOL	14,812
		MISSION ACHIEVEMENT & SUCCESS CHARTER SC	43,871
		MONTE DEL SOL CHARTER SCHOOL	5,189
		MORA INDEPENDENT SCHOOLS	6,160
		MORIARTY MUNICIPAL SCHOOLS	112,096
		MOUNTAINAIR PUBLIC SCHOOLS	18,050
		NEW AMERICA SCHOOL - LC	(223)
		NEW AMERICA SCHOOL, THE	10,991
		NEW MEXICO CONNECTIONS ACADEMY	27,954
		NEW MEXICO SCHOOL FOR THE ARTS	5,219
		NORTH VALLEY ACADEMY	21,855
		PECOS INDEPENDENT SCHOOLS	34,917
		PENASCO INDEPENDENT SCHOOL DISTRICT	22,378
		POJOAQUE VALLEY SCHOOLS	70,816
		PORTALES MUNICIPAL SCHOOLS	151,315
		QUEMADO	(81)
		QUEMADO INDEPENDENT SCHOOL	9,105
		QUESTA INDEPENDENT SCHOOLS	12,168
		RATON PUBLIC SCHOOLS	42,815
		RED RIVER VALLEY CHARTER SCHOOL	3,481
		RESERVE SCHOOL DISTRICT	10,213
		RIO RANCHO PUBLIC SCHOOLS	594,032
		ROSWELL INDEPENDENT SCHOOL DISTRICT	427,296

STATE OF NEW MEXICO
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NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
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Note 5 - Subrecipients of Grant Awards

U.S. DEPARTMENT OF EDUCATION

Federal CFDA Number	Program Name	Subrecipient Name	Amount	
		RUIDOSO MUNICIPAL SCHOOLS	70,500	
		SAN JON MUNICIPAL SCHOOLS	2,667	
		SANTA FE PUBLIC SCHOOLS	559,255	
		SANTA ROSA CONSOLIDATED SCHOOLS	34,816	
		SCHOOL OF DREAMS ACADEMY	10,768	
		SILVER CONSOLIDATED SCHOOLS	137,000	
		SOCORRO CONSOLIDATED SCHOOLS	135,893	
		SOUTH VALLEY PREPORATORY SCHOOL	10,483	
		SOUTHWEST AERONAUTICS, MATHEMATICS, &	4,926	
		SOUTHWEST INTERMEDIATE LEARNING CENTER	249	
		SOUTHWEST PRIMARY LEARNING CTN	249	
		SOUTHWEST SECONDARY LEARNING	520	
		SPRINGER MUNICIPAL SCHOOLS	18,853	
		T OR C	(280)	
		T OR C MUNICIPAL SCHOOLS	37,396	
		TAOS ACADEMY	13,526	
		TAOS INTEGRATED SCHOOL OF THE ARTS	5,440	
		TAOS INTERNATIONAL SCHOOL	1,246	
		TAOS MUNICIPAL SCHOOLS	192,289	
		TATUM MUNICIPAL SCHOOLS	5,788	
		TECHNOLOGY LEADERSHIP HIGH SCHOOL	8,456	
		TEXICO MUNICIPAL SCHOOL	12,615	
		THE ASK ACADEMY	5,760	
		TIERRA ADENTRO OF NEW MEXICO	3,802	
		TUCUMCARI PUBLIC SCHOOLS	43,086	
		TULAROSA	(756)	
		TULAROSA MUNICIPAL SCHOOLS	91,701	
		TURQUOISE TRAIL	(37)	
		TURQUOISE TRAIL CHARTER SCHOOL	11,290	
		UPLIFT COMMUNITY SCHOOL	5,104	
		VAUGHN MUNICIPAL SCHOOLS	5,700	
		WAGON MOUND PUBLIC SCHOOLS	9,295	
		WEST LAS VEGAS SCHOOL DISTRICT	89,924	
		WILLIAM W & JOSEPH CHARTER COMMUNITY SCHOOL	2,738	
		ZUNI PUBLIC SCHOOL DISTRICT	187,030	
		Total for CFDA 84.367A		15,537,505
84.027A	Special Education - Grants to States			
		ACADEMY OF TRADES AND TECHNOLOGY	29,834	
		ALAMOGORDO PUBLIC SCHOOLS	1,435,186	
		ALBUQUERQUE PUBLIC SCHOOLS	16,139,875	
		ALBUQUERQUE SCHOOL OF EXCELLENCE	39,333	
		ALBUQUERQUE SIGN LANGUAGE ACADEMY	31,237	
		ALDO LEOPOLD CHARTER SCHOOL	27,437	
		ALMAD'ARTE CHARTER HIGH SCHOOL	35,778	

STATE OF NEW MEXICO
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Note 5 - Subrecipients of Grant Awards

U.S. DEPARTMENT OF EDUCATION

Federal CFDA Number	Program Name	Subrecipient Name	Amount
		AMY BIEHL CHARTER SCHOOL	70,921
		ANIMAS PUBLIC SCHOOLS	56,360
		ANTHONY CHARTER SCHOOL	16,036
		ARTESIA PUBLIC SCHOOLS	697,233
		AZTEC MUNICIPAL SCHOOL DISTRICT	811,420
		BELEN CONSOLIDATED SCHOOLS	1,107,572
		BERNALILLO MUNICIPAL SCHOOL	527,606
		BLOOMFIELD SCHOOLS	648,690
		CAPITAN MUNICIPAL SCHOOLS	144,291
		CARINOS DE LOS NINOS CHARTER SCHOOL	29,413
		CARLSBAD MUNICIPAL SCHOOLS	1,179,668
		CARRIZOZO MUNICIPAL SCHOOLS	35,314
		CENTRAL CONSOLIDATED SCHOOLS #22	1,591,579
		CENTRAL REGION EDUCATIONAL COOPERATIVE	133,913
		CESAR CHAVEZ COMMUNITY SCHOOL	23,726
		CHAMA VALLEY INDEPENDENT	79,080
		CIEN AGUAS INTERNATIONAL SCHOOL	55,760
		CIMARRON MUNICIPAL SCHOOLS	120,362
		CLAYTON MUNICIPAL SCHOOLS	158,350
		CLOUDCROFT MUNICIPAL SCHOOLS	67,660
		CLOVIS MUNICIPAL SCHOOLS	2,471,300
		COBRE CONSOLIDATED SCHOOLS	393,675
		CORAL COMMUNITY CHARTER	31,848
		CORONA PUBLIC SCHOOLS	8,879
		COTTONWOOD CLASSICAL PREPARATORY SCHOOL	104,359
		CUBA INDEPENDENT SCHOOLS	157,641
		DEMING PUBLIC SCHOOLS	1,033,248
		DES MOINES MUNICIPAL SCHOOLS	31,264
		DEXTER CONSOLIDATED SCHOOLS	287,679
		DORA CONSOLIDATED SCHOOL	51,355
		DULCE INDEPENDENT SCHOOLS #21	135,917
		ELIDA MUNICIPAL SCHOOLS	13,739
		ESPANOLA PUBLIC SCHOOLS	663,456
		ESTANCIA BOARD OF EDUCATION	158,751
		ESTANCIA VALLEY CLASSICAL ACADEMY	75,191
		EUNICE PUBLIC SCHOOLS	141,601
		EXPLORE ACADEMY	24,825
		FARMINGTON MUNICIPAL SCHOOLS	2,475,559
		FLOYD MUNICIPAL SCHOOLS	53,436
		FORT SUMNER MUNICIPAL SCHOOLS	77,405
		GADSDEN INDEPENDENT SCHOOL DISTRICT	3,364,190
		GADSDEN INDEPENDENT SCHOOLS	(4,663)
		GALLUP-MCKINLEY COUNTY SCHOOL DISTRICT	1,867,001
		GRADY MUNICIPAL SCHOOLS	26,759
		GRANTS/CIBOLA COUNTY SCHOOL	955,894
		GREAT ACADEMY, THE	32,923

STATE OF NEW MEXICO
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OF FEDERAL AWARDS
Year Ended June 30, 2017

Note 5 - Subrecipients of Grant Awards

U.S. DEPARTMENT OF EDUCATION

Federal CFDA Number	Program Name	Subrecipient Name	Amount
		HAGERMAN MUNICIPAL SCHOOLS	131,363
		HATCH VALLEY PUBLIC SCHOOLS	303,581
		HEALTH LEADERSHIP HIGH SCHOOL	19,458
		HOBBS MUNICIPAL SCHOOLS	1,603,223
		HONDO VALLEY SCHOOLS	36,155
		HORIZON ACADEMY WEST	114,185
		HOUSE MUNICIPAL SCHOOL	19,660
		INTERNATIONAL SCHOOL AT MESA DEL SOL,	21,994
		J. PAUL TAYLOR ACADEMY	15,633
		JAL PUBLIC SCHOOLS	74,582
		JEMEZ MTN SCHOOL DIST NO 53	45,235
		JEMEZ VALLEY PUBLIC SCHOOLS	83,764
		LA ACADEMIA DOLORES HUERTA	25,125
		LA PROMESA EARLY LEARNING CENTER	70,311
		LA RESOLANA LEADERSHIP ACADEMY	20,347
		LA TIERRA MONTESSORI SCH OF ARTS & SCI	22,470
		LAKE ARTHUR MUNICIPAL SCHOOLS	36,239
		LAS CRUCES SCHOOL DISTRICT #2	5,745,746
		LAS MONTANAS CHARTER HIGH SCHOOL	26,953
		LAS VEGAS CITY SCHOOLS	359,635
		LOGAN MUNICIPAL SCHOOL	58,874
		LORDSBURG MUNICIPAL SCHOOLS	185,774
		LOS ALAMOS PUBLIC SCHOOLS	875,298
		LOS LUNAS PUBLIC SCHOOLS	(2)
		LOS LUNAS SCHOOLS	1,681,031
		LOVING MUNICIPAL SCHOOLS	135,620
		LOVINGTON MUNICIPAL SCHOOLS	707,046
		MAGDALENA MUNICIPAL SCHOOLS	92,328
		MASTERS PROGRAM, THE	12,371
		MAXWELL MUNICIPAL SCHOOL	38,100
		MCCURDY CHARTER SCHOOL	86,867
		MEDIA ARTS COLLABORATIVE CHARTER SCHOOL	43,916
		MELROSE MUNICIPAL SCHOOLS	61,921
		MESA VISTA CONSOLIDATED SCHOOL	107,335
		MISSION ACHIEVEMENT & SUCCESS CHARTER SC	69,346
		MONTE DEL SOL CHARTER SCHOOL	66,159
		MONTESSORI ELEMENTARY SCHOOL	51,008
		MORA INDEPENDENT SCHOOLS	107,500
		MORIARTY MUNICIPAL SCHOOLS	733,824
		MOSQUERO MUNICIPAL SCHOOLS	16,458
		MOUNTAINAIR PUBLIC SCHOOLS	73,370
		NEW AMERICA SCHOOL, THE	113,087
		NEW MEXICO CONNECTIONS ACADEMY	183,207
		NEW MEXICO SCHOOL FOR THE ARTS	28,310
		NEW MEXICO SCHOOL FOR THE DEAF	39,250
		NM SCHL FOR THE BLIND &VISUALLY IMPAIRED	29,938

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Note 5 - Subrecipients of Grant Awards

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Federal CFDA Number	Program Name	Subrecipient Name	Amount
		NM SCHOOL FOR ARCHITECTURE	65,573
		NORTH VALLEY ACADEMY	87,818
		PECOS INDEPENDENT SCHOOLS	186,840
		PENASCO INDEPENDENT SCHOOL DISTRICT	129,358
		POJOAQUE VALLEY SCHOOLS	341,693
		PORTALES MUNICIPAL SCHOOLS	677,375
		QUEMADO INDEPENDENT SCHOOL	13,529
		QUESTA INDEPENDENT SCHOOLS	85,557
		RATON PUBLIC SCHOOLS	278,716
		RED RIVER VALLEY CHARTER SCHOOL	18,380
		RESERVE SCHOOL DISTRICT	44,304
		RIO RANCHO	(31,043)
		RIO RANCHO PUBLIC SCHOOLS	3,084,269
		ROOTS & WINGS COMMUNITY CHARTER SCHOOL	12,773
		ROSWELL INDEPENDENT SCHOOL DISTRICT	2,389,219
		ROY MUNICIPAL SCHOOLS	20,889
		RUIDOSO MUNICIPAL SCHOOLS	500,293
		SAGE MONTESSORI CHARTER SCHOOL	32,581
		SAN JON MUNICIPAL SCHOOLS	29,586
		SANDOVAL ACADEMY OF BILINGUAL EDUCATION	6,679
		SANTA FE PUBLIC SCHOOLS	2,306,207
		SANTA ROSA CONSOLIDATED SCHOOLS	155,400
		SCHOOL OF DREAMS ACADEMY	65,378
		SILVER CONSOLIDATED SCHOOLS	660,633
		SOCORRO CONSOLIDATED SCHOOLS	471,678
		SOUTH VALLEY PREPORATORY SCHOOL	30,800
		SOUTHWEST AERONAUTICS, MATHEMATICS, &	22,550
		SOUTHWEST INTERMEDIATE LEARNING CENTER	6,248
		SOUTHWEST PRIMARY LEARNING CTN	8,265
		SOUTHWEST SECONDARY LEARNING	28,230
		SPRINGER MUNICIPAL SCHOOLS	78,681
		T OR C MUNICIPAL SCHOOLS	355,763
		TAOS ACADEMY	40,766
		TAOS INTEGRATED SCHOOL OF THE ARTS	16,891
		TAOS INTERNATIONAL SCHOOL	21,043
		TAOS MUNICIPAL SCHOOLS	590,715
		TATUM MUNICIPAL SCHOOLS	67,038
		TECHNOLOGY LEADERSHIP HIGH SCHOOL	28,500
		TEXICO MUNICIPAL SCHOOL	122,894
		THE ASK ACADEMY	46,152
		THE NEW AMERICA SCHOOL-LAS CRUCES	39,073
		TIERRA ADENTRO OF NEW MEXICO	53,794
		TIERRA ENCANTADA CHARTER SCHOOL	70,099
		TUCUMCARI PUBLIC SCHOOLS	253,076
		TULAROSA MUNICIPAL SCHOOLS	255,437
		TURQUOISE TRAIL CHARTER SCHOOL	94,509

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Note 5 - Subrecipients of Grant Awards

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Federal CFDA Number	Program Name	Subrecipient Name	Amount	
		UPLIFT COMMUNITY SCHOOL	27,161	
		VAUGHN MUNICIPAL SCHOOLS	25,929	
		WAGON MOUND PUBLIC SCHOOLS	35,557	
		WEST LAS VEGAS SCHOOL DISTRICT	398,451	
		WILLIAM W & JOSEPH CHARTER COMMUNITY SCH	6,670	
		ZUNI PUBLIC SCHOOL DIST	352,219	
		Total for CFDA 84.027A		69,010,651
84.048A	Carl Perkins - Voc. Educ. - Basic Grants to States/Adult Educ. - State Grant Program			
		ALBUQUERQUE PUBLIC SCHOOLS	1,272,997	
		BELEN CONSOLIDATED SCHOOLS	51,716	
		BERNALILLO MUNICIPAL SCHOOL	12,623	
		BLOOMFIELD SCHOOLS	38,693	
		CARLSBAD MUNICIPAL SCHOOLS	42,790	
		CENTRAL CONSOLIDATED	(129)	
		CENTRAL NEW MEXICO COMMUNITY COLLEGE	1,018,508	
		CLOVIS COMMUNITY COLLEGE	120,136	
		CLOVIS MUNICIPAL SCHOOLS	102,317	
		DEMING PUBLIC SCHOOLS	12,833	
		EASTERN NEW MEXICO UNIVERSITY-ROSWELL	143,321	
		ESPANOLA PUBLIC SCHOOLS	50,778	
		FARMINGTON MUNICIPAL SCHOOLS	124,866	
		GADSDEN INDEPENDENT SCHOOL DISTRICT	194,267	
		GALLUP-MCKINLEY COUNTY SCHOOL DISTRICT	207,403	
		GRANTS/CIBOLA COUNTY SCHOOL	55,874	
		HOBBS MUNICIPAL SCHOOLS	78,235	
		LAS CRUCES SCHOOL DISTRICT #2	394,286	
		LOS LUNAS SCHOOLS	94,155	
		LUNA COMMUNITY COLLEGE	48,413	
		MEDIA ARTS COLLABORATIVE CHARTER SCHOOL	101,004	
		MORA INDEPENDENT SCHOOLS	47,171	
		NORTHEAST REGIONAL COOP	(65)	
		NORTHERN NEW MEXICO COLLEGE	42,478	
		REGENTS OF NEW MEXICO STATE	667,426	
		RIO RANCHO PUBLIC SCHOOLS	122,392	
		ROSWELL INDEPENDENT SCHOOL DISTRICT	218,332	
		SAN JUAN COLLEGE	317,155	
		SANTA FE COMMUNITY COLLEGE	227,624	
		SANTA FE PUBLIC SCHOOLS	144,581	
		SOCORRO CONSOLIDATED SCHOOLS	3,802	
		T OR C MUNICIPAL SCHOOLS	9,869	
		TAOS MUNICIPAL SCHOOLS	107,859	
		THE UNIVERSITY OF NEW MEXICO	268,036	
		WESTERN NEW MEXICO UNIVERSITY	127,341	
		ZUNI PUBLIC SCHOOL DISTRICT	38,595	
		Total for CFDA 84.048A		6,507,682

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Note 5 - Subrecipients of Grant Awards

U.S. DEPARTMENT OF EDUCATION

Federal CFDA Number	Program Name	Subrecipient Name	Amount	
84.196A	Education for Homeless Children and Youth			
		ALAMOGORDO PUBLIC SCHOOLS	11,643	
		ALBUQUERQUE PUBLIC SCHOOLS	56,785	
		BELEN CONSOLIDATED SCHOOLS	13,001	
		DEMING PUBLIC SCHOOLS	36,843	
		FARMINGTON MUNICIPAL SCHOOLS	16,003	
		GADSDEN INDEPENDENT SCHOOL DISTRICT	18,671	
		GADSDEN INDEPENDENT SCHOOLS	(78)	
		GALLUP-MCKINLEY COUNTY SCHOOL DISTRICT	23,109	
		LAS CRUCES SCHOOL DISTRICT #2	34,987	
		LOS LUNAS PUBLIC SCHOOLS	(2,727)	
		LOS LUNAS SCHOOLS	29,373	
		MORIARTY MUNICIPAL SCHOOLS	11,646	
		RIO RANCHO PUBLIC SCHOOLS	36,827	
		SANTA FE PUBLIC SCHOOLS	60,630	
		SOCORRO CONSOLIDATED SCHOOLS	2,587	
		T OR C MUNICIPAL SCHOOLS	5,982	
		Total for CFDA 84.196A		355,282
84.173A	Special Education - Preschool			
		ALAMOGORDO PUBLIC SCHOOLS	72,766	
		ALBUQUERQUE PUBLIC SCHOOLS	416,006	
		ANIMAS PUBLIC SCHOOLS	3,264	
		ARTESIA PUBLIC SCHOOLS	46,299	
		AZTEC MUNICIPAL SCHOOL DISTRICT	12,136	
		BELEN CONSOLIDATED SCHOOLS	6,683	
		BERNALILLO MUNICIPAL SCHOOL	28,594	
		BLOOMFIELD SCHOOLS	75,037	
		CAPITAN MUNICIPAL SCHOOLS	3,430	
		CARLSBAD MUNICIPAL SCHOOLS	46,104	
		CARRIZOZO MUNICIPAL SCHOOLS	2,046	
		CENTRAL CONSOLIDATED SCHOOLS #22	37,205	
		CHAMA VALLEY INDEPENDENT	2,760	
		CIMARRON MUNICIPAL SCHOOLS	12,885	
		CLAYTON MUNICIPAL SCHOOLS	8,445	
		CLOVIS MUNICIPAL SCHOOLS	73,657	
		COBRE CONSOLIDATED SCHOOLS	10,144	
		CORAL COMMUNITY CHARTER	956	
		CUBA INDEPENDENT SCHOOLS	2,329	
		DEMING PUBLIC SCHOOLS	6,870	
		DES MOINES MUNICIPAL SCHOOLS	926	
		DEXTER CONSOLIDATED SCHOOLS	15,714	
		DORA CONSOLIDATED SCHOOL	6,781	
		DULCE INDEPENDENT SCHOOLS #21	5,697	
		ELIDA MUNICIPAL SCHOOLS	91	
		ESPANOLA PUBLIC SCHOOLS	22,092	

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Note 5 - Subrecipients of Grant Awards

U.S. DEPARTMENT OF EDUCATION

Federal CFDA Number	Program Name	Subrecipient Name	Amount
		ESTANCIA BOARD OF EDUCATION	11,159
		EUNICE PUBLIC SCHOOLS	1,748
		FARMINGTON MUNICIPAL SCHOOLS	36,053
		FLOYD MUNICIPAL SCHOOLS	14,841
		FORT SUMNER MUNICIPAL SCHOOLS	5,122
		GADSDEN INDEPENDENT SCHOOL DISTRICT	72,415
		GALLUP-MCKINLEY COUNTY SCHOOL DISTRICT	104,052
		GRADY MUNICIPAL SCHOOLS	776
		GRANTS/CIBOLA COUNTY SCHOOL	32,579
		HAGERMAN MUNICIPAL SCHOOLS	6,192
		HATCH VALLEY PUBLIC SCHOOLS	13,173
		HOBBS MUNICIPAL SCHOOLS	7,282
		HONDO VALLEY SCHOOLS	3,203
		HORIZON ACADEMY WEST	2,576
		HOUSE MUNICIPAL SCHOOL	4,089
		JAL PUBLIC SCHOOLS	9,938
		JEMEZ VALLEY PUBLIC SCHOOLS	1,364
		LAKE ARTHUR MUNICIPAL SCHOOLS	2,899
		LAS CRUCES SCHOOL DISTRICT #2	81,600
		LAS VEGAS CITY SCHOOLS	11,155
		LOGAN MUNICIPAL SCHOOL	5,698
		LORDSBURG MUNICIPAL SCHOOLS	15,979
		LOS ALAMOS PUBLIC SCHOOLS	20,116
		LOS LUNAS SCHOOLS	35,436
		LOVING MUNICIPAL SCHOOLS	6,992
		LOVINGTON MUNICIPAL SCHOOLS	29,542
		MAGDALENA MUNICIPAL SCHOOLS	16,602
		MAXWELL MUNICIPAL SCHOOL	1,266
		MELROSE MUNICIPAL SCHOOLS	5,026
		MESA VISTA CONSOLIDATED SCHOOL	3,986
		MORA INDEPENDENT SCHOOLS	2,497
		MORIARTY MUNICIPAL SCHOOLS	41,082
		MOSQUERO MUNICIPAL SCHOOLS	962
		MOUNTAINAIR PUBLIC SCHOOLS	7,074
		PECOS INDEPENDENT SCHOOLS	5,614
		PENASCO INDEPENDENT SCHOOL DISTRICT	3,189
		POJOAQUE VALLEY SCHOOLS	2,798
		PORTALES MUNICIPAL SCHOOLS	39,527
		QUESTA INDEPENDENT SCHOOLS	1,503
		RATON PUBLIC SCHOOLS	23,404
		RESERVE SCHOOL DISTRICT	4,560
		RIO RANCHO PUBLIC SCHOOLS	29,606
		ROSWELL INDEPENDENT SCHOOL DISTRICT	82,404
		RUIDOSO MUNICIPAL SCHOOLS	24,507
		SAN JON MUNICIPAL SCHOOLS	4,152
		SANTA FE PUBLIC SCHOOLS	46,058

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
Year Ended June 30, 2017

Note 5 - Subrecipients of Grant Awards

U.S. DEPARTMENT OF EDUCATION

Federal CFDA Number	Program Name	Subrecipient Name	Amount	
		SANTA ROSA CONSOLIDATED SCHOOLS	8,258	
		SILVER CONSOLIDATED SCHOOLS	21,366	
		SOCORRO CONSOLIDATED SCHOOLS	7,638	
		SPRINGER MUNICIPAL SCHOOLS	3,902	
		T OR C MUNICIPAL SCHOOLS	11,417	
		TAOS MUNICIPAL SCHOOLS	14,047	
		TATUM MUNICIPAL SCHOOLS	19,401	
		TEXICO MUNICIPAL SCHOOL	6,923	
		TUCUMCARI PUBLIC SCHOOLS	19,440	
		TULAROSA MUNICIPAL SCHOOLS	9,801	
		TURQUOISE TRAIL CHARTER SCHOOL	395	
		VAUGHN MUNICIPAL SCHOOLS	1,231	
		WAGON MOUND PUBLIC SCHOOLS	510	
		WEST LAS VEGAS SCHOOL DISTRICT	10,189	
		ZUNI PUBLIC SCHOOL DIST	3,627	
		Total for CFDA 84.173A		1,938,855
TOTAL U.S. DEPARTMENT OF EDUCATION				222,200,209
DEPARTMENT OF AGRICULTURE				
10.553/ 10.555	USDA	ACADEMY OF TRADES AND TECHNOLOGY	28,725	
		ALAMO NAVAJO SCHOOL BOARD INC	328,834	
		ALAMO NAVAJO SCHOOL BOARD, INC.	(47,376)	
		ALAMOGORDO PUBLIC SCHOOLS	1,823,638	
		ALBUQUERQUE PUBLIC SCHOOLS	29,844,837	
		ALBUQUERQUE SCHOOL OF EXCELLENCE	82,386	
		ALBUQUERQUE SIGN LANGUAGE ACADEMY	42,479	
		ALICE KING COMMUNITY SCHOOL	32,987	
		ALMAD'ARTE CHARTER HIGH SCHOOL	62,001	
		AMIKIDS INC	28,391	
		AMY BIEHL CHARTER SCHOOL	22,625	
		ANANSI CHARTER SCHOOL	27,173	
		ANIMAS PUBLIC SCHOOLS	64,718	
		ANTHONY CHARTER SCHOOL	46,046	
		ARTESIA PUBLIC SCHOOLS	1,258,092	
		AZTEC MUNICIPAL SCHOOL DISTRICT	998,999	
		BELEN CONSOLIDATED SCHOOLS	2,261,750	
		BERNALILLO COUNTY	102,538	
		BERNALILLO MUNICIPAL SCHOOL	2,207,364	
		BLOOMFIELD SCHOOLS	1,245,965	
		BORREGO PASS SCHOOL	115,701	
		CALVARY CHRISTIAN ACADEMY	7,452	
		CAPITAN MUNICIPAL SCHOOLS	208,549	
		CARINOS DE LOS NINOS CHARTER SCHOOL	68,097	

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
Year Ended June 30, 2017

Note 5 - Subrecipients of Grant Awards

DEPARTMENT OF AGRICULTURE

Federal CFDA Number	Program Name	Subrecipient Name	Amount
		CARLSBAD MUNICIPAL SCHOOLS	2,915,523
		CARRIZOZO MUNICIPAL SCHOOLS	71,901
		CENTRAL CONSOLIDATED SCHOOLS #22	3,338,054
		CESAR CHAVEZ COMMUNITY SCHOOL	54,111
		CHAMA VALLEY INDEPENDENT	233,172
		CHAVES COUNTY	23,439
		CHILDHAVEN INC	21,980
		CHRISTINE DUNCAN HERITAGE ACADEMY	171,231
		CHUSKA BOARD OF EDUCATION	(35,796)
		CHUSKA SCHOOL BOARD OF EDUCATION INC	255,860
		CIEN AGUAS INTERNATIONAL SCHOOL	55,237
		CIMARRON MUNICIPAL SCHOOLS	212,983
		CLAYTON MUNICIPAL SCHOOLS	181,482
		CLOUDCROFT MUNICIPAL SCHOOLS	71,997
		CLOVIS MUNICIPAL SCHOOLS	3,890,076
		COBRE CONSOLIDATED SCHOOL DISTRICT	8,324
		COBRE CONSOLIDATED SCHOOLS	805,107
		CORAL COMMUNITY CHARTER	41,799
		CORONA PUBLIC SCHOOLS	29,260
		CRYSTAL BOARDING	97,079
		CUBA INDEPENDENT SCHOOLS	364,018
		CURRY COUNTY	21,123
		CYFD	368,311
		DEMING PUBLIC SCHOOLS	4,497,511
		DES MOINES MUNICIPAL SCHOOLS	28,890
		DEXTER CONSOLIDATED SCHOOLS	664,283
		DOI BUREAU OF INDIAN EDUCATION	2,885,842
		DONA ANA COUNTY	39,855
		DORA CONSOLIDATED SCHOOL	66,083
		DREAM DINE' CHARTER SCHOOL	15,549
		DULCE INDEPENDENT SCHOOLS #21	426,493
		DZIL DIT L'OOI SCHOOL OF EMPOWERMENT	11,226
		DZILTH-NA-O-DITH-HLE COMMUNITY	143,043
		EL CAMINO REAL ACADEMY	244,984
		ELIDA MUNICIPAL SCHOOL	(3,449)
		ELIDA MUNICIPAL SCHOOLS	53,072
		ESPANOLA PUBLIC SCHOOLS	1,925,242
		ESTANCIA BOARD OF EDUCATION	253,119
		EUNICE PUBLIC SCHOOLS	277,785
		FARMINGTON MUNICIPAL SCHOOLS	3,097,962
		FLOYD MUNICIPAL SCHOOLS	91,490
		FORT SUMNER MUNICIPAL SCHOOLS	137,549
		GADSDEN INDEPENDENT SCHOOL DISTRICT	9,331,887
		GALLUP CATHOLIC	13,606
		GALLUP-MCKINLEY COUNTY SCHOOL DISTRICT	6,507,304

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
Year Ended June 30, 2017

Note 5 - Subrecipients of Grant Awards

DEPARTMENT OF AGRICULTURE

Federal CFDA Number	Program Name	Subrecipient Name	Amount
		GILBERT L SENA HIGH SCHOOL	19,586
		GRADY MUNICIPAL SCHOOLS	49,863
		GRANTS/CIBOLA COUNTY SCHOOL	2,398,183
		GUADALUPE MONTESSORI SCHOOL	19,276
		HAGERMAN MUNICIPAL SCHOOLS	258,145
		HATCH VALLEY PUBLIC SCHOOLS	992,323
		HEALTH LEADERSHIP HIGH SCHOOL	50,696
		HOBBS MUNICIPAL SCHOOLS	3,052,978
		HOLY CROSS SCHOOL SC	12,601
		HOLY GHOST SCHOOL	12,980
		HONDO VALLEY SCHOOLS	75,814
		HORIZON ACADEMY WEST	250,147
		HOUSE MUNICIPAL SCHOOL	9,979
		IMMANUEL LUTHERAN PRESCHOOL	15,053
		INTERNATIONAL SCHOOL AT MESA DEL SOL,	58,115
		J. PAUL TAYLOR ACADEMY	35,037
		JAL PUBLIC SCHOOLS	101,914
		JEFFERSON MONTESSORI ACADEMY	54,495
		JEMEZ MTN SCHOOL DIST NO 53	134,577
		JEMEZ VALLEY PUBLIC SCHOOLS	193,198
		KAWAIKA LAGUNA SCHOOLS	2,032
		LA ACADEMIA DE ESPERANZA	217,669
		LA ACADEMIA DOLORES HUERTA	82,749
		LA PROMESA EARLY LEARNING CENTER	358,057
		LA RESOLANA LEADERSHIP ACADEMY	48,832
		LAKE ARTHUR MUNICIPAL SCHOOLS	63,362
		LAS CRUCES CATHOLIC SCHOOL INC	22,396
		LAS CRUCES SCHOOL DISTRICT #2	11,080,080
		LAS MONTANAS CHARTER HIGH SCHOOL	38,970
		LAS VEGAS CITY SCHOOLS	635,878
		LINDRITH AREA HERITAGE SCHOOL	5,356
		LOGAN MUNICIPAL SCHOOL	92,833
		LORDSBURG MUNICIPAL SCHOOLS	359,208
		LOS ALAMOS PUBLIC SCHOOLS	80,077
		LOS LUNAS SCHOOLS	3,645,530
		LOVING MUNICIPAL SCHOOLS	295,316
		LOVINGTON MUNICIPAL SCHOOLS	1,284,020
		MAGDALENA MUNICIPAL SCHOOLS	194,792
		MAXWELL MUNICIPAL SCHOOL	42,955
		MCCURDY CHARTER SCHOOL	147,677
		MEDIA ARTS COLLABORATIVE CHARTER SCHOOL	38,280
		MELROSE MUNICIPAL SCHOOLS	61,072
		MESA VISTA CONSOLIDATED SCHOOL	114,076
		MESCALERO APACHE SCHOOL	337,900
		MISSION ACHIEVEMENT & SUCCESS CHARTER SC	557,323
		MONTE DEL SOL CHARTER SCHOOL	27,362

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
Year Ended June 30, 2017

Note 5 - Subrecipients of Grant Awards

DEPARTMENT OF AGRICULTURE

Federal CFDA Number	Program Name	Subrecipient Name	Amount
		MORA INDEPENDENT SCHOOLS	348,391
		MORIARTY MUNICIPAL SCHOOLS	836,509
		MOSQUERO MUNICIPAL SCHOOLS	8,790
		MOUNTAINAIR PUBLIC SCHOOLS	126,844
		NA NEELZHIIN JI OLTA INC	133,351
		NATIVE AMERICAN COMMUNITY ACADEMY	254,729
		NAVAJO PREPARATORY SCHOOL INC	113,375
		NEW AMERICA SCHOOL, THE	64,003
		NEW MEXICO SCHOOL FOR THE ARTS	6,341
		NEW MEXICO SCHOOL FOR THE DEAF	62,899
		NM SCHOOL FOR ARCHITECTURE	63,018
		NMMA	178,163
		NORTH VALLEY ACADEMY	138,090
		NUESTROS VALORE CHARTER SCHOOL	79,631
		OHKAY OWINGEH COMMUNITY SCHOOL	62,997
		OUR LADY OF ASSUMPTION	11,828
		PECOS INDEPENDENT SCHOOLS	372,285
		PENASCO INDEPENDENT SCHOOL DISTRICT	220,215
		POJOAQUE VALLEY SCHOOLS	837,910
		PORTALES MUNICIPAL SCHOOLS	1,193,984
		PUBLIC ACADEMY FOR PERFORMING ARTS	65,001
		PUEBLO OF LAGUNA DEPARTMENT OF EDUCATION	232,691
		PUEBLO OF SANTA CLARA KHAPO COMM SCHOOL	75,375
		QUEMADO INDEPENDENT SCHOOL	72,329
		QUESTA INDEPENDENT SCHOOLS	234,623
		RAMAH NAVAJO SCHOOL BOARD INC	118,501
		RATON PUBLIC SCHOOLS	499,336
		RED RIVER VALLEY CHARTER SCHOOL	38,350
		REHOBOTH CHRISTIAN SCHOOL	95,838
		RESERVE SCHOOL DISTRICT	59,288
		RIO RANCHO PUBLIC SCHOOLS	3,537,042
		ROSWELL INDEPENDENT SCHOOL DISTRICT	6,427,477
		ROY MUNICIPAL SCHOOLS	17,086
		RUIDOSO MUNICIPAL SCHOOLS	1,062,680
		SAN DIEGO RIVERSIDE SCHOOL	71,920
		SAN FELIPE DE NERI SCHOOL	20,885
		SAN JON MUNICIPAL SCHOOLS	46,283
		SAN JUAN COUNTY	72,906
		SANTA FE COUNTY	25,765
		SANTA FE INDIAN SCHOOL INC	439,628
		SANTA FE PUBLIC SCHOOLS	5,020,636
		SANTA ROSA CONSOLIDATED SCHOOLS	398,044
		SANTO NINO REGIONAL CATHOLIC SCHOOL	49,063
		SCHOOL OF DREAMS ACADEMY	76,656
		SEQUOYAH ADOLESCENT CENTER	61,472

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
Year Ended June 30, 2017

Note 5 - Subrecipients of Grant Awards

DEPARTMENT OF AGRICULTURE

Federal CFDA Number	Program Name	Subrecipient Name	Amount	
		SHIPROCK ALTERNATIVE SCHOOLS INC	227,517	
		SILVER CONSOLIDATED SCHOOLS	1,065,155	
		SOCORRO CONSOLIDATED SCHOOLS	933,808	
		SOUTH VALLEY ACADEMY	230,005	
		SOUTH VALLEY PREPORATORY SCHOOL	64,643	
		SPRINGER MUNICIPAL SCHOOLS	67,895	
		ST ANTHONY INDIAN SCHOOL INC	75,707	
		ST BONAVENTURE INDIAN MISSION AND SCHOOL	119,275	
		ST CHARLES BORROMEO SCHOOL	9,048	
		ST FRANCIS OF ASSISI SCHOOL	32,129	
		ST FRANCIS SCHOOL	27,934	
		ST JOSEPH MISSION SCHOOL	32,020	
		ST MARY SCHOOL	38,102	
		ST MARY SCHOOL LUNCH PROGRAM	32,216	
		ST THERESE CATHOLIC SCHOOL	18,565	
		ST. FRANCIS OF ASSISI	4,213	
		ST. TERESA OF AVILA SCHOOL, INC.	33,106	
		ST. THOMAS AQUINAS SCHOOL	25,391	
		T OR C MUNICIPAL SCHOOLS	928,485	
		TAOS CHARTER SCHOOL	41,784	
		TAOS DAY SCHOOL	2,452	
		TAOS INTERNATIONAL SCHOOL	121,523	
		TAOS MUNICIPAL SCHOOLS	1,301,684	
		TATUM MUNICIPAL SCHOOLS	88,365	
		TECHNOLOGY LEADERSHIP HIGH SCHOOL	36,038	
		TEXICO MUNICIPAL SCHOOL	124,040	
		THE NEW AMERICA SCHOOL-LAS CRUCES	59,714	
		TIERRA ADENTRO OF NEW MEXICO	62,133	
		TOHAALI COMMUNITY SCHOOLS	3,927	
		TOHAJILEE COMMUNITY SCHOOL BOARD OF	247,448	
		TUCUMCARI PUBLIC SCHOOLS	612,918	
		TULAROSA MUNICIPAL SCHOOLS	475,055	
		TURQUOISE TRAIL CHARTER SCHOOL	156,267	
		UNM HOSPITAL	42,541	
		UPLIFT COMMUNITY SCHOOL	74,799	
		VAUGHN MUNICIPAL SCHOOLS	42,578	
		VISTA GRANDE HIGH SCHOOL	41,207	
		WAGON MOUND PUBLIC SCHOOLS	44,240	
		WALATOWA CHARTER HIGH SCHOOL	32,811	
		WEST LAS VEGAS PUBLIC SCHOOLS	1,066	
		WEST LAS VEGAS SCHOOL DISTRICT	1,163,687	
		WILLIAM W & JOSEPH CHARTER COMMUNITY SCHOOL	32,929	
		WINGATE HIGH SCHOOL	5,585	
		YOUTH DEVELOPMENT INC	17,970	
		ZUNI PUBLIC SCHOOL DISTRICT	881,100	
		Total for CFDA 10.553/10.555		146,007,633

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
Year Ended June 30, 2017

Note 5 - Subrecipients of Grant Awards

DEPARTMENT OF AGRICULTURE

Federal CFDA Number	Program Name	Subrecipient Name	Amount	
10.582	Fresh Fruit and Vegetable Program			
		ALAMOGORDO PUBLIC SCHOOLS	43,199	
		BELEN CONSOLIDATED SCHOOLS	87,348	
		BERNALILLO MUNICIPAL SCHOOL	71,715	
		BLOOMFIELD SCHOOLS	51,577	
		CHRISTINE DUNCAN HERITAGE ACADEMY	10,628	
		CIMARRON MUNICIPAL SCHOOLS	7,438	
		CLAYTON MUNICIPAL SCHOOLS	6,532	
		DEMING PUBLIC SCHOOLS	137,099	
		DULCE INDEPENDENT SCHOOLS #21	14,682	
		EL CAMINO REAL ACADEMY	15,090	
		FARMINGTON MUNICIPAL SCHOOLS	120,686	
		GADSDEN INDEPENDENT SCHOOL DISTRICT	363,163	
		GALLUP-MCKINLEY COUNTY SCHOOL DISTRICT	208,454	
		GRADY MUNICIPAL SCHOOLS	3,445	
		GRANTS/CIBOLA COUNTY SCHOOL	96,820	
		HONDO VALLEY SCHOOLS	2,515	
		JEMEZ MTN SCHOOL DIST NO 53	4,722	
		LA PROMESA EARLY LEARNING CENTER	8,134	
		LAKE ARTHUR MUNICIPAL SCHOOLS	3,119	
		LAS CRUCES SCHOOL DISTRICT #2	364,204	
		LAS VEGAS CITY SCHOOLS	38,846	
		LOGAN MUNICIPAL SCHOOL	6,022	
		MAGDALENA MUNICIPAL SCHOOLS	9,079	
		MESA VISTA CONSOLIDATED SCHOOL	399	
		MORA INDEPENDENT SCHOOLS	9,960	
		MORIARTY MUNICIPAL SCHOOLS	40,984	
		MOUNTAINAIR PUBLIC SCHOOLS	5,922	
		PENASCO INDEPENDENT SCHOOL DISTRICT	8,603	
		PUEBLO OF LAGUNA DEPARTMENT OF EDUCATION	7,076	
		QUEMADO INDEPENDENT SCHOOL	2,988	
		QUESTA INDEPENDENT SCHOOLS	6,325	
		RATON PUBLIC SCHOOLS	21,176	
		RED RIVER VALLEY CHARTER SCHOOL	448	
		SANTA ROSA CONSOLIDATED SCHOOLS	13,330	
		SILVER CONSOLIDATED SCHOOLS	56,569	
		SOCORRO CONSOLIDATED SCHOOLS	25,495	
		SPRINGER MUNICIPAL SCHOOLS	3,756	
		ST ANTHONY INDIAN SCHOOL INC	6,411	
		ST BONAVENTURE INDIAN MISSION AND SCHOOL	7,522	
		T OR C MUNICIPAL SCHOOLS	35,000	
		TAOS MUNICIPAL SCHOOLS	50,379	
		WAGON MOUND PUBLIC SCHOOLS	1,646	
		WEST LAS VEGAS SCHOOL DISTRICT	39,517	
		ZUNI PUBLIC SCHOOL DISTRICT	26,844	
		Total CFDA 10.582		2,044,867

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
Year Ended June 30, 2017

Note 5 - Subrecipients of Grant Awards

DEPARTMENT OF AGRICULTURE

Federal CFDA Number	Program Name	Subrecipient Name	Amount	
10.579	National School Lunch Program - Equipment			
		AZTEC MUNICIPAL SCHOOL DISTRICT	8,554	
		CYFD	20,377	
		DZIL DIT L'OOI SCHOOL OF EMPOWERMENT,	6,820	
		GUADALUPE MONTESSORI SCHOOL	21,869	
		HAGERMAN MUNICIPAL SCHOOLS	18,915	
		JEMEZ VALLEY PUBLIC SCHOOLS	11,382	
		LOGAN MUNICIPAL SCHOOL	7,828	
		LOVING MUNICIPAL SCHOOLS	6,350	
		MESA VISTA CONSOLIDATED SCHOOL	22,156	
		MOUNTAINAIR PUBLIC SCHOOLS	15,652	
		PUBLIC ACADEMY FOR PERFORMING ARTS	46,061	
		ROY MUNICIPAL SCHOOLS	5,040	
		TAOS CHARTER SCHOOL	5,425	
		THE NEW AMERICA SCHOOL-LAS CRUCES	11,571	
		Total for CFDA 10.579		208,000
TOTAL DEPARTMENT OF AGRICULTURE				$ 148,260,500
TOTAL SUBRECIPIENT FUNDS PASSED THROUGH				$ 370,460,709

COMPLIANCE

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To Christopher Ruszkowski, Secretary of Education
New Mexico Public Education Department
and Mr. Wayne A. Johnson
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each discretely presented component unit (New Mexico state chartered charter schools), the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, fiduciary and agency funds, and the budgetary comparisons for the general and major special revenue funds of the New Mexico Public Education Department ("Department"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have used our report thereon dated November 22, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies, described in the accompanying schedule of findings and questioned costs, to be material weaknesses.

Entity	Material Weakness Reference
Aldo Leopold Charter	2017-001
Cariños De Los Ninos	2015-002, 2016-004
J. Paul Taylor Academy	2017-001
La Promesa Early Learning Center	2016-001
Monte Del Sol Charter Foundation	2017-001
Red River Valley Charter	2017-003
Roots and Wings Community School	2017-002
School of Dreams Academy	2017-001
Six Directions Indigenous School	2017-001

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies, described in the accompany schedule of findings and questioned costs, to be significant deficiencies.

Entity	Significant Deficiency Reference
Albuquerque School of Excellence	2017-002
The ASK Academy	2016-001
Cariños De Los Ninos	2014-003, 2016-001, 2017-005
Cien Aguas International School	2014-001, 2017-001
Dream Dine	2017-003
Dzil Ditl'ooi School of Empowerment, Action and Perseverance	2016-001
Estancia Valley Classical Academy	2015-002, 2017-001
Great Academy	2017-002
Health Leadership High School	2017-001
La Promesa Early Learning Center	2014-001, 2015-001
McCurdy Charter School	2017-003
Monte Del Sol Charter School	2016-002
New America Charter School	2017-002
New Mexico Connections Academy	2017-001
Red River Valley Charter School	2017-004
Roots and Wings Community School	2015-003, 2017-003
Sage Montessori Charter School	2017-003
South Valley Preparatory School	2017-002
Southwest Aeronautics, Mathematics, and Science Academy	2016-003, 2016-005
Southwest Intermediate Learning Center	2016-003
Southwest Primary Learning Center	2016-004
Southwest Secondary Learning Center	2016-003, 2016-005
Taos Academy Foundation	2017-001
Tierra Adentro	2015-001
Uplift Community School	2015-003

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items:

Entity	Compliance and Other Matters Reference
Public Education	2013-003
Department of Vocational Rehabilitation	2016-006, 2016-009
ACE Leadership High School	2016-002, 2017-001
Albuquerque Institute for Mathematics & Science	2017-001
Albuquerque School of Excellence	2017-001
Albuquerque Sign Language Academy	2017-001, 2017-002, 2017-003, 2017-004
Alma D'Arte Charter High School	2017-001
Amy Biehl Charter High School	2017-001
The ASK Academy	2017-001
Cariños De Los Ninos Charter School	2017-001, 2017-002, 2017-003, 2017-004
Cesar Chavez Community School	2017-001
Cien Aguas International School	2014-001, 2015-002, 2017-001, 2017-002
Coral Community Charter	2017-001, 2017-002
Cottonwood Classical Preparatory School	2015-001, 2017-001
Dream Diné Charter School	2016-003, 2017-001, 2017-002
Dzil Ditl'ooi School of Empowerment, Action and Perseverance	2016-001, 2016-002, 2016-004, 2017-001, 2017-002, 2017-003, 2017-004
Estancia Valley Classical Academy	2015-002, 2017-001
Explore Academy	2016-001
GREAT Academy	2017-001
Health Leadership High School	2015-001, 2015-005, 2017-002
Horizon Academy West	2017-001
La Academia Dolores Huerta	2017-001
La Promesa Early Learning Center	2015-002, 2016-003, 2016-004, 2016-005, 2017-001, 2017-002, 2017-003
La Resolana Leadership Academy	2017-001
La Tierra Montessori School for the Arts and Science	2016-002, 2017-001
MASTERS Program	2014-002, 2014-003, 2017-001
McCurdy Charter School	2014-003, 2017-001, 2017-002
Media Arts Collaborative Charter School	2017-001
Monte Del Sol Charter School	2016-001, 2016-004
New America School	2017-001, 2017-003, 2017-004
New Mexico School of Arts	2017-001
Red River Valley Charter School	2015-001, 2016-001, 2017-001, 2017-002, 2017-005
Roots & Wings Community School	2014-001, 2017-001, 2017-003, 2017-004

Entity	Compliance and Other Matters Reference
Sage Montessori	2014-002, 2017-001, 2017-002, 2017-004, 2017-005, 2017-006
Sandoval Academy for Bilingual Education	2016-001, 2017-001, 2017-002
School of Dreams Academy	2015-001, 2015-002, 2017-002, 2017-003, 2017-004, 2017-005, 2017-006, 2017-007, 2017-008
School of Dreams Academy Foundation	2017-001
Six Directions Indigenous School	2017-002, 2017-003, 2017-004, 2017-005
South Valley Preparatory School	2017-001
Southwest Aeronautics, Mathematics, and Science Academy	2017-001
Southwest Intermediate Learning Center	2017-001, 2017-002
Southwest Primary Learning Center	2017-001
Taos Academy	2017-001, 2017-002
Taos Integrated School of the Arts	2016-001, 2017-001, 2017-002
Taos International School Charter School	2016-001, 2017-001, 2017-002, 2017-003, 2017-004, 2017-005
Technology Leadership High School	2016-001, 2017-001
Tierra Adentro	2016-001, 2017-001, 2017-002, 2017-003, 2017-004
Tierra Encantada Charter School	2017-001
Turquoise Trail Charter School	2016-001, 2016-007, 2017-001
Uplift Community School	2017-001, 2017-002
Walatowa High Charter School	2014-002, 2016-002, 2017-001, 2017-002
William W. & Josephine Dorn Charter School	2016-003, 2017-001

Department's Response to Findings

The Department's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Department's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Axiom

Albuquerque, New Mexico
November 22, 2017

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To Christopher Ruszkowski, Secretary of Education
New Mexico Public Education Department
and Mr. Wayne A. Johnson
New Mexico State Auditor

Report on Compliance for Each Major Federal Program

We have audited the New Mexico Public Education Department's ("Department") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Department's major federal programs for the year ended June 30, 2017. The Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Department's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Department's compliance.

Opinion on Each Major Federal Program

In our opinion, the Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2014-007. Our opinion on each major federal program is not modified with respect to these matters.

The Department's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Department's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Department's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-007, 2017-001, and 2017-002, that we consider to be significant deficiencies.

The Department's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Department's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Albuquerque, New Mexico
November 22, 2017

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified, modified and disclaimer on two aggregate discretely presented component units

Internal control over financial reporting:

- Material weakness(es) identified? ☒ Yes ☐ No
- Significant deficiency(ies) identified? ☒ Yes ☐ None reported

Noncompliance material to financial statements Noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☒ Yes ☐ None reported

Type of Auditor's Report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☒ Yes ☐ No

Identification of Major Programs

CFDA Numbers	*Name of Federal Program or Cluster*
10.553/10.555	Child Nutrition Cluster
84.287	21st Century
84.027/84.173	IDEA B Cluster
84.412	Race to the Top
84.048	Carl D. Perkins
84.126A	Rehabilitation Services
96.001	Social Security – Disability Insurance

Dollar threshold used to distinguish between type A and type B programs: $3,000,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

Section II – Findings – Financial Statement Audit

The State of New Mexico Public Education Department is made up of two distinct appropriated entities and 63 state authorized charter schools: the Public Education Department and the Department of Vocational Rehabilitation, and the various State authorized charter schools.

PUBLIC EDUCATION DEPARTMENT FINDINGS

2013-003 Improve Other IT General Controls (Other Matters) Repeated and Modified

Condition: During our review of IT general controls, we noted the following:

- There are no redundant servers for critical applications. In addition, backup tapes are stored offsite only once a week.
- There is no change management policy covering changes in network and applications.
- Programmers have access to production environment including moving programming changes to production.
- Lack of review of users access listings for network and applications
- There is no IT Security Plan

We understand that the Department is in the process of addressing the issues identified above.

Criteria: Per State of NM Statewide Guideline "Enterprise IT Security Policy", S-GUIDE00.003, "the State of New Mexico shall securely and economically protect its business functions including public access to appropriate information and resources, while maintaining compliance with legal requirements established by existing Federal and State statutes pertaining to confidentiality, privacy, accessibility, availability, and integrity.

Effect: The deficiencies identified decrease the overall network security and are considered area that can be exploited by a potential hacker. Lack of redundant servers and the issue on back up tapes could potentially expose the Department to loss data.

Cause: The Department is aware of the issues and still in the process of addressing them.

Recommendation: We recommend the following:

- Implement system redundancy especially for critical applications (OBMS, STARS, etc.) to ensure continuous system operation in the event of disaster, or downtime for the main servers. It is also recommended to perform failover test once the redundant servers are implemented.
- Backup tapes should be stored to offsite location on a daily basis to avoid possible loss of financial data.
- Develop change management policy that will cover, authorization, testing, user's acceptance, deployment procedures and a back-out plan. It is very important that documentation exists and that environments for development, testing and productions are segregated.

PUBLIC EDUCATION DEPARTMENT FINDINGS (Continued)

2013-003 Improve IT General Controls (Other Matters) Repeated and Modified (Continued)

- Restrict developers' access to production environment to ensure any unauthorized changes in the system.
- Implement a formal process to review users' access listing for the network and critical applications, restricting access on a need to know basis, consistent with users' roles and responsibilities. This will ensure that the Department is not providing too much access privilege to any user that might be used either to intentionally or unintentionally modify data within the system.
- Develop IT Security Plan to protect its network and applications as well as security protocols in place for its protected and confidential information. It is also recommended to ensure that protected information is encrypted.

Management's Response:

- Regarding the system redundancy and backup tapes (bullets 1 & 2 above), PED is in the process of identifying funding to complete the Hyperconverge upgrade to our infrastructure. Phase 1 (DOIT side) is complete and once funding is available, PED will complete Phase 2 (PED side). Once PED completes the Hyperconverge upgrade on both sides, all systems will synch and thereby establish redundancy; as well as establish nightly back-ups. Until the Hyperconverge upgrade is completed, PED will increase cold back-ups to twice weekly.
- Regarding the change management policy and restricted developer access, (bullets 3& 4 above) PED is in the process of moving equipment from DOIT to PED (these are the servers freed up by Phase I of the Hyperconverge upgrade). This will allow PED to create full Development and Testing environments on the PED side and a separate Production environment on the DOIT side. As part of the PED IT Internal Standards effort (ongoing), PED is develop new policies and procedures that control the work of developers in the Development and Testing environments, as well as the publication of applications to Production. PED anticipates completing this work by the end of calendar year 2017.
- Regarding the development of an IT Security Plan (bullet 6 above), PED is in the process of creating and filling a new "IT Security and Compliance Administrator III" (Jobcode: ICSC26). Once filled, the new IT Security and Compliance Administrator will be responsible for completing and enforcing PED's IT Security Plan.
- Regarding review users' access listing (bullet 5 above), PED IT will partner with Human Resources to formalize a process for defining (and revisiting) access required for staff to perform their assigned duties. Once in place, hiring managers will define access requirements which will need to be approved by their supervisors (Division Directors or Deputy Secretaries). The person responsible for ensuring compliance with the new process will be the new IT Security and Compliance Administrator.

DEPARTMENT OF VOCATIONAL REHABILITATION FINDINGS

2016-006 Internal Control Structure - (Non-Compliance in Accordance with the New Mexico State Audit Rule)

Condition: During our testwork over payroll we noted that in 1 out of 25 payroll transactions tested, that the employee was being paid $0.01 under what was approved per the Personnel Action Form. This underpayment was due to an error in the email approval from SPO (State Personnel Office). We do consider this to be an exception, because the error was not identified until brought to DVR's attention by the audit team. We understand that the Department is in the process of addressing the issues identified above.

Criteria: Per Section 6-5-2(C) NMSA 1978, State agencies shall implement internal accounting to prevent accounting errors and violation of state and federal law and rules related to financial matters. In addition, implement controls to prevent the submission of processing documents to the financial control division that contain errors or that are for a purpose not authorized by law.

Effect: Misstatements of financial statements.

Cause: Lack of effective internal controls surrounding the financial reporting process.

Recommendation: We recommend that management ensure that adequate internal controls are established surrounding the financial reporting process. In addition, we recommend that the Division ensure all pay rates agree to what has been reviewed and approved within the Personnel Action form, when entering into HCM-SHARE.

Management's Response: NMDVR agrees with the finding that 1 out of 25 payroll transactions sampled noted an employee being paid $0.01 under the amount that was approved in the Personnel Action Form (PAF), which was signed, by all of management. Management believes this was an isolated occurrence, and is not indicative of a widespread concern within the DVR.

Section III – Findings and Questioned Costs – Major Federal Award Programs Audit

DEPARTMENT OF VOCATIONAL REHABILITATION FINDINGS

2014-007 Eligibility (Federal Non-Compliance)

Federal Program Information:

Funding Agency:	*U.S. Department of Education*
Title:	*Rehabilitation Services – Vocational Rehabilitation Grants to States*
CFDA Number:	*84.126*
Award year and number:	*2017, H126A170045* *2016, H126A160045*

Condition: During our testing of eligibility controls and compliance it was noted that for 2 out of the 40 individuals tested, the eligibility determination was not properly approved within the required 60 days and 1 out of the 40 individuals tested, the Individualized Plan for Employment (IPE) was not completed within the required 90 days of eligibility determination. Additionally, we noted 1 instance in which an extension for eligibility determination was missing the applicant's signature. We understand that the Department is in the process of addressing the issues identified above.

Criteria: 29 USC 722(a)(6), the designated State unit shall determine whether an individual is eligible for vocational rehabilitation services under this subchapter within a reasonable period of time, not to exceed 60 days, after the individual has submitted an application for the services unless – (A) exceptional and unforeseen circumstances beyond the control of the designated State unit preclude making an eligibility determination within 60 days and the designated State unit and the individual agree to a specific extension of time; or (B) the designated State unit is exploring an individual's abilities, capabilities, and capacity to perform in work situations under paragraph (2)(B). Additionally, 29 USC 722 (b)(3)(F), the individualized plan for employment shall be developed as soon as possible, but no later than a deadline of 90 days after the date of the determination of eligibility described in paragraph (1), unless the designated State unit and the eligible individual agree to an extension of that deadline to a specific date by which the individualized plan of employment shall be completed.

Questioned Costs: None.

Effect: There is an increased likelihood that an ineligible individual could receive benefits without them being detected. Eligible individuals may not receive vocational rehabilitation benefits timely and in accordance with program requirements. Additionally, this could have a future impact on funding as the Federal government may reduce the funding for the New Mexico Rehabilitation Services program, which may have a significant effect on the operations of the program.

Cause: There was inconsistent oversight and review of eligibility determinations and IPE completion at the field office locations.

Recommendation: We recommend that the Division implement current controls with additional oversight from the Administrative Office or design and deploy revised procedures that allow for proper oversight between positions at the field offices. We also recommend that the Division establish monitoring procedures to ensure that eligibility determinations and IPE's are completed timely and in accordance with program requirements.

Management's Response and Corrective Action Plan: NMDVR agrees with the finding that 2 out of 40 sampled individual's eligibility determination and 1 out of 40 IPE's were not properly approved within the required 60-day timeframe. The division has implemented the following implemented in FY16 and FY17. These controls include:

- A statewide caseload review was conducted by January 29, 2016 by Vocational Rehabilitation Counselors (VRCs) and Program Managers (PMs) to ensure all eligibilities were brought into compliance, by either getting extensions signed by participants, or completing eligibilities within the required timeframe. PMs compiled a report, which was reviewed by the Field Operations Directors (FODs).

- Field Operations Specialists (FOSs) started weekly audit reviews of participant files to ensure fiscal compliance along with Eligibility and IPE determination compliance. This was implemented May 2016.

- NMDVR's Aware team implemented system alerts for eligibility determinations so that FODs will be notified a week in advance of any eligibility that may go into overtime so that immediate action can be taken. VRCs and PMs receive alerts earlier in the 60-day timeframe as well; this was implemented July 2016. Timelines for overtime alerts were adjusted in FY2017 to allow more time for PMs to take appropriate action to prevent overtimes from occurring.

- During FY17 phase one and two of the Rehabilitation Services Unit (RSU) restructuring was implemented to provide more oversight and management of caseloads. Phase three and four are planned for FY18. As of October 2017, the division added a fifth FOD position, providing much more direct oversight of operational areas and PMs. Prior to this FODs were overseeing three to four areas each, this has now been reduced to two primary areas each.

- Phase three and four restructuring of RSU is in process; it includes the restructuring of the Albuquerque Metro area operations to equally distribute the caseload oversight by PMs. RSU is looking to add a tenth PM position to serve the Farmington or Gallup office, creating a tenth operational area. RSU is also creating an eleventh PM position in the Las Cruces area. Both of these additions will lower the caseload number each PM manages, increasing oversight capabilities. As of November 2017, the restructuring of caseloads has been completed and the two new operational areas have been created. The division is in the process of advertising and hiring the 2 new PM positions.

- The Division's Internal Auditor continues to conduct individual file reviews, monitoring eligibility and IPE compliance.

- During FY2016 RSU implemented a 5-7 workday turnaround approval for eligibility and IPE for all PMs. RSU also implemented a tracking log to ensure compliance and oversight by FODs.

- In FY17 eligibility and IPE timeline requirement and deadlines were added to all VRC employee evaluations. The division has also begun to use progressive discipline in response to any overtimes in these two categories.

DEPARTMENT OF VOCATIONAL REHABILITATION FINDINGS (CONTINUED)

2017-001 Earmarking (Federal Non-Compliance)

Federal Program Information:

Funding Agency:	*U.S. Department of Education*
Title:	*Rehabilitation Services – Vocational Rehabilitation Grants to States*
CFDA Number:	*84.126*
Award year and number:	*2017, H126A170045* *2016, H126A160045*

Condition: The Department only earmarked 5.94% of the total grant award for pre-employment transition services. The Division was aware that the earmarking requirement was not going to be met for the year ended June 30, 2017. Procedures have been implemented during the fiscal year to better track and monitor these expenditures. However, there was not adequate time to reach the requirement subsequent to the implementation of the procedures.

Criteria: Per Section 110(d)(1) of the Act, From any State allotment under subsection (a) for a fiscal year, the State shall reserve not less than 15 percent of the allotted funds for the provisions of pre-employment transition services.

Questioned Costs: None.

Effect: The Division is not in compliance with the federal earmarking requirement for the Rehabilitation Services program.

Cause: Procedures to track and monitor pre-employment transition service expenditures were not implemented timely enough to reach the 15% earmarking requirement.

Recommendation: We recommend that the Division follow the procedures designed to track and monitor these expenditures and set quarterly goals to ensure that the 15% requirement is met by year end.

Management's Response and Corrective Action Plan: The division agrees with the finding that for FY17 only earmarking 5.94% of the 15% required PRE-ETS set aside required by WIOA. The division is in the process of fully implementing the PRE-ETS requirement across the state. The following progress has been made:

- For FY17 and FY18 the division entered into an Intergovernmental Agreement (IGA) with the Central Regional Education Cooperative (CREC) to provide the 5-core required PRE-ETS courses to all NM students with a disability.
- For FY17 and FY18 the division entered into a second IGA with the CREC to provide PRE-ETS to students with disabilities who are incarcerated in state juvenile facilities.
- As of November 2017, CREC had 23 employment transition specialists working across the state. The specialists began providing PRE-ETS services statewide in the fall semester of the 2017-2018 school year.

In November 2017, the division increased the compensation of the primary IGA by $300,000 and the secondary IGA by $60,000 in order to create four additional employment transition specialist positions based on statewide need.

DEPARTMENT OF VOCATIONAL REHABILITATION FINDINGS (CONTINUED)

2017-002 Controls over Payroll (Federal Non-Compliance)

Federal Program Information:

Funding Agency:	*U.S. Department of Education*
Title:	*Rehabilitation Services – Vocational Rehabilitation Grants to States*
CFDA Number:	*84.126*
Award year and number:	*2017, H126A170045* *2016, H126A160045*

Condition: During our testwork over payroll for the Rehabilitation Services program, we noted that in 2 out of 25 payroll transactions tested, the employee was missing an approved Personnel Action Form.

Criteria: Per Division policy, if an employee is to be paid out of a federal program, the program manager is required to sign the employee's Personnel Action Form prior to the hiring of the employee. Additionally, Per Section 6-5-2(C) NMSA 1978, "State agencies shall implement internal accounting to prevent accounting errors and violation of state and federal law and rules related to financial matters. In addition, implement controls to prevent the submission of processing documents to the financial control division that contain errors or that are for a purpose not authorized by law."

Questioned Costs: None.

Effect: The Division is not properly following their own policies and procedures surrounding payroll. Additionally, with the lack of approval of the Personnel Action Form, there is an increased risk that an employee not working for the federal program may be paid out of federal funds.

Cause: The Division was not aware that the employees' Personnel Action Forms were missing proper approval signatures.

Recommendation: We recommend that the Division ensure all required signatures are obtain on the Personnel Action Form for all employees prior to hire and that they are filled in the personnel file once all signatures have been obtained.

Management's Response and Corrective Action Plan: NMDVR agrees with the finding that 2 out of 25 payroll transactions sampled noted that employee's files were missing the approved personal action form. Management believes this was an isolated occurrence, and is not indicative of a widespread concern within the DVR. The current process within HR is that HR staff must review and ensure that all required signatures have been obtained before an employee is offered a job. HR staff have been reminded of the process.

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Section IV – Other Findings, as Required by New Mexico State Statute, Section 12-6-5, NMSA 1978

PUBLIC EDUCATION DEPARTMENT FINDINGS

No matters were reported

DEPARTMENT OF VOCATIONAL REHABILITATION FINDINGS

2016-009 Improper Disposal of Capital Assets (Other Matter and Non Compliance) Repeated and Modified

Condition: During our testwork over capital assets, we noted the Division failed to notify the Office of the State Auditor (OSA) at least 30 days prior to the disposition of property for all items disposed in FY 2017. We understand that the Department is in the process of addressing the issues identified above.

Criteria: Per 2.2.2.10 NMAC, "At least 30 days prior to any disposition of property on the agency inventory list described in Subsection U of 2.2.2.10 NMAC, written notification of the official finding and proposed disposition duly sworn and subscribed under oath by each member of the authority approving the action must be sent to the state auditor."

Effect: The Division disposed of assets in violation of State statute.

Cause: The Division does not have a process in place to ensure the OSA is notified prior to disposition of the assets.

Recommendation: The Division should develop and implement procedures to ensure OSA is notified in writing at least 30 day prior to disposition of any items included on the Divisions' inventory listing.

Management's Response: NMDVR agrees with the finding that the division failed to notify the Office of the State Auditor (OSA) at least 30 days prior to the disposition of an asset.

Division staff have written policies and procedures (Section 7.10-7.10.1) they are to follow when declaring assets surplus in accordance with 2.2.10 (S) NMAC. The staff involved in the inventory and disposition of assets have again received these policies and have again been reminded that a 30-Day Notice must be provided to OSA prior to the disposition of any asset. The General Services Manager will review and approve the disposition of assets paperwork prior to its actual disposal to ensure the OSA has been properly notified.

Discretely Presented Component Unit Findings

ACADEMY OF TRADES AND TECHNOLOGY

No matters were reported

ACE LEADERSHIP HIGH SCHOOL

2016-002 Chief Procurement Officer (Compliance) Repeated

Condition: We noted that that the school did not have a Chief Procurement Officer in place for most of the year ended June 30, 2017. An individual did attend the necessary training and received the necessary certification requirements. However this did not occur until near the end of the fiscal year.

Criteria: Per 13-1-95.2.A NMSA 1978, "On or before January 1 of each year beginning in 2014, and every time a chief procurement officer is hired, each state agency and local public body shall provide to the state purchasing agent the name of the state agency's or local public body's chief procurement officer and information identifying the state agency's or local public body's central purchasing office, if applicable." Section 13-1-95.2.D NMSA 1978 also requires that the Chief Procurement Officer obtain an initial certification as well as recertification every two years.

Effect: The school is out of compliance with New Mexico statutes requiring the training, certification, and reporting of a Chief Procurement Officer.

Cause: The school had not designated or obtained the necessary training and certification necessary for any of its employees to be a Chief Procurement Officer since the departure of its former Chief Procurement Officer until near the end of the fiscal year.

Auditor's Recommendation: The School should designate an individual with the appropriate skill set and position within the school to be its Chief Procurement Officer as soon as possible when a current Chief Procurement Officer terminates employment. This individual should obtain the necessary certification as soon as possible. Upon certification of a Chief Procurement Officer, the school should register this individual on the New Mexico General Services Department website.

Management's Response: The school acknowledges that the timing of statute 13-1-95 was not met, and has designated a Chief Procurement Officer (CPO). The CPO has completed all the necessary training and registered with the New Mexico General Services Department. Management would like to note that the offered training for this requirement is only offered four times per year making it difficult to comply with statute. Responsible party is the Business Manager, implementation by 7/1/2018.

2017-001 Cash Disbursements (Compliance and Other Matters)

Condition: During internal control test work over a sample of 40 cash disbursements, we noted one instance totaling $246.67, where a purchase order was created after the expenditure was incurred. We also noted one instance in which one purchase order did not agree to the invoice. The purchase order was for forty-four students at ten dollars per student for a total of $417.90. In addition the purchase order did not include sales tax. The invoice was for forty-two students, included the sales tax and was paid for $448.46, a difference of $30.56.

ACE LEADERSHIP HIGH SCHOOL (CONTINUED)

2017-001 Cash Disbursements (Compliance and Other Matters) (continued)

Criteria: Per NMAC 6.20.2.11 (A) Internal Control Structure Standards, "every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP. The internal control structure shall include written administrative controls (rules, procedures and practices, and polices that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP."

Effect: Reimbursements could be made without proper approval and expenditures could be reported inaccurately or misclassified in the improper fund. This could result in funds being overspent and balances misstated.

Cause: The school did not follow their policies and procedures.

Auditor's Recommendation: Ensure a purchase order is properly prepared and approved for all applicable expenditures. The purchase order and the invoice should be checked to ensure that what was approved for expenditure is properly reflected on the invoice being paid.

Management's Response: Management has sufficient existing school policies and internal controls in place to ensure compliance with the procurement code. School personnel will be reminded by the Business Manager of existing procurement policies by email and verbally by next staff meeting. The Assistant business manager will provide a screen report indicating the PO balance to the Business Manager when paying invoices to ensure payment aligns with PO amount. Responsible party is the Business Manager, implementation by 7/1/2018.

ALBUQUERQUE INSTITUTE FOR MATHEMATICS & SCIENCE

2017-001 Internal Control Structure (Non-Compliance)

Condition: During our audit we encountered the following issues:

- During our internal control testwork over a sample of twenty-five cash disbursements we noted one instances totaling $2,605, where a purchase order was created after the expenditure was incurred.
- During our testing of journal entries it was noted that for one out of ten journal entries tested, the journal entry lacked proper approval by a responsible employee other than the preparer.

Criteria: Per NMAC 6.20.2.11 Internal Control Structure Standards, every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP

Effect: Misstatements of financial statements and/or possible misappropriation of assets.

Cause: Lack of effective internal controls surrounding the financial reporting process.

ALBUQUERQUE INSTITUTE FOR MATHEMATICS & SCIENCE (CONTINUED)

2017-001 Internal Control Structure (Non-Compliance) (continued)

Auditor's Recommendation: We recommend that management ensure that adequate internal controls are established surrounding the financial reporting process.

Management's Response: The school will continue to provide training in regards to the school's purchasing procedures. The Business Office will also post a purchasing procedures flow chart document in an area that is visible to all staff to serve as a constant reminder. The business office will review journal entries posted for the month and compare to the support provided to the finance committee for their review to ensure completeness. Responsible party, Business Manager, timeline for corrective action, January 1, 2018.

ALBUQUERQUE SCHOOL OF EXCELLENCE

2017-001 Chief Procurement Officer (Non-Compliance)

Condition: The School did not have a certified chief procurement officer for the first eleven months of the fiscal year.

Criteria: NMSA 13-1-95.2 states "On or before January 1, 2015, the state purchasing agent shall establish a certification program for chief procurement officers that includes initial certification and recertification every two years for all chief procurement officers. In order to be recertified, a chief procurement officer shall pass a recertification examination approved by the secretary of general services."

Effect: The School was not in compliance with NMSA 13-1-95.2 for the first eleven months of the fiscal year.

Cause: It was difficult to find an individual with available time to go through the certification process and to find available trainings.

Auditor's Recommendation: The School's principal became a certified chief procurement officer near the end of the fiscal year, therefore the School should ensure controls are in place to remain in compliance with NMSA 13-1-95.2.

Management's Response: The availability of school administration to attend the three-day Chief Procurement Officer training and the limited number of seats in the limited number of in person trainings provided by the sole entity providing the required trainings caused a delay in getting the CPO designation for the school. The school now has a certified Chief Procurement Officer that is registered with state purchasing satisfying the requirement of NMSA 13-1-95.2.

2017-002 Segregation of Duties (Significant Deficiency)

Condition: The School's business manager has the ability to perform a wire payment without a secondary level of approval.

Criteria: Per NMAC 6.20.2.11 (A) Internal Control Structure Standards, "every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP."

ALBUQUERQUE SCHOOL OF EXCELLENCE (CONTINUED)

2017-002 Segregation of Duties (Significant Deficiency) (continued)

Effect: Proper segregation of duties does not exist over bank wire transfers as the risk exists that the business manager could process unauthorized wire transfers.

Cause: The School does not have proper controls in place to ensure that two separate individuals are required to initiate and release wire payments.

Auditors' Recommendation: The School should contact the banking institution and establish a system that requires two individuals to complete a wire transfer.

Management's Response: Management will work with the school's governing body to revise and update financial controls and procedures. Management established sufficient controls for review and authorization of all banking transactions. Single approval was selected to ensure that payroll liabilities, including employee payroll, were able to be processed as approved without delay and possible hardship to school employees or finances. The person responsible is the Business Manager, and corrective action will be completed by June 30, 2018.

ALBUQUERQUE SIGN LANGUAGE ACADEMY

2017-001 Mileage Reimbursement (Compliance)

Condition: For one of ten mileage reimbursements tested the School reimbursed an employee for mileage at a rate equaling 80% of the 2015 internal revenue service standard mileage rate, when the standard rate for 2016 should have been used.

Criteria: NMAC 2.42.2.11(B)(1) states public officers and employees of state agencies shall be reimbursed for mileage accrued in the use of a private automobile or aircraft in the official discharge of official duties as follows: "unless the secretary has reduced the rates set for mileage for any class of public officials and for employees of state agencies pursuant to Section 10-8-5(D) NMSA, 80% of the internal revenue service standard mileage rate set January 1 of the previous year for each mile traveled in a privately owned vehicle."

Effect: The School is not in compliance with New Mexico State Statutes in regards to mileage reimbursement.

Cause: The School was not consistent in ensuring the correct year's internal revenue service rate for mileage reimbursements were used.

Auditor's Recommendation: The School should carefully review each mileage reimbursement to ensure the correct year's rate is being used. The reimbursement request form should be updated annually to reflect the correct rate, and only the updated form should be used.

Management's Response: The School will review the mileage rate soon after calendar year end and update the reimbursement request form to reflect the correct rate. The person responsible is the Business Manager, and

ALBUQUERQUE SIGN LANGUAGE ACADEMY (CONTINUED)

2017-002 Late Submission of W-2 and W-3 Forms (Compliance)

Condition: The School did not submit Form W-2, *Wage and Tax Statement,* and Form W-3, *Transmittal of Wage and Tax Statements,* to the Social Security Administration by the required due date and the Internal Revenue Service has assessed a penalty of $5,400 for the late submission.

Criteria: The School was required to send copies of Form W-2 and Form W-3 to the Social Security Administration by January 31, 2017.

Effect: The School is not in compliance with filing requirements for Forms W-2 and W-3. If the School is unable to have the penalty abated, a significant amount of operational fund monies will be used to pay the penalty that should otherwise go towards education type expenditures.

Cause: Internal controls were not in place to ensure the above forms were filed by the due date.

Auditor's Recommendation: Controls should be implemented to ensure the above deadline is met each year. It should be noted that the deadline is periodically changed from time to time, which makes it particularly important that the deadline be reviewed and determined in advance to help ensure the deadline is met.

Management's Response: The School will review deadlines before calendar year end to make sure the deadline to submit W-2s is met. The business manager will be responsible for this review.

2017-003 Collateral Requirement (Compliance)

Condition: As of June 30, 2017 the School's bank balance was under-collateralized by $937. Of the School's bank deposit balance of $959,166 at June 30, 2017, $253,487 was insured by the FDIC and $351,903 was covered by pledged collateral; however, the School was required to maintain pledged collateral of $352,840.

Criteria: Section 6-10-17, NMSA 1978, requires pledged collateral for deposits in banks, savings and loan associations, or credit unions, in an agreement amount equal to one-half of the amount of public money in each account. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union (NCU) shares insurance.

Effect: The School is not in compliance with State statute.

Cause: Controls are not in place to properly monitor this requirement to ensure compliance.

Auditor's Recommendation: The pledged collateral agreement should be reviewed on a monthly basis to ensure that bank balances are properly collateralized.

Management's Response: As of August 2017 the bank balance is no longer under-collateralized as the School has increased the collateralization amount with its financial institution. The School has implemented a monthly review process. The person responsible is the Business Manager, and corrective action has been taken but will be on-going.

ALBUQUERQUE SIGN LANGUAGE ACADEMY (CONTINUED)

2017-004 Expenditures Exceed Budget (Compliance)

Condition: The School has an expenditure function where actual expenditures exceeded budgetary authority:

Capital Outlay	$5,256

Criteria: Per NMAC 6.20.2.9 (A) every school district shall follow budget requirements stated in Sections 22-8-5 through 22-8-12.2, NMSA 1978, and procedures of the department in preparing, submitting, maintaining and reporting budgetary information. Budgetary control shall be at the function level. Over-expenditure of a function shall not be allowed.

Effect: The School's expenditures in the above function exceeded the total approved budgeted expenditures.

Cause: Budgetary controls were not in place to adequately monitor and regularly compare budget to actual results. As a result, measures were not taken to avoid or minimize the amount that actual expenditures exceeded the approved budget in the Public School Capital Outlay fund.

Auditor's Recommendation: Budget adjustment requests should be presented to and approved by PED before expending funds in excess of the budget. Controls should be implemented to ensure that budgeted amounts are compared to actual on a regular basis and the budget effectively utilized for controlling expenses and managing cash flow.

Management's Response: The expenditures exceeded budgetary authority due to a timing difference in payment of rent. The School will continue to review the budget monthly and submit any necessary budget adjustment requests timely. The Business Manager and Finance Committee is responsible for this review. The person responsible is the Business Manager, and corrective action has been taken but will be on-going.

ALDO LEOPOLD CHARTER SCHOOL

2017-001 Journal Entry Approval (Material Weakness)

Condition: The District did not apply procedures put in place for reviewing journal entries by at least two authorized individuals before posting to their Financial Management System.

Criteria: According to NMAC 6.20.2.11 Internal Control Structure - A, "School district shall establish and maintain an internal control structure including policies and procedures and is also responsible for ensuring the school district complies with laws and regulations applicable to state and federal programs. The District is required to limit access for journal adjustments outside of the automated Financial Management System adjustments to selected personnel who have adequate training in the operation of complex financial software for fund and allocation accounting. All journal entries are required to be jointly approved by at least two of the authorized individuals.

Effect: Lack of journal entry approval may result in material error for fund and allocation accounting.

Cause: This was a problem that was caused by the designated individuals not complying with District approved policies.

ALDO LEOPOLD CHARTER SCHOOL

2017-001 Journal Entry Approval (Material Weakness)

Auditor's Recommendation: It is recommended that the School follow adopted policies and procedures to ensure that this situation does not occur in the future. Controls must require the monitoring of journal entry approval to ensure compliance with state and federal guidelines.

Management's Response: Management will ensure adopted policies and procedures are followed. This process will be implemented by the Business Manager and completed prior to June 30, 2018.

2017-002 Budgetary Condition – (Compliance)

Condition: The school had funds where actual expenditures exceeded budgetary authority:

Youth Conservation Corp (Fund 28133)	$11,793

Criteria: Sound financial management and 6.20.2.9 (A) NMAC and 22-8-5 through 22- 8-12.2 NMSA 1978 require that budgets not be exceeded at the legal level of control. For school districts the function is the legal level of control.

Effect: The school is out of compliance with State Law and the control established by the use of budgets has been compromised.

Cause: A budget adjustment request was never submitted to account for the additional expenditures incurred.
Auditor's Recommendation: The school should establish a policy of budgetary review at year-end and make the necessary budgetary adjustments.

Management's Response: Three of our YCC trainers were budgeted as contract professionals under function 3300, object code 55915, but ended up being employees who had to be paid under function 2100, object code 51100, due to the fact that the chart of accounts does not allow job code 1218 under function 3300. The work they were doing was identical to that budgeted, but when they became employees rather than contractors, the UCOA forced a function change. The amount that was thus affected was $18,423, which more than explains the function 2000 budget overage. When such changes occur in the future we will ensure a BAR is submitted to transfer expenditure authority to the new function. Responsible party, Business Manager, School Director, and Governing Council, implementation by July 1, 2017.

ALMA D'ARTE CHARTER HIGH SCHOOL

2017-001 Mileage Reimbursements (Compliance)

Condition: For the year ended June 30, 2017, auditor noted that the School reimbursed employees for mileage at a rate of forty-four cents per mile. Of the 2 travel items tested that included mileage reimbursements, 100% reimbursed a rate higher than the current statutory rate.

Criteria: NMAC 2.42.2.11 (B) (1) states public officers and employees of state agencies shall be reimbursed for mileage accrued in the use of a private automobile or aircraft in the official discharge of official duties as follows: "unless the secretary has reduced the rates set for mileage for any class of public officials and for employees of

ALMA D'ARTE CHARTER HIGH SCHOOL (CONTINUED)

2017-001 Mileage Reimbursements (Compliance) (Continued)

state agencies pursuant to Section 10-8-5 (D) NMSA, 80% (forty- three cents) of the internal revenue service standard mileage rate set January 1of the previous year for each mile traveled in a privately owned vehicle."

Effect: The School did not comply with New Mexico State Statutes in regards to mileage reimbursement.

Cause: The School's reimbursement policy was not updated for the 2016-2017 school year.

Auditor's Recommendation: The School should reimburse mileage at 80% of the internal revenue service standard mileage rate set January 1 of the previous year for each mile traveled in a privately owned vehicle.

Management's Response: The Business Manager will ensure that employees are reimbursed no more than 80% of the Internal Revenue Service standard mileage rate. The Business Manager will corrected before June 30, 2018.

AMY BIEHL CHARTER SCHOOL

2017-001 Invoice Amount Exceeded Purchase Order Amount (Non-Compliance)

Condition: During our testing of forty cash disbursements, there was one instance in where charges on the vendor's invoice exceeded the Purchase Order amount by $1,296.80.

Criteria: Section NMAC 6.20.2.17 (A), requires that each school shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq., NMSA 1978. An internal control structure over purchasing shall be established and maintained to assure compliance with school policy, and state and federal regulations. In addition, the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, states that "the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services or construction."

Effect: Not being in compliance with State purchasing requirements places the School at risk for fraud or misuse of public funds.

Cause: School personnel improperly calculated the estimated Purchase Order amount.

Auditor's Recommendation: The School should implement procedures to ensure that Purchase Orders are correctly prepared.

Management's Response: Amy Biehl High School agrees with this finding. Two teachers took a group of students on an out-of-state college trip for 3 days and 2 nights. The Purchase Order for the hotel appeared to be for 4 rooms for two nights, noted as 8 rooms, with the description stating hotel rooms for 2 nights. However, the teacher intended the PO to be 8 rooms for 2 nights. When the bills from the hotel were submitted to the finance office upon return, the Finance Director noticed the discrepancy and spoke to the teacher who clarified the intent of the Purchase Order. In the future, the Finance Director will clarify all hotel purchase orders with teachers when they are submitted to assure that the Purchase Orders reflect the correct number of rooms for the correct number of nights. This procedure will begin when the next purchase order for hotel rooms is submitted. Corrective action is on-going during the FY18 year, by the Business Manager.

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

ANTHONY CHARTER SCHOOL

No matters were reported

THE ASK ACADEMY

2017-001 Timely Deposits (Non-Compliance)

Condition: During testwork over cash receipts, we noted three deposit totaling $37.00, made up of several checks and cash, were collected and not deposited within 24 hours. Management has implemented the appropriate processes and procedures, however ASK Academy lacks the immediate response to deposit funds within 24 hours of receiving them.

Criteria: NMAC 6.20.2.14 (C) states that "money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day."

Effect: Cash could go missing causing students to not retain the benefit of the funds received.

Cause: School personnel did not follow established procedures to deposit the money in a timely manner.

Auditor's Recommendation: We recommend policies and procedures be implemented to track and maintain all items relating to cash receipts and ensure timely deposits.

Management's Response: The school has processes and procedures in place to properly log all cash receipts and to ensure that all cash received is deposited with 24 hours. These processes and procedures will be reviewed with the appropriate personnel. We have triple redundancy to ensure deposits are made within 24 hours. The school will consider applying for a waiver for the NMAC 6.20.2.14. The responsible party, Business Manager and timeline for corrections 1/12018.

THE ASK ACADEMY FOUNDATION

2016-001 Foundation Bookkeeping (Significant Deficiency) Repeated and Modified

Condition: During fiscal year 2017, we noted the following regarding the Foundation's bookkeeping:

- During the year, the transactions in the bond accounts were not recorded in the School's books.
- The Foundation did not prepare or maintain a list of capital assets.
- Foundation did not review retained earnings to ensure revenue and expenses were properly closed resulting in beginning retained earnings balance being incorrect.

Reason for reoccurrence: Foundation bookkeeper failed to close QuickBooks before the audit begun.

Criteria: Accounting standards require that all transactions for all accounts be recorded in an entity's accounting records, and that each month's statement be reconciled with no unreconciled differences. Any discrepancies should be investigated.

Effect: The Foundation did not have a complete set of accounting records that accurately reflected the year's activity and year-end balances in each account. The Foundation also did not complete a fixed asset inventory listing during the year, which would include all costs incurred to construct the School building. This poses the risk of misstatement and misappropriation of assets.

THE ASK ACADEMY FOUNDATION (CONTINUED)

2016-001 Foundation Bookkeeping (Significant Deficiency) Repeated and Modified (continued)

Cause: The Foundation was providing a list of monthly transactions to the bookkeeper, but the list did not include all activity that posted to the bank account during the month. The list of monthly transactions did not include any activity in the Foundation. Additionally, physical inventory was not completed for the Foundation. ASK Academy Foundation did not review retained earnings to ensure revenue and expenses were properly closed resulting in beginning retained earnings balance being incorrect.

Auditor's Recommendation: The Foundation should ensure all accounts are reported in the accounting records, including the bond accounts. Additionally, the monthly list of transactions provided to the bookkeeper should include all transactions that occurred during the month. If any transactions cleared the bank that were not included in the list, the Bookkeeper should inquire of the Foundation personnel. The Foundation should maintain a list of all capital assets, as well as the annual depreciation of each asset. We also recommend the Foundation to review retained earnings balance at year end to ensure revenues and expenses are properly closed.

Management's Response: The Foundation is working to ensure all records are reported within the accounting system. This includes all daily and monthly transactions. Listing of capital assets and the related depreciation schedules will be maintained. The Foundation was approved by the IRS as a calendar year entity. Because of this the Foundation's books are maintained on a calendar year basis and will be closed to meet IRS requirements. The responsible party, Business Manager and timeline for corrections 1/12018.

CARIÑOS DE LOS NINOS CHARTER SCHOOL

2014-003 Unapproved Purchase Order (Significant Deficiency) - Revised and Repeated

Condition: For four of seventy disbursements tested totaling $6,168, the Purchase Order is dated after the vendor's invoice date.

The Charter School did not make any progress in resolving this finding. However, the Charter School's management is in the process of reviewing the policy and procedure with the appropriate personnel to ensure that this issue is resolved in subsequent years.

Criteria: Section NMAC 6.20.2.17 (A), requires that each school shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq., NMSA 1978. An internal control structure over purchasing shall be established and maintained to assure compliance with school policy, and state and federal regulations. In addition, the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, states, "the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services or construction."

Cause: Personnel initiated and/or completed purchases prior to obtaining approval for the purchases.

Effect: Any purchases made without prior authorization have the potential to cause cash deficits in the funds from which they are made or violations of the approved budget.

CARIÑOS DE LOS NINOS CHARTER SCHOOL (CONTINUED)

2014-003 Unapproved Purchase Order (Significant Deficiency) - Revised and Repeated (continued)

Auditor Recommendation: The importance of cash controls and adequate planning need to be made clear to all personnel that will be involved in making purchases for the school.

Management Response: The office manager is the procurement officer for the school. Having attended the CPO trainings and now being the person responsible for issuing PO's in the financial management system, will ensure PO's are issued prior to items being purchased or services being performed. Administration is responsible for correcting this finding by June 30, 2018.

2015-002 Lack of Supporting Documentation - (Material Weakness) – Revised and Repeated

Condition: During our testing of seventy various disbursements, we noted the following deficiencies:

- Twenty-one disbursements totaling $73,589 where some or all of the supporting documentation was not available for inspection.
- Eight disbursements totaling $74,448 where a copy of the canceled check was not available for inspection.
- One disbursement for $1,506 included late payment penalty fees of $63.

The Charter School did not make any progress in resolving this finding. However, the School's management is in the process of reviewing the policy and procedure with the appropriate personnel to ensure that this issue is resolved in subsequent years.

Criteria: Maintenance of adequate supporting documentation for all disbursements, including purchase requisitions, purchase orders, travel authorizations, receiving reports, travel reports, and approval of disbursements are an integral part of a sound internal control system to safeguard the assets, and accomplish timely preparation and submission of financialreports. NMAC 6.20.2.11 states that an internal control structure shall be established to safeguard assets and insure proper accurate records. Internal control system on revenue recognition requires that all receipts be maintained with adequate supporting documentation in order to be processed further.

Cause: Management did not follow proper internal control procedures over receipt and disbursements. The Charter School staff did not ensure that all of the required documentation that supports the expenditure and receipt was in place.

Effect: Without proper documentation, there are not adequate controls over revenue and expenditures. The lack of enforcing the Charter School's policies and procedures may result in the non-authorized or incorrect calculations of invoices. The Charter School could be subject to penalties or possible legal action.

*Auditor Recommendation***:** The Charter School should implement procedures to maintain proper supporting documentation, retain all documents related to revenue and expenditure and train personnel to adhere to the policies and procedures. We also recommend that the Charter School develop and implement stronger internal controls over its accounting of disbursements to ensure that all financial activities are properly processed, recorded, and classified.

Management Response: The office manager, who is on site, is doing all accounts payable transactions. This will improve the efficiency and organization of the accounts payable process. Administration is responsible for correcting this finding by June 30, 2018.

CARIÑOS DE LOS NINOS CHARTER SCHOOL (CONTINUED)

2016-001 - PED Cash Report (Significant Deficiency) Revised and Repeated

Condition: The Charter School's cash report to the PED did not agree to the Charter School's General Ledger at year- end. At June 30, 2017, the General Ledger had a cash balance of $56,775, the PED Cash Report had a cash balance of $58,451, and the Bank Reconciliation had an expected General Ledger balance of $72,333.

The Charter School did not make any progress in resolving this finding. However, the Charter School's management is in the process of reviewing the policy and procedure with the appropriate personnel to ensure that this issue is resolved in subsequent years.

Criteria: According to State regulation 6.20.2.11 (b) (6), NMAC and Regulation SBE-6, the reports sent to the New Mexico Public Education Department (PED) must agree to the general ledger and must be finalized by July 31 following year-end.

Cause: This is due to a lack of oversight by the management.

Effect: The Charter School is not in compliance with NMAC 6.20.2.11 (b) (6) and Regulation SBE-6.

Auditor Recommendation: All reports sent to PED must agree to the general ledger and must be finalized prior to the PED's stipulated deadlines. We recommend that all reports be reviewed before being submitted to PED.

Management Response: A draft version of the final FY17 cash report was sent as PBC documentation for the FY17 audit. A final version was not yet completed since a report was not able to be correctly completed using the FY16 financial statements as presented as of July 31, 2017. A final FY17 cash report is in the process of being competed; using the restated FY16 financial statements. Administration is responsible for correcting this finding by June 30, 2018.

2016-004 Capital Asset Listing — Compliance and Internal Control — (Material Weakness) Repeated

Condition: For the year ended June 30, 2017, the School had not maintained a capital asset listing that was reconciled to the general ledger and in compliance with the GASB 34.

The Charter School did not make any progress in resolving this finding. However, the Charter School's management is in the process of reviewing the policy and procedure with the appropriate personnel to ensure that this issue is resolved in subsequent years.

Criteria: The State Audit Act, 12-6-10 NMSA 1978 requires that the School prepare and maintain an accurate listing of capital assets. The School must have a capital assets management policy to provide accountability for the safeguarding of assets in accordance with GASB 34 and Section 12-2-10 NMSA 1978.

Cause: There are no procedures in place to ensure that all capital assets are accounted for in a capital asset inventory listing. Further, the School did not have a system in place to track capital asset additions and deletions and to calculate and account for depreciation and accumulated depreciation.

Effect: Lack of sufficient records results in assets that are not properly safeguarded. Asset identification and location are essential in the prevention of theft and loss of assets due to fraudulent activity. Capital assets cannot be depreciated due to lack of information that is being maintained. As a result, the financial statements of the School may be materially misstated due to the balances of capital assets and accumulated depreciation being materially misstated.

CARIÑOS DE LOS NINOS CHARTER SCHOOL (CONTINUED)

2016-004 Capital Asset Listing - (Material Weakness) Repeated (CONTINUED)

Auditor Recommendation: The School should develop procedures to ensure that all capital assets are accounted for in a capital asset inventory listing. The School should establish controls over its capital assets in order to safeguard them and establish accountability for their custody and use. (Capital Asset Controls 2.20.1.15, NMAC) Such controls should apply to authorization to acquire fixed assets, receiving purchases, tagging the assets, assigned location, individuals responsible for tracking use and location, and fund and organizational unit fund and organizational unit.

Management Response: Purchased assets shall be monitored through the financial management system and added to the school's asset listing. The Chancellor shall notify the office manager and business manager of all new items acquired through donation and/or settlement. A policy to this effect will be presented to the board at the November board meeting. Administration is responsible for correcting this finding by June 30, 2018.

2017-001 Annual Inventory (Compliance)

Condition: The School did not perform an annual inventory of its capital assets during fiscal year 2017.

Criteria: Section 12-6-10 (A) NMSA 1978 requires each agency to conduct an annual physical inventory of moveable 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 School's auditors.

Effect: The School does not comply with state requirements regarding capital asset inventory.

Cause: Internal controls are not in place to ensure an annual inventory is performed.

Auditor Recommendation: On an annual basis, complete an inventory of the School's capital assets.

Management Response: An annual inventory of capital assets shall be conducted the last quarter of each fiscal year, presented to the board by the office or business manager for certification. Administration is responsible for correcting this finding by June 30, 2018.

2017-002 Audit Committee Member (Compliance)

Condition: During our test-work, we noted that the school did not have all four required audit committee members during the year.

Criteria: Per NM State Statute 22-8-12.3: "Each local school board shall appoint an audit committee that consists of two board members, one volunteer member who is a parent of a student attending that school district and one volunteer member who has experience in accounting or financial matters. The superintendent and the school district business manager shall serve as ex-officio members of the committee. "

Effect: The school is not in compliance with a state statute.

CARIÑOS DE LOS NINOS CHARTER SCHOOL (CONTINUED)

2017-002 Audit Committee Member (Compliance) (continued)

Cause: The school has failed to recruit all required audit committee members during the fiscal year.

Auditor Recommendation: We recommend the school recruit all required members as soon as possible for the audit committee to meet state statute requirements.

Management Response: The Chancellor and Board shall ensure that that audit committee maintains the required members. Administration is responsible for correcting this finding by June 30, 2018.

2017-003 EXPENDITURES EXCEEDED BUDGET (Compliance)

Condition: The School had funds where expenditure functions exceeded budgetary authority:

Operational - 11000		
Instructional	$	2,797
Operational - 11000		
Support Services	$	87,776
Operational - 11000		
Operations and Maintenance of Plant	$	22,674
Operational - 11000		
Capital Outlay	$	61,468
Student Transportation - 13000		
Support Services	$	1,114
Food Service Operations - 21000		
Operation of Non-Instructional Services	$	12,422
New Mexico Reads to Lead K-3 - 27114		
Support Services	$	577

Criteria: According to NMAC 6.20.2.9, (A) every school district shall follow budget requirements stated in Sections 22-8-5 through 22-8-12.2 NMSA 1978, and procedures of the department in preparing, submitting, maintaining and reporting budgetary information. Budgetary control shall be at the function level. Over-expenditure of a function shall not be allowed.

Effect: The School is non-compliant with State Law, and the controls established with budgets have been compromised.

Cause: Budget adjustment requests were not submitted to the Public Education Department to obtain budgetary authority for these expenditures.

Auditor Recommendation: We recommend that the School establish a policy of budgetary review at year-end, to ensure that necessary budget adjustment requests are prepared, submitted, and approved.

Management Response: The school shall work in conjunction with the business manager to ensure that expenses do not exceed budget authority. In the event additional revenues are expected than budgeted, a budget adjustment request shall be submitted to PED for approval. Administration is responsible for correcting this finding by June 30, 2018.

CARIÑOS DE LOS NINOS CHARTER SCHOOL (CONTINUED)

2017-004 Timely Deposits (Compliance)

Condition: During our test-work, we noted that the School did maintain all supporting documentation together as support for activity fund deposits. It was not possible to determine if deposits are being made in a timely manner.

Criteria: NMAC 6.20.2.14.C states "money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day."

Effect: The School does not comply with a State statute. In addition, cash could go missing, causing students not to retain the benefits of the funds received.

Cause: The school is not keeping all records pertaining to activity funds in an organized manner.

Auditor Recommendation: We recommend the School implement procedures to ensure that deposits are properly supported and that those deposits are made in a timely manner.

Management Response: A mail log shall be maintained by the school to record all cash receipts received by mail and a cash receipts book shall be maintained for all cash receipts received in person. Administration is responsible for correcting this finding by June 30, 2018.

2017-005 Internal Control over Fund Balances (Significant Deficiency)

Condition: During our fieldwork, we noted adjusting entries were posted to the fund balance for funds 24101,24106,24153,24154, and 31200, causing fund balance not to reconcile. Significant audit entries were required to agree the fund balances to the prior year financial statements.

Criteria: Per NMAC 6.20.2.11 (A) Internal Control Structure Standards, "every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP. The internal control structure shall include written administrative controls (rules, procedures and practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP."

Effect: The amounts reported to PED could be inaccurate and actual available funds may be improperly recorded, which could lead to funds being overspent and balances misstated in the financial statements.

Cause: Internal control procedures of the School were not properly followed.

Auditor Recommendation: We recommend the School review fund balances to ensure funds have proper ending balances and each fund is properly reconciled.

Management Response: Postings in the financial management system shall take place following GAAP and procedures in the PSAB's. Administration is responsible for correcting this finding by June 30, 2018.

CESAR CHAVEZ COMMUNITY SCHOOL

2017-001 Timely Deposits (Other Non-Compliance)

Condition: During our review of 14 cash receipts, we noted one deposit in the amount of $90 that was not deposited within twenty-four hours of being received.

Criteria: NMAC 6.20.2.14.C states "money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day."

Effect: The School is not in compliance with the twenty-four hour deposit requirement.

Cause: The School's policies and procedures regarding cash receipts were not being enforced.

Auditor's Recommendation: Implement internal controls to ensure deposits are made and documented in accordance with cash receipting requirements.

Management's Response: The Business Manager will review the twenty-four hour deposit requirement with the appropriate school personnel. In addition, a back-up procedure will be established in case of an employee absence that could cause a delay in depositing funds in a timely manner. Administration is responsible for correcting this finding by June 30, 2018.

CIEN AGUAS INTERNATIONAL SCHOOL

2014-01 Internal Control Structure (Significant Deficiency and Non-Compliance) Repeated and Modified

Condition: During our review of the School's internal control procedures over significant transaction cycles we noted the following issues regarding segregation of duties:

- The School's Business Manager adds vendors to the accounting system, can create purchase orders, make purchases, prints checks for payment, prepares the outgoing mail, and prepares the monthly cash reconciliations.
- The School's Business Manager adds employee information and employee pay rates into the accounting system. The Business Manager is also responsible for processing the payroll for payment.
- The School's Business Manager is the only employee with access to the online banking website. The Business Manager is also responsible for performing all electronic payments and wire transfers to vendors.

This finding was reported in 2014, 2015, and 2016 but the School did not make progress in correcting the above segregation of duties issues during 2017.

Criteria: Per NMAC 6.20.2.11 every school district shall establish and maintain an internal control structure that will provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP.

Effect: Inadequate segregation of duties increases the risk that errors or fraud could occur and not be discovered timely.

CIEN AGUAS INTERNATIONAL SCHOOL (CONTINUED)

2014-01 Internal Control Structure (Significant Deficiency and Non-Compliance) Repeated and Modified (continued)

Cause: Management has not completed a basic risk assessment to identify critical duties that should be segregated to reduce the risk of errors and fraud.

Auditor's Recommendation: Management should review the current assignment of accounting functions and where feasible, duties should be segregated or mitigating controls implemented that will reduce the risk of errors or fraud. Specifically, vendor and employee system master files should be delegated to another individual that does not have the ability to record invoices, process payroll for payment, or perform check runs. Additionally, online bank access and the transmittal electronic payments and wire transfers via the online banking site should directly involve an authorized check signer.

Other review procedures should be implemented to strengthen the School's internal control. Checks prepared by the business manager should not be returned to the business manager for mailing, but should be mailed by some other appropriate individual.

Management's Response: The internal policies and procedures will be reviewed and updated to reflect a new procedure for adding vendors and creating purchase orders and changes will be made regarding the individuals who prepare outgoing mail, prepare and make bank deposits; as well as changes to payroll related procedures. A short term solution will be implemented for fiscal year 2017-2018 and a long-term solution will be implemented beginning in fiscal year 2018-2019. The school Director will be set up to review and approve all wire transfers and electronic payments being processed via the US Bank website beginning immediately.

2015-002 Budgetary Conditions (Non-Compliance) Repeated and Modified

Condition: During our review of the School's budgetary comparison schedules we noted the following issues where the School did not properly budget prior year cash carry-over:

- For fiscal year 2017 the School budgeted a deficit in the Food Services Fund 21000. Prior year cash carry-over of $21,623 was insufficient to cover the current year budgeted deficiency of revenues under expenditures of $24,377. This resulted in a budgeted deficit of $2,754. It was noted that the actual revenues exceeded actual expenditures for the year by $3,401.
- For fiscal year 2017 the School budgeted a deficit in the SB-9 Capital Improvements Local Fund 31701. The School did not appropriately budget for anticipated operating transfers of $122,742 from SB-9 Capital Improvements Fund 31700. It was noted that actual revenues and operating transfers exceeded actual expenditures for the year by $136,290.

This finding was reported in 2015 and 2016 but the School did not make progress in ensuring that budgets for all funds were properly prepared and accurately reflected prior year carryover amounts during 2017.

Criteria: Per NMAC 6.20.2.9 (A) every school district shall follow budget requirements stated in Sections 22-8-5 through 22-8-12.2, NMSA 1978, and procedures of the department in preparing, submitting, maintaining and reporting budgetary information.

CIEN AGUAS INTERNATIONAL SCHOOL (CONTINUED)

2015-002 Budgetary Conditions (Non-Compliance) Repeated and Modified (continued)

Effect: The School is out of compliance with New Mexico state statute and the controls established by the use of budgets has been compromised, which would result in deficit fund balances and unnecessary usage of funds to cover the budgeted over expenditures.

Cause: The budget adjustment request did not accurately consider prior year carry-over amounts or anticipated operating transfers from other funds for the above noted funds and budget adjustment requests were not prepared and submitted to PED.

Auditors' Recommendation: We recommend that the School establish a policy where the budget is reviewed at the end of each quarter and give consideration to deficits and ensure that designated cash is available to cover any such budgeted deficit.

Management's Response: The Business Office will review the revenues and expenditures on a regular basis to avoid over spending in any fund or line item. Budget adjustments will be presented to the Governing Council for approval then submitted through the PED OBMS system for approval and finalization. Journal entries will be presented to the Director for approval on an as needed basis to ensure that we are not spending over our budget limits. This new procedure is effective immediately, implemented by the Administrator.

2017-001 Internal Control Structure (Significant Deficiency and Other Non-Compliance)

Condition: During our testwork over twenty-five general disbursements we noted the following:

- The School purchased computer equipment totaling $54,494 however competitive bids were not obtained prior to purchase as required by School policy.
- The School purchased computer software licenses and other IT equipment totaling $8,602 however there were no quotes obtained prior to purchase as required by School policy.
- One disbursement was made without the establishment of a purchase order.

Criteria: Per NMAC 6.20.2.17 each school shall establish and implement written policies and procedures for purchasing.

Effect: The School is not incompliance with its internal control policies and procedures and there is the risk that the School is not obtaining the best obtainable price for goods and services. Additionally, incurring expenditures without first establishing a purchase order exposes the School to budgetary compliance and fiscal management risks.

Cause: The School did not enforce its internal control procedures surrounding the purchasing process.

Auditor's Recommendation: Management should enforce the established policies and procedures regarding purchasing. Additionally, management should consider revising current policies and procedures to address the potential need for sole source purchasing.

Management's Response: The business office will ensure that three bids/quotes are being obtained for all purchases over $20,000 as stated in the School's employee handbook and internal policies and procedures effective immediately. The employee handbook and the internal policies and procedures will be revised to reflect sole source purchasing. Administrator is responsible for correcting this finding by June 30, 2018.

CIEN AGUAS INTERNATIONAL SCHOOL (CONTINUED)

2017-002 Annual Capital Asset Inventory (Other Non-Compliance)

Condition: The School did not have the annual fixed asset inventory of items costing more than $5,000 certified by the Governing Council.

Criteria: 12-6-10 NMSA 1978 requires upon completion, the annual inventory shall be certified by the governing authority as to the correctness of the physical inventory.

Effect: The School is not incompliance with State Statute governing the annual inventory of capital assets. There is the risk that the Governing Council is not made aware of issues identified during the annual fixed asset inventory count.

Cause: The School has not implemented internal control policies and procedures requiring the Governing Council to approve and certify the annual inventory count.

Auditor's Recommendation: Management should amend current fixed asset policies to ensure that the annual fixed asset inventory count is certified by the Governing Council.

Management's Response: The Business Office will revise the fixed asset policy to ensure that the annual fixed asset inventory count is certified by the Governing Council. A Fixed Asset Certification Form will be created and will be presented to the Governing Council for signature prior to the end of each fiscal year. The new policy will become effective by November 30, 2017.

CORAL COMMUNITY CHARTER SCHOOL

2017-001- Internal Control Structure-Payroll (Other Matters)

Condition: During our internal control testwork over a sample of twenty-five payroll disbursements, we found five instances where pre-tax health insurance premiums were not deducted from the employee's wages prior to the calculation of Social Security and Medicare taxes.

Criteria: NMAC 6.20.2.18 requires that the School establish payroll policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with generally accepted accounting principles (GAAP).

Effect: The School is not properly calculating employee wages that are subject to Federal Social Security and Medicare taxes.

Cause: The School did not establish the correct pre-tax parameters in the accounting system.

Auditor's Recommendation: Review the pre-tax settings in the accounting system to ensure that employees' taxable wages are being accurately calculated in accordance with their elections.

CORAL COMMUNITY CHARTER SCHOOL (CONTINUED)

2017-001- Internal Control Structure-Payroll (Other Matters) (continued)

Management's Response: Coral Community Charter School will have the Governance Council approve the pre-tax supplemental health insurance plan and then change the pre-tax settings in the accounting system to occur before social security, Medicare tax and taxable income are calculated. Administration is responsible for correcting this finding by June 30, 2018.

2017-002- Budgetary Conditions (Other Non-Compliance)

Condition: Coral Community Charter School had the following budgetary conditions:

- The School did not properly budget prior year cash carry-over in the Operational Fund (11000). There was cash carryover of $96,692, however, the School budgeted a deficit of $129,321.
- The School had expenditure functions with actual expenditures that exceeded budgetary authority in the Food Services (21000) fund:
    - Food Services Operations $114

Criteria: NMAC 6.20.2.9 (A) requires every school district shall follow budget requirements stated in Sections 22-8-5 through 22-8-12.2, NMSA 1978, and procedures of the department in preparing, submitting, maintaining and reporting budgetary information.

Effect: The School is out of compliance with state statute and the controls established by the use of budgets has been compromised, which could result in deficit fund balances and unnecessary usage of funds to cover the deficit.

Cause: The School budgeted a deficit and there was not enough prior year cash carry-over amounts to cover this deficit. Additionally, budgetary controls were not in place to adequately monitor and regularly compare budget

Auditor's Recommendation: Establish a policy where the budget is reviewed at the end of each quarter and give consideration to deficits and ensure that designated cash is available to cover such overages and to ensure that budgeted amounts are compared to actual expenditures.

Management's Response: Coral Community Charter School was aware of the extra $721 that was budgeted in carryover. The $721 over budgeted in carryover was less than .004% of budget; therefore the School believed the amount was immaterial and did not need to be adjusted. Coral Community Charter School did not spend more than the actual budget and has carryover from 2016-2017 school year. For future years, the School will decrease the budget if the carryover is less than what is expected after the audit is finished for the year. Administration is responsible for correcting this finding by June 30, 2018.

COTTONWOOD CLASSICAL PREPARATORY SCHOOL

2015-001 Controls Over Cash Disbursements (Compliance) Repeated and Modified

Condition: In 8 of 25 samples tested the Purchase Order was dated after the invoice for a total disbursement amount of $4,727. Additionally, in 1 out of 25 samples tested the invoice from the vendor was missing for a total disbursement amount of $240. Reasons for reoccurrence: The Schools plan for review of all disbursements, was not implemented to all types of disbursements.

COTTONWOOD CLASSICAL PREPARATORY SCHOOL (CONTINUED)

2015-001 Controls Over Cash Disbursements (Compliance) Repeated and Modified (continued)

Criteria: Section NMAC 6.20.2.17 (A), requires that each school shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq., NMSA 1978. An internal control structure over purchasing shall be established and maintained to assure compliance with school policy, and state and federal regulations. Also, the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, states that "the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services or construction."

Effect: Without proper approval, documentation, and for the correct amount, purchases for unauthorized goods or services may occur.

Cause: Processes and procedures in place were by-passed by those involved in the purchasing process.

Auditor's Recommendation: We recommend the School strengthen internal controls over purchasing procedures to ensure that all purchases are approved in accordance with School policies and procedures. Goods and/or services should not be ordered until all required authorizing signatures are obtained. In cases where the invoice amount is greater than the purchase order, a change order should be processed so the purchase order amount covers the invoice amount. Additionally, we recommend the School strengthen internal controls over procedures for filing invoices with purchase orders and requisitions for all goods purchased.

Management's Response: The school has established procedures over purchasing to ensure compliance with all statutes and regulations. Training of school staff will continue to ensure the school meets all requirements. The responsible party, Administration (Principal) and timeline for correction by June 30, 2018.

2017-001 Excess of Expenditures over Budget (Compliance)

Condition: The Charter had functions in which actual expenditures exceeded budgetary authority:

Operational (11000)		
	Support Services – Students (2100)	$ 65,426
	Operation and Maintenance of Plant(2600)	3,822
Transportation (13000)		
	Student Transportation (2700)	56,935
Total		$ 126,183

Criteria: Sound financial management and 6.20.2.9 (A) NMAC and 22-8-5 through 22- 8-12.2 NMSA 1978 require that budgets not be exceeded at the legal level of control. For school districts the function is the legal level of control.

Effect: The school is out of compliance with State Law and the control established by the use of budgets has been compromised.

Cause: A budget adjustment request was never submitted to account for the additional expenditures incurred for Other Support Services.

COTTONWOOD CLASSICAL PREPARATORY SCHOOL (CONTINUED)

2017-001 Excess of Expenditures over Budget (Compliance) (continued)

Auditor's Recommendation: The School should establish a policy of budgetary review at year-end and make the necessary budgetary adjustments.

Management's Response: The school conducts a year end budget review and will continue to do so. The review should prevent the budget issue in the future. However, with the various changes in funding during the audited fiscal year, BARs were not able to be prepared to address all issues prior to year-end. The school requested the Public Education Department (PED) allow it to budget FY16 transportation carryover funds to help offset its legislative transportation fund decrease. The request was made in writing and by telephone. No response was provided from the PED. The PED Student Transportation Office informed the school that the funds must be reverted to the PED or risk losing its FY18 allocation. The lateness of this notice resulted in the budget issue in the transportation fund. The operational budget was impacted by final RFR's being adjusted by the PED and the deadline for final BAR's passing. The responsible party, Administration (Principal) and timeline for correction by June 30, 2018.

DREAM DINÉ CHARTER SCHOOL

2016-003 Excess of Expenditures over Budget (Other Non-Compliance) Repeated and Modified

Condition: The School's actual expenditures in Fund 21000 (Food Services) exceeded its budgeted expenditures at the function level by $315. The school has lack of progress on budget overages.

Criteria: Per NMAC 6.20.2.9 (A) every school district shall follow budget requirements stated in Sections 22-8-5 through 22-8-12.2, NMSA 1978, and procedures of the department in preparing, submitting, maintaining and reporting budgetary information. Budgetary control shall be at the function level. Over-expenditure of a function shall not be allowed.

Effect: The School's expenditures exceeded its approved budgetary authority by $315 in the Food Services fund.

Cause: Budgetary controls were not in place to adequately monitor and regularly compare budget to actual results. As a result, measures were not taken to avoid the amount that actual expenditures exceeded the approved budgets for the Food Services fund.

Auditor's Recommendation: Controls should be implemented to ensure the budgeted amounts are compared to actual on a regular basis and that the budget is effectively utilized for controlling expenses and managing cash flow.

Management's Response: Effective January 2018, the Business Manager will implement procedures with the Finance Committee to review the budget on a monthly basis during the Finance Committee meeting to ensure the budget is effectively utilized.

2017-001 Employee Retirement Board and Retiree Health Care Act Contributions (Other Non-Compliance)

Condition: During our testwork over a sample of payroll transactions, we noted the following:

DREAM DINÉ CHARTER SCHOOL (CONTINUED)

2017-001 Employee Retirement Board and Retiree Health Care Act Contributions (Other Non-Compliance) (continued)

- Four employees did not have Educational Retirement Board (ERB) and Retirement Health Care (RHC) contributions withheld for one pay period during the year.
- For a portion of the year, one employee and the School did not contribute to RHC.
- One employee contributed $80 more than required to ERB and the School contributed $38 less than required to ERB.

In addition, only half of the School remittance to RHC (for both the employee and employer contributions) for the month of October 2016 was made by the tenth day of the subsequent month. The other half was remitted in December 2016.

Criteria: Charter 22, Article 11 NMSA 1978 "Education Retirement Act" establishes guidelines for contributions and the calculation of qualifying wages. Monthly contributions to RHC are required to be remitted no later than the 10th of the following month per NMSA 1978 10-7C-15.

Effect: The School is not in compliance with ERB and RHC requirements. The employee and the School are not making required ERB and RHC contributions.

Cause: Controls were not functioning during one payroll to ensure that all required employees and the School are contributing to ERB and RHC, when required. Additionally, one employee qualified as a Return-to-Work (RTW) employee under ERB guidelines, and the School was unaware of contributions requirements for RTW employees.

Auditors' Recommendation: Ensure ERB and RHC contributions and reports are completed in accordance with rules and regulations. Additionally, the School should periodically review contributions for all employees to ensure deductions are properly calculated and entered.

Management's Response: Effective immediately, the Business Manager will ask the Office Manager to review the payroll register before it is given to the Principal, for the 3rd review, to ensure all required deductions are deducted from employees' payroll.

2017-002 Payroll Documentation (Other matters)

Condition: During our testwork over a sample of payroll transactions, we noted the following:

- Payroll withholdings for one of nine employees did not match the elected withholdings from Form W-4.
- Time sheets and employment contract for one of nine employees was not signed by the employee.
- Insurance deductions for one of none employees did not match the New Mexico Public School Insurance Authority election form.

Criteria: NMAC 6.20.2.18 states that "school districts shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations".

DREAM DINÉ CHARTER SCHOOL (CONTINUED)

2017-002 Payroll Documentation (Other matters) (continued)

Effect: The School is not in compliance with NMAC 6.20.2.18.

Cause: The School did not have internal controls in place to ensure all required documentation was retained in each employees personnel file.

Auditor's Recommendation: Develop and implement internal control procedures to ensure all employee record documentation is obtained at hiring and maintained in each employees personnel file.

Management's Response: Effective January 2018, The Business Manager will work with the Finance Committee and the Office Manger to develop and implement internal control procedures to ensure all employee record documentation is obtained at hiring and maintained in each employees personnel file.

2017-003 Internal Control Structure over Cash Disbursements (Significant Deficiency)

Condition: During our testwork of twenty-five disbursements, we noted three instances where the School procured goods or services prior to obtaining an approved purchase order, but prior to issuing a check to the vendor. In one other instance, goods were procured and a check was issued to the vendor prior to obtaining an approved purchase order.

Criteria: According to NMAC 6.20.2.17(A), an internal control structure over purchasing shall be established and maintained to assure compliance with school district policy, and state and federal regulations.

Effect: The School is not in compliance with NMAC 6.20.2.17.

Cause: The School did not follow purchasing policies and procedures and internal controls were not in place to ensure proper support was obtained to support cash disbursements.

Auditor's Recommendation: Strengthen internal controls over purchasing procedures to ensure that all purchases are approved in accordance with the School's policies and procedures. Goods and/or services should not be procured until all required authorizing signatures are obtained.

Management's Response: Effective immediately, the Business Manager, Finance Committee and Office Manager has strengthen internal controls over purchasing procedures to ensure that all purchases are approved in accordance with the School's policies and procedures.

DZIŁ DITŁ'OOÍ SCHOOL OF EMPOWERMENT, ACTION AND PERSEVERANCE (DEAP)

2016-001 Procurement (Significant Deficiency and Other Non-Compliance) Repeated and Modified

Condition: As detailed, the School has not made progress procedures to correct the prior year finding. During our review of twenty-five general disbursements, we noted the following:

DZIŁ DITŁ'OOÍ SCHOOL OF EMPOWERMENT, ACTION AND PERSEVERANCE (DEAP) (CONTINUED)

2016-001 Procurement (Significant Deficiency and Other Non-Compliance) Repeated and Modified (continued)

- The School did not have a chief procurement officer for a majority of the fiscal year. Further, two different individuals were approving purchase orders during the fiscal year that were not identified as the chief procurement officer.
- Twenty-two disbursements did not have a purchase order approving the disbursement.
- One reimbursement to an employee lacked support for $715.79 of the $1,262.52 total reimbursement.

Criteria: NMAC 1-4-1-94 states "On or before January 1, 2015, the state purchasing agent shall establish a certification program for chief procurement officers that includes initial certification and recertification every two years for all chief procurement officers. In order to be recertified, a chief procurement officer shall pass a recertification examination approved by the secretary of general services," and "On or after July 1, 2015, only certified chief procurement officers, (2) issue purchase orders and authorize small purchases pursuant to the Procurement Code." Additionally, according to NMAC 6.20.2.11, "Every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly."

Effect: The School is not in compliance with NMAC 1-4-1-94 and NMAC 6.20.2.11.

Cause: Adequate internal controls were not maintained to ensure that the School had a certified procurement officer that was approving purchase orders, and that there is adequate supporting documentation for disbursements.

Auditor's Recommendation: Ensure an individual from the School or associated with the School completes the certification program for chief procurement officers, registers on the certified procurement officer listing and is the final approval for all purchase orders. Additionally, ensure that supporting documentation is maintained for all disbursements.

Management's Response: DEAP Charter has revised their financial policies and procedures to clearly identify the person and role responsible in each step of their procurement process. The financial policies were revised in July of 2017. During the prior year DEAP charter had numerous Business Managers through their contracted provider. Through these transitions records were misplaced and verification of their existence was not possible. DEAP has a Chief Procurement Officer who completed their training in the fall of 2017.

2016-002 Excess of Expenditures over Budget (Other Non-Compliance) Repeated and Modified

Condition: As detailed, the School has not made progress to correct the prior year finding. Actual expenditures of the following funds exceeded budgetary authority at the function level:

Operational:	
Food Service Operations	$5,527
New American Program:	
Instruction	$10,419
Food Service Operations	$140
NISN – High Performing Schools:	
Food Service Operations	$130

DZIŁ DITŁ'OOÍ SCHOOL OF EMPOWERMENT, ACTION AND PERSEVERANCE (DEAP) (CONTINUED)

2016-002 Excess of Expenditures over Budget (Other Non-Compliance) Repeated and Modified (continued)

Criteria: Per NMAC 6.20.2.9 (A) every school district shall follow budget requirements stated in Sections 22-8-5 through 22-8-12.2, NMSA 1978, and procedures of the department in preparing, submitting, maintaining and reporting budgetary information. Budgetary control shall be at the function level. Over expenditure of a function shall not be allowed.

Effect: The School's expenditures for the above funds exceeded the total approved budgeted expenditures at the function level by $16,216.

Cause: Budgetary controls were not in place to adequately monitor and regularly compare budget to actual results. As a result, measures were not taken to avoid or minimize the amount that actual expenditures exceeded the approved budget.

Auditor's Recommendation: Budget adjustment requests should be presented to and approved by PED before expending funds in excess of budget. Controls should be implemented to ensure that budgeted amounts are compared to actual on a regular basis and the budget effectively utilized for controlling expenses and managing cash flow.

Management's Response: DEAP Charter has revised their financial policies and procedures to clearly identify the person and role responsible in each step of their budget and recurring maintenance process. The financial policies were revised in July of 2017. During the 2016-2017 fiscal year DEAP charter had numerous Business Managers through their contracted provider and this led to a lapse in communications on necessary budget adjustments. DEAP reviews both revenue and expenditures to budget monthly during each Governing Council meeting and management recommends and requests adjustments as appropriate. The business manager is responsible to ensure policies and procedures are followed.

2016-004 Audit Committee Structure (Other Non-Compliance) Repeated and Modified

Condition: As detailed, the School has not progress to correct the prior year finding. The audit committee does not have a member volunteer with experience in accounting or financial matters.

Criteria: NMAC 22.8.12.3 states "Except as otherwise provided in this section, each local school board shall appoint an audit committee that consists of two board members, one volunteer member who is a parent of a student attending that school district, and one volunteer member who has experience in accounting or financial matters. The superintendent and the school district business manager shall serve as ex-officio members of the committee. A local school board with more than five members may appoint more than two board members to its audit committee."

Effect: The School is not in compliance with NMAC 22.8.12.3.

Cause: Internal controls were not in place to ensure that the audit committee members met the requirements of NMAC 22.8.12.3.

Auditor's Recommendation: Review the qualifications of each audit committee member to ensure that they meet the requirements of NMAC 22.8.12.3.

DZIŁ DITŁ'OOÍ SCHOOL OF EMPOWERMENT, ACTION AND PERSEVERANCE (DEAP) (CONTINUED)

2016-004 Audit Committee Structure (Other Non-Compliance) Repeated and Modified (continued)

Management's Response: DEAP Charter school has advertised and communicated their need for a volunteer with a financial background to participate on their audit committee for the past two years. DEAP Charter School will continue to try and find a volunteer for the audit committee as required by NMAC 22.8.12.3. Administration is responsible for correcting this finding by June 30, 2018.

2017-001 Education Retirement Board (ERB) and Retirement Health Care (RHC) (Other Non-Compliance)

Condition: During our review of ERB and RHC contributions, we noted the following:

- Three of twelve monthly ERB contributions were not submitted to the New Mexico Education Retirement Board by the fifteenth of the subsequent month.
- Three of twelve monthly RHC payments were not remitted to the New Mexico Retiree Health Care Authority by the tenth day of the subsequent month.

Criteria: Monthly contributions to RHC are required to be remitted no later than the 10th of the following month per NMSA 1978 10-7C-15 and ERB instructions for preparing the contribution form 100 report states that the contributions covered by the report are to be transmitted no later than the 15th day of the subsequent month.

Effect: The School is not in compliance with New Mexico State Statutes in regards to RHC contributions and with ERB rules for transmitting and reporting contributions on a timely basis.

Cause: Proper internal controls were not in place to ensure that ERB and RHC requirements were followed.

Recommendation: Implement internal controls to ensure that monthly ERB and RHC contributions are remitted to ERB and RHCA by the due dates.

Management's Response: DEAP Charter School has parted ways with the Business Manager of record who was contracted to complete and remit the RHC and ERB reports. The school has contracted with an accounting firm to provide business management services as of July 1, 2017. The school's contract with the new accounting firm identifies monthly payroll reporting and contributions in their scope of work. In addition, the school will be provided backup of the RHC and ERB forms prior to approving the online bank payment, this procedure will be updated by December 31, 2017.

2017-002 Budget Adjustment Requests (Other Non-Compliance)

Condition: During our testing of five Budget Adjustment Requests (BAR), we identified one BAR in the amount of $18,785 that was not approved by the Governing Council prior to submission to the New Mexico Public Education Department (PED).

Criteria: In accordance with PED requirements and 22-8-12 NMSA 1978, the School is required to follow PED procedures relating to BAR's. This includes ensuring that BAR's are approved by PED as well as the governing body of the charter school. Budget adjustments shall not be incorporated into the school district's accounting system until proper approvals have been taken place.

Effect: The School is not in compliance with NMSA 22-8-12.

DZIŁ DITŁ'OOÍ SCHOOL OF EMPOWERMENT, ACTION AND PERSEVERANCE (DEAP) (CONTINUED)

2017-002 Budget Adjustment Requests (Other Non-Compliance) (continued)

Cause: Internal controls were not in place to ensure that all BAR's were properly approved by the Governing Council prior to submission to PED.

Auditor's Recommendation: Present all proposed BAR's to the Governing Council to obtain approval prior to submission to PED.

Management's Response: DEAP Charter has revised their financial policies and procedures to clearly identify the person and role responsible in each step of their budget and recurring maintenance process. The financial policies were revised in July of 2017. During the 2016-2017 fiscal year DEAP charter had numerous Business Managers through their contracted provider and this led to a lapse in communications on necessary budget adjustments. DEAP reviews both revenue and expenditures to budget monthly during each Governing Council meeting. In addition, DEAP Charter School's board minutes exist to empower and inform all stakeholders to the items and actions taken by the school's governance body. Documents and minutes are maintained by both the school and the Governing Council's Secretary. The school's Governance Council will review the required information that is necessary to keep all stakeholders informed and ensure that this information is present in their meeting minutes by December 31, 2017.

2017-003 Timely Deposits (Other Non-Compliance)

Condition: During our review of fifteen cash receipts, we noted the following:

- Two cash receipts were not deposited in the bank within twenty-four hours.
- One cash receipt lacked documentation supporting when the deposit was actually made at the bank.

Criteria: NMAC 6.20.2.14.C states that "money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day."

Effect: The School is not in compliance with NMAC 6.20.2.14.

Cause: Adequate internal controls were not maintained to ensure that the School was depositing all cash receipts within the required time frame and maintaining support for all deposits.

Auditor's Recommendation: Ensure that cash receipts are deposited within twenty-four hours or one banking day of the actual receipt of the cash. Maintain all supporting documentation for each cash receipt and deposit made at the bank.

Management's Response: Management will review the adopted financial policies and procedures relating to cash receipts and reporting with all administrative staff. DEAP will ensure that their limited staff schedule is adjusted to ensure that all funds received are reviewed, certified, and deposited within the 24-hr. window. DEAP will also analyze banking transactions to ensure that best practices are being employed by December of 2017.

2017-004 Background Check (Other Non-Compliance)

Condition: We identified one of five employees tested that did not have a proper background check on file.

DZIŁ DITŁ'OOÍ SCHOOL OF EMPOWERMENT, ACTION AND PERSEVERANCE (DEAP) (CONTINUED)

2017-004 Background Check (Other Non-Compliance) (continued)

Criteria: According to 22-10-3-3 NMSA 1978, policies and procedures should be developed requiring background checks on an applicant who has been offered employment with unsupervised access to students at a charter school.

Effect: The School is not protecting itself by performing background checks required by state statute as stated above.

Cause: Adequate internal controls were not maintained to ensure that background checks were performed in accordance with State statutes.

Auditor's Recommendation: Implement internal controls to ensure that proper background check documentation is obtained prior to new or returning employees' first day of employment.

Management's Response: All staff of DEAP Charter School, prior to their official hiring, are required to either pass a new background check, or to provide a clean background check that was previously completed not more than 2 years prior to their intended hire date. This policy is followed regardless of whether the staff will have unsupervised access to children or not. Effective March 31, 2018 the Head Administrator and Director of Operations will ensure that all employees background checks are complete and in the personnel files according to statute and the schools internal policies. In addition to ensuring that employees' background checks are intact, the school will investigate a new policy on recurring background checks for all returning staff.

ESTANCIA VALLEY CLASSICAL ACADEMY

2015-002 - Internal Control Structure over Payroll (Significant Deficiency and Other Noncompliance) Repeated and Modified

Condition: During our review of twenty-five payroll disbursements, we noted five instances where employee pre-tax payroll deductions were not deducted prior to the assessment of Medicare taxes.

This finding was reported in 2015 and 2016 but the School did not make progress in correcting the deductions in the accounting system during 2017.

Criteria: NMAC 6.20.2.12 requires every school to conduct independent checks on performance and proper valuation of recorded amounts, such as clerical checks, reconciliations, comparison of assets with recorded accountability, computer programmed controls, management review of reports that summarize the detail of account balances and user review of computer generated reports. The School is also required to maintain an internal control structure to demonstrate the ability to record, process, summarize and report financial data. In addition, the internal control structure shall demonstrate that the school identifies applicable law and regulations, and that procedures are designed to provide reasonable assurance that the school complies with those laws and regulations.

Effect: The School is not in compliance with NMAC 6.20.2.12. In addition, the School and the employees are not paying the correct amount of taxes and benefits.

Cause: Internal controls are not in place to ensure deductions are properly entered into the payroll system.

ESTANCIA VALLEY CLASSICAL ACADEMY (CONTINUED)

2015-002 - Internal Control Structure over Payroll (Significant Deficiency and Other Noncompliance) Repeated and Modified (continued)

Auditor's Recommendation: Implement internal controls to ensure deductions and contributions are properly entered into the payroll system. A review should be performed for all employees to ensure deductions are properly calculated and entered.

Management's Response: The School's management did a review again after the 2016 audit. Deductions were changed to correct the post-tax and pre-tax deficiency. We are again reaching out to our accounting software technicians to determine if this previous identified error is due to our Social Security exempt status and the default deduction settings that do not address the exempt status.

This review and required modifications will be completed by the Business Manager by November 9, 2017.

2017-001 - Educational Retirement Board (ERB) Contributions (Significant Deficiency and Other Noncompliance)

Condition: The School's ERB contributions reported on the monthly ERB remittance forms had a variance of $16,568 compared to the ERB expenditures reported in the general ledger. The monthly ERB remittance forms reported employer contributions of $208,561 while the general ledger reported employer contributions of $225,129. A reconciliation between the contributions remitted and the amounts recorded in the general ledger did not occur.

Criteria: Per NMAC 6.20.2.11 (A) Internal Control Structure Standards, "every School district shall stablish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recoded properly to permit the preparation of general purpose financial statements in accordance with GAAP. The internal control structure shall include written administrative controls (rules, procedures and practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP."

Effect: ERB contribution expenditures recorded in the general ledger are incorrect.

Cause: The monthly contribution reports are not reconciled to the general ledger to ensure ERB contribution expenditures agree to the amounts remitted.

Auditor's Recommendation: The School should establish internal control procedures to ensure that ERB contributions reports are reconciled to the general ledger on a periodic basis.

Management's Response: The regular monthly financial committee meetings will include a reconciliation report of the total ERB reports and payments to date with the total ERB general ledger account total for review and approval. This review and required modifications will be completed by the Business Manager by November 9, 2017.

EXPLORE ACADEMY

2016-001 Personnel Files (Other Matter) Repeated and Modified

Condition: We tested 25 payroll transactions and noted the following:

- Three I-9 forms could not be located
- Two I-9 forms were in the personnel file, but section 2 was not completed
- Three W-4 forms could not be located
- Five personnel action forms could not be located
- One background check could not be located

Reasons for reoccurrence: The Schools has not been able to locate the missing information for the files, nor have they requested new ones.

Criteria: Federal law requires that each employee complete an I-9 upon being hired to determine their eligibility to work in the United States. Each I-9 form must be accurately completed and must be maintained on file for the School to demonstrate its compliance. Personnel files must also include a Form W-4 and a personnel action form to ensure authorized and accurate deductions and withholdings are included with payroll. The School is required to complete a background check on every employee, which should be maintained in employee personnel files.

Effect: The Explore Academy is non-compliant with Federal employment law and is not maintaining complete personnel files.

Cause: Proper attention has not been given to employee personnel files. As the School has recently transitioned locations, personnel file documents have become separated and some appear to have been misplaced.

Auditor's Recommendation: We recommend that the Explore Academy review personnel files to ensure proper documents are maintained in order to demonstrate compliance with federal laws as well as good internal controls relating to payroll. The School should also establish a system for maintaining personnel files for future employees.

Management's Response: Explore Academy's current Administrator along with the Business Office will be overseeing and maintaining all supporting documentation for current and new employees. The School will ensure that controls are in place so that all personnel files are being properly completed by November 2017. The School's Administrator will also ensure that files are being periodically reviewed and that all paperwork is up to date. The responsible party, Administration (Principal) and timeline for corrective action is November 30, 2017.

GILBERT L. SENA CHARTER HIGH SCHOOL

No matters were reported

GREAT ACADEMY

2017-001 Procurement Code (Non-Compliance)

Condition: During our test work of fifty disbursement transactions we noted the following:

GREAT ACADEMY (CONTINUED)

2017-001 Procurement Code (Non-Compliance) (continued)

- The School did not follow proper procurement procedures when it procured asphalt repair, striping and the installation of speed bumps in the amount of $43,726. While the School utilized a vendor who is listed in the Cooperative Education Services (CES) "Blue Book," the procurement did not go through CES and the school paid this vendor directly and bids were not obtained.

Criteria: Section NMAC 6.20.2.17(A), requires that each school shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq., NMSA 1978. An internal control structure over purchasing shall be established and maintained to assure compliance with school policy, state and federal regulations.

Effect: The school is not in compliance with their purchasing policies and procedures and could be over paying for goods and services.

Cause: Internal controls are not in place to ensure the School's purchasing policies and procedures are followed.

Auditor's Recommendation: Establish proper internal controls to ensure the School follows the proper purchasing policies and solicits the proper number of vendors when required.

Management's Response: The GREAT Academy's Segregation of Duties and Internal Controls Policy states: **"All employees will abide by the State Procurement."** Per the New Mexico Administrative Code (NMAC) under Title 1 General Government Administration, Chapter 4 State Procurement, 1.4.1 NMAC Procurement Code Regulations: Under 1.4.1.51 Administrative Code (NMAC) under Title 1 General Government Administration, Chapter 4 State Procurement, 1.4.1 NMAC Procurement Code Regulations: "...Quotation to be obtained. Insofar as it is practical for small purchases of nonprofessional services, construction or items of tangible personal property having a value exceeding twenty thousand dollars ($20,000) but not exceeding sixty thousand dollars ($60,000), and in accordance with any procedures or processes set forth by the state purchasing agent, no fewer than three businesses shall be solicited via written requests containing the specifications for the procurement to submit written quotations that are recorded and placed in the procurement file. ..." This rule is requiring agencies to follow the "any procedures or processes set forth by the state purchasing agent," Upon review of 1.4.1.2 B (9) "General. Except as otherwise provided in this section, this rule applies to every agency and to every transaction to which the Procurement Code applies except the following:" " (9) procurement by charter schools;" This shows that Charter Schools are exempt from the requirements of NMAC 1.4.1 and exempt from the requirements of obtaining 3 quotes for project from $20,000 to $60,000. 13-1-129 Procurement under existing contracts. A. (2) " (2) with a business [ASPHALT COMPANY VENDOR] which has a current exclusive or nonexclusive price agreement with the state purchasing agent or a central purchasing office [CES] for the item, services or construction meeting the same standards and specifications as the items to be procured if the following conditions are met:

(a) The quantity purchased does not exceed the quantity which may be purchased under the applicable price agreement; and

(b) The purchase order adequately identifies the price agreement relied upon."

Even though, the school feels they did comply with 1.4.1.51 Administrative Code (NMAC) under Title 1 General Government Administration, Chapter 4 State Procurement, 1.4.1 NMAC Procurement Code Regulations, by utilizing an approved CES vendor at rates lower than the state approved rates (providing the best obtainable

GREAT ACADEMY (CONTINUED)

2017-001 Procurement Code (Non-Compliance) (continued)

price), the school will further revise its purchasing policies within 90 days. The Head Administrator/Executive Director and the School's Business Manager will oversee the policy revisions. Correcting this finding by June 30, 2018.

2017-002 Segregation of Duties (Significant Deficiency)

Condition: During our review of the School's internal control procedures over significant transaction cycles we noted the following issues regarding segregation of duties:

- For travel expenditures paid for by the School's Foundation prior approval is required by a member of the Foundation's Board of Directors. While we noted that each request for travel was approved by the Foundation's Board Treasurer we also noted that this individual is also the business manager for the Great Academy, which on occasion results in him approving travel requests for individuals who are his superiors at the School, such as the School's Head Administrator/Executive Director and the Principal/Director of Academics for the School. It was also noted that the Treasurer and the School's Student and Community Outreach Coordinator are the only authorized Foundation check signers. The Student and Community Outreach Coordinator is the daughter of the Head Administrator/Executive Director and School Principal/Director of Academics.
- It was noted that the Head Administrator/Executive Director processes wire transfers without authorization or the involvement of another appropriate individual

Criteria: Per NMAC 6.20.2.11 every school district shall establish and maintain an internal control structure that will provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles.

Effect: Inadequate segregation of duties increases the risk that error or fraud could occur and not be detected or detected timely.

Cause: Management has not completed an adequate risk assessment to identify duties that should be segregated to reduce the risk of errors and fraud.

Auditor's Recommendation: Management should review the assignment of the above noted processes and duties should be adequately segregated to reduce the risk of errors and fraud and other review procedures should be implemented to strengthen the School's internal control.

The effectiveness of the Foundation's governance structure will be greatly improved if it is made up of individuals who are completely independent with respect to the School and Foundation.

Management's Response: Even though The GREAT Academy Foundation Treasurer did not violate the Foundation's travel policy and the travel was known and verbally approved in advance by the entire Board, The GREAT Academy Foundation's Board of Directors will revise, within 60 days, its procedures to only allow Foundation board members who are not employed by The GREAT Academy to approve the Executive Director or the Director of Academics' request for travel.

GREAT ACADEMY (CONTINUED)

2017-002 Segregation of Duties (Significant Deficiency) (continued)

There are strong existing controls in place over wire transfers. Wires are seen by the Business Manager daily in bank activity, in the monthly independent bank reconciliation process, and transactions are reviewed by the Board monthly (detective controls). Furthermore, The School has additional controls in place to mitigate risk of improper/overpayments including a pre-set ACH template that allows the School to pay authorized vendors accurately and timely (preventive control), approval of the vendor payment prior to the ACH transaction (preventive control) and timely bank reconciliations to ensure vendors are not improperly paid (detective and corrective control). Even though these very strong controls are in place, the School does acknowledge this additional control procedure would improve the internal controls over bank wires. The GREAT Academy's Executive Director and Business Manager will work, within 60 days, with its bank to require the involvement of another individual in order for the Executive Director to make all of the required ACH payments including biweekly payroll and NMPISA insurance payments. Implemented by June 30, 2018, by the Principal.

HEALTH LEADERSHIP HIGH SCHOOL

2015-001 Cash Receipts (Other Non-Compliance) Repeated and Modified

Condition: During testwork over fifteen cash receipts, we noted six instances where cash receipts exceeded $50 and a deposit was not made within twenty-four hours in accordance with the School's policy. The School has not made progress resolving this finding in the current year. The finding was reported in 2015 and 2016 but the School did not make progress in ensuring cash receipts were deposited timely during 2017.

Criteria: The School's approved policy states that, "when the receipts total less than $50, they will remain in the possession of the business office, locked up in a safe or locked cabinet until the $50 threshold is met. A deposit will occur once receipts total $50, or at least once per week, whichever comes first."

Effect: The School is not in compliance with its approved policies and procedures governing cash receipts.

Cause: Business office staff were not aware of the approved policy requiring deposit of receipts once the $50 threshold is met.

Auditor's Recommendation: Ensure deposits are made in accordance with the School's policies and procedures governing cash receipts.

Management's Response: Management agrees with this finding. In these six instances, very small amounts of cash totaling less than $250 in most cases were held for longer than the stated policy. In total, 96 cash receipts occurred in 2016-2017 totaling over $2.7 million. Our bank reconciliations were 100% accurate and there were no variances with regard to cash collected and cash deposited. As of September 2017, we have reviewed our cash deposits policy with our business office staff and reiterated the requirement to turn in all cash weekly or once receipts total $50, whichever comes first. Administration is responsible for correcting this finding by June 30, 2018.

2015-005 Budgetary Conditions (Other Non-Compliance) Repeated and Modified

Condition: During our review of the School's budgetary comparison schedules, we noted that fund 31701 (Capital Improvements SB-9 local) did not balance its budget for fiscal year 2017. Budgeted expenditures exceeded budgeted revenues and previous year cash carryover by $257. The School made progress in resolving this finding

HEALTH LEADERSHIP HIGH SCHOOL (CONTINUED)

2015-005 Budgetary Conditions (Other Non-Compliance) Repeated and Modified (continued)

during fiscal year 2017. It was noted that actual revenues exceeded actual expenditures for the year by $42,064. The finding was reported in 2015 and 2016 but the School did not make progress in ensuring budgets during 2017.

Criteria: Per NMAC 6.20.2.9 (A) every school district shall follow budget requirements stated in Sections 22-8-5 through 22-8-12.2, NMSA 1978, and procedures of the department in preparing, submitting, maintaining and reporting budgetary information.

Effect: The School is out of compliance with New Mexico state statutes regarding budgets, which could result in deficit fund balances and unnecessary usage of funds to cover the budgeted over expenditures.

Cause: This fund was newly created in fiscal year 2017. The amount transferred into this fund to cover the budgeted deficit was short by $257, and no budget adjustment request was completed to correct this.

Auditor's Recommendation: We recommend that the School establish a policy where the budget is reviewed at the end of each quarter and give consideration to deficits and ensure that designated cash is available to cover any such budgeted deficit.

Management's Response: Management agrees with this finding and will continue to review the prior year audited financial statements for the correct cash balances that require adjustments to the current year operating budget. Budget adjustment requests will be submitted to the School's Governing Council and the Public Education Department for approval. Any corrections needed for the current fiscal year will be completed by November 30, 2017.

2017-001 Internal Control Structure over Cash Disbursements (Significant Deficiency)

Condition: During our testwork of twenty-five disbursements, we noted the following:

- Four instances where the School procured goods or services prior to obtaining an approved purchase order.
- One disbursement was made in an amount greater than the authorized purchase order amount by $592.

Criteria: According to NMAC 6.20.2.17(A), an internal control structure over purchasing shall be established and maintained to assure compliance with school district policy, and state and federal regulations.

Effect: The School is not in compliance with NMAC 6.20.2.17.

Cause: The School did not follow purchasing policies and procedures and internal controls were not in place to ensure proper support was obtained to support cash disbursements.

Auditor's Recommendation: Strengthen internal controls over purchasing procedures to ensure that all purchases are approved in accordance with the School's policies and procedures. Goods and/or services should not be procured until all required authorizing signatures are obtained. Additionally, in cases where the invoice amount is greater than the purchase order, a change order should be processed so the purchase order amount covers the invoice amount.

HEALTH LEADERSHIP HIGH SCHOOL (CONTINUED)

2017-001 Internal Control Structure over Cash Disbursements (Significant Deficiency) (continued)

Management's Response: Management agrees with this finding and will implement procedures to mitigate the risk of occurrence. Some services are billed annually and regularly in advance of an approved purchase order. Management will work with these vendors to properly provide invoices in accordance with the NM State Procurement Code. As of September 2017, the Finance Director has refused to pay any invoice without an approved purchase order in place. Any corrections needed for the current fiscal year will be completed by November 30, 2017. Corrective action will be overseen by the School's business manager.

2017-002 Retiree Health Care Act Contributions (Other Non-Compliance)

Condition: We noted one instance where contributions were not withheld from an employee's paycheck and remitted to the Retiree Health Care Authority (RHCA).

Criteria: According to NMSA 1978 10-7C-15, following completion of the preliminary contribution period, each participating employee, as a condition of employment, shall contribute to the RHCA fund pursuant to certain provisions.

Effect: The School is not in compliance with the Retiree Health Care Authority Act in regards to contributions being withheld and remitted to the RHCA fund.

Cause: The School went through a wage dispute with one terminated employee, which resulted in the School incurring additional salaries expenditures without the ability to withhold RHCA contributions.

Auditor's Recommendation: Internal controls should be implemented to ensure that RHCA contributions are withheld from employees and remitted to the RHCA fund in a timely manner.

Management's Response: Management agrees with this finding and will implement procedures to mitigate the risk of occurrence. A wage dispute triggered a non-traditional/supplemental payroll in which RHCA contributions were not withheld from the employee and subsequently remitted and reported to the NM Retiree Health Care Authority. As of July 2017, the Finance Director will process all supplemental payrolls for annual base pay inclusive of RHCA withholdings, as part of Standard Operating Payroll Procedures. Any corrections needed for the current fiscal year will be completed by November 30, 2017. Corrective action will be overseen by the School's business manager.

HORIZON ACADEMY WEST

2017-001 Timely Deposits (Other Non-Compliance)

Condition: For one of eleven cash receipts reviewed, the School did not deposit the amount within twenty-four hours. The receipt totaled $529 and supporting documentation showed it was received on October 10, 2016 and deposited on October 17, 2016.

Criteria: NMAC 6.20.2.14.C states "Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day."

HORIZON ACADEMY WEST (CONTINUED)

2017-001 Timely Deposits (Other Non-Compliance) (continued)

Effect: The School is not in compliance with the cash deposit compliance requirements as stated at NMAC 6.20.2.14.C.

Cause: For this transaction, controls were not in place to ensure the School made the deposit within a 24-hour time period.

Auditor's Recommendation: Ensure deposits are made in accordance with NMAC 6.20.2.14.C.

Management's Response: The School goes over the deposits policy/procedures with staff at the beginning of each school year and also sends an email to all staff as a reminder of the policy/procedure. Our policy states that all money is to be turned in to the business office on a daily basis by 10:00 am, no exceptions. The School will continue this practice, but in addition will send out an email reminder throughout the school year and also post the policy/procedure in visible places for the staff to see throughout the School. The School will also include this policy in the Staff Handbook. Administration is responsible for correcting this finding by June 30, 2018.

THE INTERNATIONAL SCHOOL AT MESA DEL SOL

No matters were reported

J. PAUL TAYLOR ACADEMY

2017-001 Journal Entry Approval (Material Weakness)

Condition: The District did not apply procedures put in place for reviewing journal entries by at least two authorized individuals before posting to their Financial Management System.

Criteria: According to NMAC 6.20.2.11 Internal Control Structure - A, "School district shall establish and maintain an internal control structure including policies and procedures and is also responsible for ensuring the school district complies with laws and regulations applicable to state and federal programs. The District is required to limit access for journal adjustments outside of the automated Financial Management System adjustments to selected personnel who have adequate training in the operation of complex financial software for fund and allocation accounting. All journal entries are required to be jointly approved by at least two of the authorized individuals.

Effect: Lack of journal entry approval may result in material error for fund and allocation accounting.

Cause: This was a problem that was caused by the designated individuals not complying with District approved policies.

Auditor's Recommendation: It is recommended that the School follow adopted policies and procedures to ensure that this situation does not occur in the future. Controls must require the monitoring of journal entry approval to ensure compliance with state and federal guidelines.

Management's Response: Management will ensure adopted policies and procedures are followed. This process will be implemented by the Business Manager and completed prior to June 30, 2018.

LA ACADEMIA DOLORES HUERTA

2017-001 Mileage Reimbursements (Compliance)

Condition: For the year ended June 30, 2017, auditor noted that the School reimbursed employees for mileage at a rate of forty-four to fifty-four cents per mile. Of the 26 travel items tested that included mileage reimbursements, 100% reimbursed a rate higher than the current statutory rate.

Criteria: NMAC 2.42.2.11(B) (1) states public officers and employees of state agencies shall be reimbursed for mileage accrued in the use of a private automobile or aircraft in the official discharge of official duties as follows: "unless the secretary has reduced the rates set for mileage for any class of public officials and for employees of state agencies pursuant to Section 10-8-5 (D) NMSA, 80%(forty-three cents) of the internal revenue service standard mileage rate set January 1of the previous year for each mile traveled in a privately owned vehicle."

Effect: The School did not comply with New Mexico State Statutes in regards to mileage reimbursement.

Cause: The School's reimbursement policy was not updated for the 2016-2017 school year.

Auditor's Recommendation: The School should reimburse mileage at 80% of the internal revenue service standard mileage rate set January 1of the previous year for each mile traveled in a privately owned vehicle.

Management's Response: The Business Manager will ensure the mileage reimbursement rate will be no more than 80% of the Internal Revenue Service standard mileage rate, starting September 2017. This process will be implemented by the Business Manager and completed prior to June 30, 2018.

LA JICARITA COMMUNITY SCHOOL

No matters were reported

LA PROMESA EARLY LEARNING CENTER

2014-001 Purchase Orders – Modified and Repeated – (Significant Deficiency)

Condition: During our testwork we noted the following: In a sample of forty cash disbursements: Four Purchase Orders (payment total $15,968.07) were issued after the purchase was made. A signed copy of the Purchase Order was not available for two disbursements (payment total $2,126.18). Four purchase requisitions totaling $7,369.07 could not be located. In a sample of two disbursements to administrators: One Purchase Order and purchase requisition (payment total $1,020) could not be located. One purchase order and purchase requisition (payment total $167.97) were issued after the payment was made.The School has made progress on this finding. Based on our testing the school implemented new policies and procedures to address the deficiencies in internal controls.

Criteria: Section NMAC 6.20.2.17 (A), requires that each school shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq., NMSA 1978. An internal control structure over purchasing shall be established and maintained to assure compliance with school policy, and state and federal regulations. Also, the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, states that "the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services or construction."

LA PROMESA EARLY LEARNING CENTER (CONTINUED)

2014-001 Purchase Orders – Modified and Repeated – (Significant Deficiency) (continued)

Effect: Not being in compliance with state purchasing requirements places the School at risk for fraud or misuse of public funds.

Cause: School personnel did not follow established procurement policies of the School.

Auditor's Recommendation: All School personnel should be reminded that initiation of a purchase order is not sufficient for ordering; that an approved Purchase Order is required per School and State guidelines.

Management's Response: Management is aware of these issues and has taken steps to ensure that proper controls are in place to ensure that all purchasing by the school is done so with the correct approvals and documentation in place prior to the actual completion of the purchases. On January 31, 2017, at the school's regularly scheduled open meeting of its governing council, a revised set of financial policies and procedures was reviewed and approved for implementation. These policies and procedures were reviewed by the school's contracted business manager and provide the internal controls and segregation of duties necessary to help ensure that the school does not have a repeat of this finding. Implementation date: 1/31/2017, by Business Manager.

2015-001 Internal Control Over Cash Disbursements – Modified and Repeated - (Significant Deficiency)

Condition: During our testwork we noted the following:

In a sample of five travel and per diem reimbursements we noted one instance totaling $1,031.99 where the purchase requisition was approved after the travel occurred.

In a sample of forty disbursements we noted the following:

- Three instances totaling $1,419.74 where the items were coded to the incorrect general ledger account.
- Four instances totaling $7,369.07 where no purchase requisition was available
- Two instances totaling $2,126.17 where there was no supporting documentation (no purchase order, purchase requisition or invoice)
- Four instances totaling $15,968.07 where the invoice was received before the PR and PO was created
- One instance totaling $9,858.44 where the check issued was not signed by an authorized individual
- One instance totaling $102.82 where the school paid a late penalty charge
- Five instances totaling $16,091.54 where the payments were significantly past due

The School has made progress on this finding. Based on our testing the school implemented new policies and procedures to address the deficiencies in internal controls

Criteria: NMAC 2.42.6.20.2.11 requires that schools establish and maintain an internal control structure to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use. "The internal control structure shall include written administrative controls (rules, procedures, practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP."

LA PROMESA EARLY LEARNING CENTER (CONTINUED)

2015-001 Internal Control Over Cash Disbursements – Modified and Repeated - (Significant Deficiency) (continued)

Effect: Unsupported cash disbursements and late payments put the School at risk for unauthorized purchases.

Cause: School personnel did not follow established procurement policies of the School.

Auditor's Recommendation: The School should follow its own internal policy. All cash disbursements should be properly supported and paid timely.

Management's Response: Management is aware of these issues and has taken steps to ensure that proper controls are in place to ensure that all purchasing by the school is done so with the correct approvals and documentation in place prior to the actual completion of the purchases. On January 31, 2017, at the school's regularly scheduled open meeting of its governing council, a revised set of financial policies and procedures was reviewed and approved for implementation. These policies and procedures were reviewed by the school's contracted business manager and provide the internal controls and segregation of duties necessary to help ensure that the school does not have a repeat of this finding. Implementation date: 1/31/2017, by Business Manager.

2015-002 Travel & Per Diem – Modified and Repeated - (Compliance) Repeated and Modified

Condition: During our testwork we noted one instance totaling $1,020 where there was no supporting documentation available to determine if the amount paid for travel related to K-Plus Reporting Training was correct. The School has made progress on this finding. Based on our testing the school implemented new policies and procedures to address the deficiencies in internal controls.

Criteria: Per NMAC 2.42.2.9 (B)(3) Reimbursement of Actual Expenses in Lieu of Per Diem Rates – Receipts Required, an "employee must submit receipts for the actual meal and lodging expenses incurred. Under circumstances where the loss of receipts would create a hardship, an affidavit from the officer or employee attesting to the expenses may be substituted for actual receipts. The affidavit must accompany the travel voucher and include the signature of the agency head or governing board." The school's travel and per diem policy required a reimbursement request and receipts for all travel.

Effect: The school is in violation of New Mexico Statutes and their own travel and per diem policy.

Cause: School personnel did not follow established procurement policies of the School.

Auditor's Recommendation: We recommend that the school establish procedures to ensure personnel are aware of the current per diem available per NMAC.

Management's Response: Management is aware of these issues and has taken steps to ensure that proper controls are in place to ensure that all purchasing by the school is done so with the correct approvals and documentation in place prior to the actual completion of the purchases. On January 31, 2017, at the school's regularly scheduled open meeting of its governing council, a revised set of financial policies and procedures was reviewed and approved for implementation. These policies and procedures were reviewed by the school's contracted business manager and provide the internal controls and segregation of duties necessary to help ensure that the school does not have a repeat of this finding. Implementation date: 1/31/2017, by Business Manager.

LA PROMESA EARLY LEARNING CENTER (CONTINUED)

2016-001 Internal Control Structure – Modified and Repeated – Material Weakness

Condition: During our test work we noted the following discrepancies:

- In a sample of nine journal entries there was one instance where the journal entry and the associated supporting documentation could not be located.
- In a sample of forty disbursements there was one instance where a check totaling $9,858.44 for payment of an invoice was not signed by authorized individuals (check contained no signatures).
- In a sample of forty cash disbursements, three items totaling $1,418.74 were coded incorrectly.
- In a sample of seventeen personnel files we noted six did not have the required information.
- Education Retirement Board Contribution forms for July 2016 could not be located.
- In a sample of forty cash disbursements, there were two payments totaling $2,126.17 where the supporting documentation could not be located.
- In a sample of two disbursements to administrators there was one payment totaling $1,020 where no documentation could be located. There was also one payment totaling $167.97 where the purchase requisition and purchase order were issued after the goods were purchased.
- In a sample of forty disbursements we noted internal controls were not operating resulting in the following: five instances totaling $16,091.54 where the payment was significantly past due; four instances totaling $7,369.07 where purchase requisitions were not available; Four instances totaling $15,968.07 where the invoice was received before the PR and PO was created
- In a sample of six procurement items we noted one instance totaling $60,723.47 in which the school did not follow their internal control policies for procuring items greater than $60,000. In addition the Purchase Order for this item was created after the invoice was received.

The School has made progress on this finding. Based on our testing the school implemented new policies and procedures to address the deficiencies in internal controls.

Criteria: NMAC 6.20.2.17 states that each school shall establish and implement written policies and procedures for purchasing, which shall be in compliance with the procurement code Section 13-1-21, NMSA 1978. An internal control structure over purchasing shall be established and maintained to assure compliance with school district policy, and state and federal regulations. Per the school's Purchasing policy, "The Business Manager then approves the Purchase Requisition, which is then created into a Purchase Order. The PO is then printed and given to the Office Manager to order supplies that have been approved."

Effect: The school is not in compliance with New Mexico Statutes or their own internal control policies resulting in an increased risk for fraud, errors and misuse of public funds.

Cause: School personnel did not follow established internal control policies and procedures of the School.

Auditor's Recommendation: We recommend the school review its policies and procedures to ensure that all policies and procedures created by the school are being properly followed. In addition the school should continue to train employees on all internal control policies and procedures.

Management's Response: Management is aware of these issues and has taken steps to ensure that proper controls are in place to ensure that all purchasing by the school is done so with the correct approvals and documentation in place prior to the actual completion of the purchases. On January 31, 2017, at the school's regularly scheduled

LA PROMESA EARLY LEARNING CENTER (CONTINUED)

2016-001 Internal Control Structure – Modified and Repeated – Material Weakness (continued)

open meeting of its governing council, a revised set of financial policies and procedures was reviewed and approved for implementation. These policies and procedures were reviewed by the school's contracted business manager and provide the internal controls and segregation of duties necessary to help ensure that the school does not have a repeat of this finding. In relation to the portion of this finding concerning the Educational Retirement Board, the school has contracted with a business manager to take the responsibility of reporting to ERB on a monthly basis. The business manager maintains all files associated with ERB reporting electronically. Concerning the portion of this finding that is related to the procurement exceeding $60k, the school's adopted policies and procedures do currently outline the process when it comes to these large purchases. In this specific instance, previous management no longer involved with the school set in place the purchase of a bathroom renovation at the school's location on Central Ave. This project was completed at the beginning of FY17 and the vendors requested payment. New management did its due diligence by having the vendor provide a walkthrough of the work performed to ensure that the work was actually completed and attempted to find any PO or RFP documentation that previous management might have put in place to no avail. Payment was made without being able to locate that documentation. Towards the end of FY17, legal services to a single vendor were approaching the $60k threshold. Legal services were suspended while the school went through the RFP process as outlined in the school's policy. A vendor was selected through this process and legal services continued at that time. Implemented on: 3/15/2017, by Business Manager.

2016-003 Budgetary Condition – Modified and Repeated – (Compliance)

Condition: The school had funds where actual expenditures exceeded budgetary authority, in the operational fund by $205,184 on support function 2000:

The School has made progress in reducing their budget to address overages and deficits.

Criteria: Sound financial management and 6.20.2.9 (A) NMAC and 22-8-5 through 22- 8-12.2 NMSA 1978 require that budgets not be exceeded at the legal level of control. For school districts the function is the legal level of control.

Effect: The school is out of compliance with State Law and the control established by the use of budgets has been compromised.

Cause: A budget adjustment request was never submitted to account for the additional expenditures incurred.

Auditor's Recommendation: The school should establish a policy of budgetary review at year-end and make the necessary budgetary adjustments.

Management's Response: In August 2016, school management requested that its new contracted business manager make an attempt to sort through the business office at the school which was very unkempt. The business manager organized and contacted vendors and came to the belief that there was around $250k of unpaid bills from the previous fiscal years. Because of this, the school had a very difficult year financially with cash flow and maintaining its budget. The end result was the over expending of the Operational Fund 11000 by a significant

LA PROMESA EARLY LEARNING CENTER (CONTINUED)

2016-003 Budgetary Condition – Modified and Repeated – (Compliance) (continued)

amount. The school utilized its FY18 budget building process to set aside $229k, approximately 8% of its operating budget, in restricted and emergency reserve expenditures to acknowledge the school's shortfall in budget availability in the previous year. The school is on track to meet this budgetary target. Implementation date: by Business Manager on 7/1/2017 & On-going through 6/30/2018 when it will be determined if the school was able to not expend any of the set aside budget.

2016-004 Personnel Files – Modified and Repeated – (Compliance)

Condition: In a payroll test of seventeen personnel files, we noted the following items:

- Five personnel files were missing a signed employment contract for the year ending June 30, 2017.
- Five personnel files were missing a background check
- Six personnel files had issues with the Federal Form I-9: three were missing the Form I-9 and three were missing the signature of an authorized employee on the Form I-9
- Three personnel files were missing the Form W-4.

The School has made progress on this finding. Based on our testing the school implemented new policies and procedures to address the deficiencies in internal controls.

Criteria: NMAC 6.20.2.18 requires that schools maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (Federal Form I-9), federal and state withholding certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations.

Effect: The School is not in compliance with New Mexico State Statutes in regards to employee record documentation.

Cause: School is not properly maintaining personnel files or reviewing them to make sure they are in compliance with the required statutes. Several personnel files were taken from the school before the audit and as a result they were not available for review. The school filed a complaint with police to report the missing records.

Auditor's Recommendation: The School should review all personnel files to ensure that required documentation required by NMAC 6.20.2.18 is available.

Management's Response: When the school transitioned to a new contracted business manager as well as a new director, they were tasked with organizing the entire business office of the school inclusive of employee files. The business manager provided a check list to the director of what needed to be maintained in each employee file. The director worked with the school's director of operations to ensure that each employee file contained what was required during the Fall of 2016. In September of 2017, the school was paid a visit by the APD Organized Crime Unit to view some records inclusive of employee files. At this time, it was apparent that at least 7 employee files had been removed from the locked filing cabinet. Because the director was uncertain of the possibility of former employees still having access to the school and the filing cabinet, a police report was filed on 9/14/17. In addition to this, the school's outside door locks were changed and the security codes were updated. The school will also be looking into the possibility of changing the cylinder lock on the filing cabinet where employee files are kept

LA PROMESA EARLY LEARNING CENTER (CONTINUED)

2016-004 Personnel Files – Modified and Repeated – (Compliance) (continued)

if/when funding is showing to be available. The school's policy and/or procedures will also be revisited to determine if the process by which employee files are maintained and reviewed on a regular basis by the director of operations needs to be clearly outlined to hold that individual responsible. In addition to these steps, the school will look into the potential need to secure the actual room containing personnel files and giving only certain employees access to this secured room. Implementation: Outside door locks and security code changes completed in October 2017, by Business Manager. Filing cabinet lock change and potential policy/procedure revision to be completed by January 2017.

2016-005 Cash Management – Modified and Repeated – (Compliance)

Condition: The School did not maintain sufficient cash amounts within the General Fund to cover operational and program expenditures. For the year ended June 30, 2017, the general fund cash account on the general ledger totaled a negative balance of $128,622. The School has made progress on this finding. Based on our testing the school implemented new policies and procedures to address the deficiencies in internal controls.

Criteria: According to NMAC 6.20.2.14 Cash Control Standards - A, "School districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the Office of Management and Budget (OMB) Circular A-102, and applicable state and federal laws and regulations." and NMAC 6.20.2.14 Cash Control Standards-E, "The school district shall verify that there is sufficient cash and budget prior to the disbursement of cash. A revenue ledger is required for each revenue code as approved in the finalized budget, and additional revenue ledgers may be added as necessary."

Effect: Improper cash management may result in the need to finance normal operations and may potentially result in a going concern issue for the school. Also, the School was not in compliance with cash control standards as stated in NMAC 6.20.2.14.

Cause: Due to cash flow issues in the prior year the General Fund did not have sufficient cash balances to cover any program overages in other funds.

Auditor's Recommendation: It is recommended that the School implement policies and procedures to ensure that this situation does not occur in the future. Controls must require the monitoring of cash balances within funds to ensure compliance with state and federal guidelines. Policies and procedures should require the review of budgeted amounts to ensure expenditures do not exceed budgeted amounts and restrictions.

Management's Response: As mentioned in a previous finding response, the school used FY17 to pay for many invoices from FY16 and before to get all of its accounts current and allow the school to continue to operate. Because of this, the FY17 budget was over expended and resulted in an insufficient cash amount in the general fund. Also mentioned previously, the school has restricted expenditures amounting to $229k to restore the cash balance that was brought down due to previous management's lack of oversight and lack of ability to keep all vendor accounts current. The $229k was not only to cover the $128k negative balance in the general fund but also to cover many special funds and reimbursement funds that were mismanaged and are carrying deficit balances from FY16 and earlier. Implementation date: 1/31/2017, by Business Manager.

LA PROMESA EARLY LEARNING CENTER (CONTINUED)

2017-001 Collateral Requirement (Compliance)

Condition: As of June 30, 2017 the School's bank balance was under-collateralized by $18,081. Of the School's bank deposit balance of $576,105 at June 30, 2017, $250,000 was insured by the FDIC and $144,972 was covered by pledged collateral; however, the School was required to maintain pledged collateral of $163,053.

Criteria: Section 6-10-17, NMSA 1978, requires pledged collateral for deposits in banks, savings and loan associations, or credit unions, in an agreement amount equal to one-half of the amount of public money in each account. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union (NCU) shares insurance.

Effect: The School is not in compliance with State statute.

Cause: Controls are not in place to properly monitor this requirement to ensure compliance.

Auditor's Recommendation: The pledged collateral agreement should be reviewed on a monthly basis to ensure that bank balances are properly collateralized.

Management's Response: The business manager has a call in to the school's bank, Wells Fargo, to determine how or why this was under collateralized and how to prevent this from happening in the future. The pledged collateral statements are not made readily available via online banking, so the school is hoping to have these statements sent on a regular basis for review much like the monthly bank statements. If the bank is unwilling to provide statements or cannot appease the school's management and governing council, the school can consider switching banks at some time in the future when the school's board of finance suspension is lifted. Implementation: Requiring a response from the bank by December 2017, by Business Manager. If the bank does not respond in a suitable way to the school, this can be an on-going implementation as the consideration to switch banks may occur.

2017-002 Education Retirement Board (ERB) and Retirement Health Care (RHC) (Other Non-Compliance)

Condition: During our review of ERB and RHC contributions, we noted the following:

- One of twelve monthly ERB contributions were not submitted to the New Mexico Education Retirement Board by the fifteenth of the subsequent month and incurred a penalty.
- Two of twelve monthly RHC payments were not remitted to the New Mexico Retiree Health Care Authority by the tenth day of the subsequent month.

Criteria: Monthly contributions to RHC are required to be remitted no later than the 10th of the following month per NMSA 1978 10-7C-15 and ERB instructions for preparing the contribution form 100 report states that the contributions covered by the report are to be transmitted no later than the 15th day of the subsequent month.

Effect: The School is not in compliance with New Mexico State Statutes in regards to RHC contributions and with ERB rules for transmitting and reporting contributions on a timely basis.

Cause: Proper internal controls were not in place to ensure that ERB and RHC requirements were followed.

Auditor's Recommendation: Implement internal controls to ensure that monthly ERB and RHC contributions are remitted to ERB and RHCA by the due dates.

LA PROMESA EARLY LEARNING CENTER (CONTINUED)

2017-002 Education Retirement Board (ERB) and Retirement Health Care (RHC) (Other Non-Compliance) (continued)

Management's Response: These instances both occurred during the time period in which there was a transition of contracted business manager. The final 10 months of the fiscal year did not involve any late payments to ERB or RHC. The school's current contracted business manager has a team that has created a payroll and payroll taxes calendar that it follows to ensure that these deadlines are never missed. In addition to this, an entire check register of all payments for each month is provided to the school's finance committee on a monthly basis for review. The finance committee reviews the amounts and the dates of the transactions. This helps provide a detective control of any late payments to these entities. Implementation – September 2017, by Business Manager.

2017-003 Procurement Code (Compliance)

Condition: During our procurement testwork we noted the following:

- The School did not follow proper procurement procedures when it procured contractors for bathroom renovations. The school paid the vendor $60,723.47 for the year ended June 30, 2017, however the total renovation cost was $118,191.99. The school notified the New Mexico Public Education Department on March 14, 2017 that the procurement process was not followed for these services however the work had already been completed.

Criteria: Section NMAC 6.20.2.17(A), requires that each school shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq., NMSA 1978. An internal control structure over purchasing shall be established and maintained to assure compliance with school policy, state and federal regulations.

Effect: The school is not in compliance with their purchasing policies and procedures and could be over paying for goods and services.

Cause: Internal controls are not in place to ensure the School's purchasing policies and procedures are followed.

Auditor's Recommendation: Establish proper internal controls to ensure the School follows the proper purchasing policies and solicits the proper number of vendors when required.

Management's Response: This finding is related to the procurement finding about in which bathroom renovations exceeded $60k. Although, the school's adopted policies and procedures do currently outline the process when it comes to these large purchases, this process was not followed when the renovation began towards the end of FY16. This project was completed at the beginning of FY17 and the vendors requested payment. Current management did its due diligence by having the vendor provide a walkthrough of the work performed to ensure that the work was actually completed and attempted to find any PO or RFP documentation that previous management might have put in place. Payment was made without being able to locate that documentation. The school did, however, follow its own processes for a current FY17 vendor. Towards the end of FY17, legal services to a single vendor were approaching the $60k threshold. Legal services were suspended while the school went through the RFP process as outlined in the school's policy. A vendor was selected through this process and legal services continued at that time. Implementation date: 1/31/2017, by Business Manager.

LA RESOLANA LEADERSHIP ACADEMY

2017-001- Chief Procurement Officer (Compliance)

Condition: During the process of reviewing the New Mexico General Services Department website for the School's current Chief Procurement Officer and certification, it was noted that there had been no designation of a Chief Procurement Officer made by the School.

Criteria: In accordance with Public Education Department (PED) requirements and 13-1-95.2, on or before January 1of each year, the School is required to provide the state purchasing agent the name of the designated Chief Procurement Officer. The state purchasing agent makes the list of chief procurement officers available to the public through the web site of the purchasing division of the general services department.

Effect: The school is not in compliance with State Statutes.

Cause: A Chief Procurement Officer was not designated by the School and provided to the state purchasing agent.

Auditor's Recommendation: The School must be familiar with Public Education Department (PED) requirements and 13-1-95.2 and follow the requirements regarding the Chief Procurement Officer.

Management's Response: The principal or a designated employee of the school will register and take a CPO class by June 30, 2018.

LA TIERRA MONTESSORI SCHOOL OF THE ARTS AND SCIENCES

2016-002 Travel and Per-Diem – (Non-Compliance) Repeated and Modified

Condition: Out of five employee reimbursements tested, we noted two instances where the School reimbursed an employee for mileage and used the wrong year's IRS mileage rate to calculate the employee's reimbursement.

The school has made progress, the amounts noted were prior to the schools new policies over travel introduced during FY17.

Criteria: NMAC 2.42.11(b)(1) NMAC states that public officers and employees of state agencies shall be reimbursed for mileage accrued in the use of a private automobile at 80% of the internal revenue service standard mileage rate set January 1 of the previous year for each mile traveled in a privately owned vehicle.

Effect: The School is not in compliance with the Per Diem and Mileage Act and is under and over paying employees for travel on behalf of the School.

Cause: The School revised their reimbursement policy after the FY2016 audit, but had already processed employee mileage reimbursements during FY2017.

Auditor's Recommendation: The School has already revised their policy regarding mileage reimbursement to be compliant with state requirements.

Management's Response: The School continues to follow the revisions made during the prior year audit. The School has maintained compliance since implementation. The two instances were prior to FY16 audit findings. The responsible party, Business Manager and timeline for corrective action is June 30, 2017.

LA TIERRA MONTESSORI SCHOOL OF THE ARTS AND SCIENCES (CONTINUED)

2017-001 Personnel Files – Internal Controls (Other Matters)

Condition: We tested forty payroll transactions and noted two instances where the employee's contract stated a particular number of installments over which their contract would be paid, but the employee's contract was paid out over a different number of installments. In both of these cases, the correct contract was paid, but the number of installments noted in the employee contract did not correspond to the number of payments made to the employee.

Criteria: Each employee should have signed, written documentation to support their gross pay, and should be paid according to that documentation. If changes are made to a contract, the contract should be revised and re-signed, or documentation supporting the revision should be included in the employee personnel file.

Effect: Without proper controls in place, employees can be overpaid and underpaid. The School could also be subject to claims by employees who may believe they have not been paid correctly.

Cause: The School did not adequately review and make necessary revisions to employee contracts.

Auditor's Recommendation: We recommend the School strengthen internal controls over payroll, including implementation of policies and procedures to ensure employee contracts are accurate and revised as may be necessary.

Management's Response: In the case of late start employees, the school will have Office Manager, Director and Business Manager's review the contract prior to employee signature. Office Manager will do an additional review after employees' first payroll to ensure that the pay-periods indicated in the contract are correct. The responsible party, Business Manager and Administration (Principal) and timeline is June 30, 2018.

LAS MONTANAS CHARTER HIGH SCHOOL

No matters were reported

MASTERS PROGRAM

2014-002 Procurement Documentation – (Control Deficiency) Modified and Repeated

Condition: During our test-work of ten cash disbursements for the Student Activity Fund there was one disbursement in the amount of $1,500.00 that was not supported by a purchase requisition. The School has made progress on this finding. The $1,500 relates to an August 2016 disbursement and based on our testing there were no further errors noted throughout the year.

Criteria: Section NMAC 6.20.2.17 (A), requires that each school shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq., NMSA 1978. An internal control structure over purchasing shall be established and maintained to assure compliance with school policy, and state and federal regulations. Also, the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, states that "the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services or construction."

MASTERS PROGRAM (CONTINUED)

2014-002 Procurement Documentation – (Control Deficiency) Modified and Repeated (continued)

Effect: Not being in compliance with state purchasing requirements places the School at risk for fraud or misuse of public funds.

Cause: School personnel did not follow established procurement policies of the School.

Auditor's Recommendation: The School should maintain supporting documentation for all cash disbursements. School personnel should be reminded of purchasing policies and procedures.

Management's Response: Management acknowledges that an authorized purchase requisition must precede the issuance of a purchase order. Our policies conform to this requirement and employees are required to sign their acknowledgment of this policy. Management reviewed policies with staff on August 9, 2017 and staff have signed acknowledgement of procurement policies. The Business Office will make every reasonable effort to ensure compliance with school policy and state regulations, procedures were implemented in August 2017.

2014-003 Personnel Files – (Compliance) Modified and Repeated

Condition: In a payroll test of six personnel files, one personnel file was missing evidence of a certification signature on an employee's Federal Form I-9. The School has made progress on this finding. The school obtained guidance on dating the Form I-9 from the Federal Government and is in the process of reviewing all personnel files to ensure they are properly dated and signed.

Criteria: NMAC 6.20.2.18 requires that schools maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (Federal Form I-9), federal and state withholding certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations.

Effect: The School is not in compliance with New Mexico State Statutes in regards to employee record documentation.

Cause: School personnel failed to obtain the certification signature on an employee's Federal Form I-9.

Auditor's Recommendation: The School should review all personnel files to ensure that required documentation required by NMAC 6.20.2.18 is available.

Management's Response: The employee was hired on August 10, 2012. At the time of hire the I-9 form was completed but the Certification section of the form was not signed. Management will review I-9 forms for current employees and forms will be updated as required. Implemented on 10/30/2017, by Business Manager.

2017-001 Timely Deposits – (Compliance)

Condition: During our testing of cash receipts we noted the following:

- One instance in which 34 out of 52 cash receipts were not deposited timely. The total deposit amount was $2,600.
- One instance in which 16 out of 31 cash receipts were not deposited timely. The total deposit amount was $1,550.

MASTERS PROGRAM (CONTINUED)

2017-001 Timely Deposits – (Compliance) (continued)

Criteria: NMAC 6.20.2 states that "money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day".

Effect: The School was not in compliance with State Statute. Additionally the School has exposed itself to possible misappropriation of assets.

Cause: School personnel did not follow established procedures to deposit the money in a timely manner.

Auditor's Recommendation: We recommend that the school create a procedure to ensure that all funds are properly receipted and deposited within one banking day.

Management's Response: Management acknowledges that during the fall 2016 registration process, student activity fees were collected and not deposited in the bank within the twenty-four hour or one banking day requirement. Our policies conform to this requirement. Management will review policies with staff responsible for collecting and receipting monies. The Business Office will make every reasonable effort to ensure compliance with school policy and state regulations, Implemented on 10/30/2017, by Business Manager.

MCCURDY CHARTER SCHOOL

2014-003 Cash Receipts (Other Noncompliance) Repeated and Modified

Condition: During testwork over 25 cash receipts, we noted one instance where a cash receipt totaling $24 was not made within 24 hours. The School has implemented procedures to resolve this finding in the current year.

Criteria: The School's approved policy states that, "all monies must be deposited into a checking account within 24 hours of being received."

Effect: The School is not in compliance with its approved policies and procedures governing cash receipts, and monies could be susceptible to theft or misappropriation if not deposited in a timely manner.

Cause: Business office staff did not follow the School's approved policy requiring deposit of receipts within 24 hours of being received.

Auditors' Recommendation: Ensure deposits are made in accordance with the School's policies and procedures governing cash receipts.

Management's Response: McCurdy Charter School takes in large amounts of cash each month. Management continues to reinforce the procedures in place for deposits. The finance committee also does internal audit checks for cash receipt/ deposit compliance, starting early 1/1/2018 by the Business Manager.

2017-001 Budgetary Controls (Compliance)

Condition: McCurdy Charter School identified that the Teachers Hard to Staff Stipend Fund (27195) over-expended its budget by $945 after the New Mexico Public Education Department (PED) final cash report was submitted at August 1, 2017. An adjustment was necessary after this deadline to correct this over-expenditure.

MCCURDY CHARTER SCHOOL (CONTINUED)

2017-001 Budgetary Controls (Compliance) (continued)

Criteria: Final cash reconciliation reports should be e-mailed to the PED no later than August 1, 2017.

Effect: Adjustments were needed to the final cash reconciliation report after the report was submitted to the PED.

Cause: The comparison of actual expenditures to budgetary authority was not completed for all funds prior to submission of the final cash reconciliation report.

Auditor's Recommendation: We recommend that the School perform a budgetary review at year-end to make the necessary budgetary adjustments.

Management's Response: McCurdy Charter School went through several changes at year end; which included accounting software, building, Administrator and Business Office staff. The school will continue to strive to make sure that all review processes happen in a timely fashion. Business Manager is responsible for implementation by 1/1/2018.

2017-002 Internal Control Structure Over Payroll (NonCompliance)

Condition: During our testwork of 25 disbursements, we noted that payroll withholdings for one employee did not agree to the employees' authorized withholdings from their Form W-4.

Criteria: According to NMAC 6.20.2.18, School districts shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations.

Effect: The School is not in compliance with NMAC 6.20.2.17 and its approved policies.

Cause: The School did complete payroll withholdings correctly based on the completed Form W-4.

Auditor's Recommendation: Strengthen internal controls over payroll to ensure that all payroll withholdings are properly authorized.

Management's Response: It was noted by management during the audit that the Personnel files do not always include changes that happen during the payroll process. Management will continue to train staff in proper procedures for payroll and personnel files. The finance committee will also add an internal control check for compliance in personnel files. Business Manager is responsible for implementation by 1/1/2018.

2017-003 Timely Account Reconciliations (Significant Deficiency)

Condition: The School's annual accounts reconciliations of asset and liability accounts was not completed until more than four months after year-end. The School's annual audit is due the Wednesday before Thanksgiving each year according to 2.2.2 NMAC, leaving only three weeks for audit procedures to be completed.

Criteria: According to the School's approved policies, asset accounts shall be reconciled on a quarterly basis, and liabilities shall be reconciled monthly. While the policy does not address annual asset and liability reconciliations,

MCCURDY CHARTER SCHOOL (CONTINUED)

2017-003 Timely Account Reconciliations (Significant Deficiency) (continued)

the annual reconciliations should be completed within three months after year-end to enable the audit to be completed within the required deadline in 2.2.2 NMAC.

Effect: When account reconciliations are not completed timely, the probability that errors will occur and go undetected is greatly increased. Additionally, the School could miss the deadline to have their annual audit completed.

Cause: The School went through a significant accounting system conversion after year-end. The Business Manager was over-burdened with system conversion issues and was not able to focus on completing year-end accounts reconciliations timely.

Auditor's Recommendation: Update the School's approved policies to address annual account reconciliations. Additionally, consider providing more support to the Business Manager during the system conversion so that monthly, quarterly, and annual reconciliations can be completed.

Management's Response: McCurdy Charter School went through several changes at year end; which included accounting software, building move, Administrator and Business Office staff transitions. The finance committee will look at current policies to address year end reconciliations. McCurdy Charter School will continue to strive to make sure that all review processes happen in a timely fashion. Business Manager is responsible for implementation by 1/1/2018.

MEDIA ARTS COLLABORATIVE CHARTER SCHOOL

2017-001 Cash Disbursements (Other Matters)

Condition: During testwork over internal control, per diem and travel, administrator reimbursements, and student activity funds, with a combined sample size of fifty-two, we noted sixteen instances for reimbursements totaling $2,027, where a purchase order was created after the expenditure was incurred. In all sixteen instances the purchase order was dated after the date of the travel, meals or administrator reimbursements.

Criteria: Per NMAC 6.20.2.11 (A) Internal Control Structure Standards, "every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP. The internal control structure shall include written administrative controls (rules, procedures and practices, and polices that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP."

Effect: Reimbursements could be made without proper approval and expenditures could be reported inaccurately or misclassified in the improper fund. This could result in funds being overspent and balances misstated.

Cause: The School did not follow their policies and procedures.

MEDIA ARTS COLLABORATIVE CHARTER SCHOOL (CONTINUED)

2017-001 Cash Disbursements (Other Matters) (continued)

Auditor's Recommendation: Ensure a purchase order is properly prepared and approved for all applicable reimbursements for travel, meals and other purchases.

Management's Response: The School will adhere to its policies and procedures in order to help ensure that purchase orders are issued prior to expenses taking place. The majority of the late purchase orders were due to the business manager not issuing per diem purchase order prior to the travel taking place. The business manager will do a better job of issuing per diem purchase orders when travel is initially scheduled. Also, the business manager presented at the October 18th, 2017 staff meeting to remind staff and teachers of the policies and procedures regarding reimbursements to ensure issuance of a purchase order occurs prior to expenses being made. The Business Manager corrected this deviation from procedure on September 25, 2017 and going forward.

MISSION ACHIEVEMENT AND SUCCESS CHARTER SCHOOL
No matters were reported

MONTE DEL SOL CHARTER SCHOOL

2016-001 Expenditures Exceed Budget (Compliance) Repeated and Modified

Condition: The Charter School has expenditure functions where actual expenditures exceeded budgetary authority:

Fund	Excess of Expenditures over Appropriations
Student Transportation (13000)	
Instruction	$ (14,691)
Title IASA (24101)	
Instruction	$ (3,560)
Literacy for Children at Risk (27107)	
Instruction	$ (375)
Capital Improvement HB-33 (31600)	
General Administration	$ (304)

The school has not made progress on this finding, the school continues to excess budget authority by function

Criteria: According to 6.20.2.9 NMAC, budgetary control shall be at the function level. Over-expenditure of a function shall not be allowed.

Effect: The Charter School is non-compliant with State Law.

Cause: A budget adjustment request was not submitted to account for additional expenditures incurred for Food Services.

Recommendation: We recommend that Monte del Sol should establish a policy of budgetary review at year-end to make the necessary budgetary adjustments.

Management's Response: A review will be completed in May of all funds, in order to submit Budget Adjustments for approval to the board and PED to keep funds from exceeding budgetary authority by the business manager, on-going process. The responsible party, Business Manager and Administration (Principal) and timeline 6/30/18.

MONTE DEL SOL CHARTER SCHOOL (CONTINUED)

2016-002 Controls Over Cash Disbursements – (Significant Deficiency) Modified and Repeated

Condition: In 2 out of 25 disbursements tested, the purchase order was dated after the invoice date, indicating that the purchase was not properly approved before it was made. In 1 out of 10 special charges disbursements tested, the charter was unable to provide supporting documentation, a total of $22,100. Additionally, ERB contributions were understated in the general ledger for ERB expense for the current fiscal year for a total amount of $7,569, management was unable provide proper reconciliation for the differences noted.

The school has made no progress on lack of controls over disbursements, believes the issues are due to the change in Business Manager.

Criteria: NMAC 6.20.2.11 (A) Internal Control Structure Standards, "every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP. The internal control structure shall include written administrative controls (rules, procedures and practices, and polices that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP."

Effect: Without proper approval, purchases for unauthorized goods or services may occur. Also, the financial statements could be misstated if transactions are not recorded in the proper account.

Cause: The School did not follow internal control policies and procedures in place.

Auditor's *Recommendation:* We recommend the Charter School strengthen internal controls over purchasing procedures to ensure that all purchases are approved in accordance with School policies and procedures. Goods and/or services should not be ordered until all required authorizing signatures are obtained. Written approval should be indicated on invoices before payment in accordance with School policies, and those reviewing and recording transactions should ensure the proper account coding.

Management's Response: MDS is strengthen internal controls over purchasing by communicating to staff that a PO needs to be in place before purchasing items or requesting services. Communication will flow to staff frequently to remind them the purchasing procedures. MDS is implementing an electronic filing system to avoid misplacing documents when those are taken out of the filing cabinets and misfiled them. The responsible party, Business Manager and Administration (Principal) and timeline 6/30/18.

2016-004 Timely Deposits – (Compliance) Modified and Repeated

Condition: During our cash receipt testing, out of 25 transactions tested, we noted 1 instance totally $295, in which the funds were not deposited at a financial institution within 24 hours of receipt.

The school has made no progress deposits, believes the issues are due to the change in Business Manager.

Criteria: Per NMAC 6.20.2.14.C states that "money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day".

Effect: The School is not in compliance with the cash deposit compliance requirements as stated at NMAC 6.20.2.14.C.

MONTE DEL SOL CHARTER SCHOOL (CONTINUED)

2016-004 Timely Deposits – (Compliance) Modified and Repeated (continued)

Cause: Individuals who collect funds outside of the Business Office are not aware of the State requirements to deposit funds within 24 hours of receipt. In this case, funds were received by the Athletics department.

Auditor's Recommendation: We recommend that the School train other departments on policies and procedures that are in place to ensure that all cash receipts are deposited within 24 hours.

Management's Response: MDS is working with the staff that is collecting money and making deposits to make sure they are following the state required 24 hours requirement. The responsible party, Business Manager and Administration (Principal) and timeline 6/30/18.

THE FOUNDATION FOR MONTE DEL SOL CHARTER SCHOOL

2017-001 Cash Disbursements – (Material Weakness)

Condition: During our testwork over disbursement, we noted that in 1 out of 19 samples tested, the Foundation was unable to provide supporting documentation for the expenditure. Additionally, we noted a journal entry to record the refinancing of debt during the current fiscal year was incorrectly booked to equity. The entry led to a material misstatement of the Foundation's equity balance.

Criteria: In accordance with GAAP, an entity shall establish and maintain an internal control structure to provide management with reasonable assurance and mitigate risk. Appropriate and accurate journal entries are essential in correcting errors, facilitating the month-end closing process, and preparing accurate financial statements. Journal entries should be reviewed by someone other than the preparer and that has the accounting knowledge to determine that the entry is appropriate and correct. The entry should be accompanied by supporting documentation to facilitate the review process. The review should be performed prior to the entry being recorded in the accounting records to reduce the need for additional correcting journal entries.

Effect: Lack of supporting documentation for cash disbursements could lead to unauthorized purchases or payments to vendors. Incorrect journal entries posted may result in error and a misstatement of the financial statements.

Cause: The Foundation does not have adequate staffing to implement secondary review and approval of disbursements or journal entries.

Auditor's Recommendation: We recommend the Foundation ensure the implementation of internal control procedures on all transactions. Additionally, we recommend the Foundation utilize available resources to ensure the proper booking of journal entries.

Management's Response: The Foundation will utilize Debby Weissman, CPA or Axiom for Journal Entries in the future. In this case the audit happened before the accountant had completed the taxes for FY 2016-2017 and provided journal entries. The bookkeeper, Lisa Vesper was out of town for a family emergency when the above-mentioned expense occurred, this is not a repeat issue. Receipts are required for all expenditures. Business Manager is responsible. These procedures will be effective immediately.

MONTESSORI ELEMENTARY SCHOOL

No matters were reported

NEW AMERICA CHARTER SCHOOL

2017-001 Travel and Per-Diem (Other Non-Compliance)

Condition: During our review of three travel expenditures we noted the following:

- Two instances where individuals attended a training event outside of the state and received more than $45 a day in actual reimbursements for meals purchased.
- We noted one instance where the School had a training for sixteen individuals in Cloudcroft, New Mexico. This training was for three days and, on each day, the School went over the $30 maximum actual reimbursement rate for meals purchased.

Criteria: Per NMAC 2.42.2.9 “Reimbursements for Actual Expenses in Lieu of Per Diem Rates” section (2) Actual reimbursement for meals states that "Actual expenses for meals are limited by Section 10-8-4(K)(2) NMSA 1978 (1995 Repl. Pamp.) to a maximum of $30.00 for in-state travel and $45.00 for out-of-state travel for a 24-hour period".

Effect: The School was in violation of state travel and per diem requirements. Funds requested for reimbursement could be disallowed.

Cause: The School did not follow internal policies and procedures.

Auditor’s Recommendation: Ensure the School’s policies and procedures are properly followed so that amounts paid to employees for actual per diem expenses are not paid in excess of state requirements.

Management’s Response: Management has instituted the use of travel forms over the past couple of years that aid in the calculation of allowable reimbursement rates for meals, mileage, etc. These will be reviewed more thoroughly by the assistant business manager and the business manager both prior to travel and after travel to ensure that per diem requirements are met. Also, when contracting with a PD provider that has all-inclusive type costs, the contract will be more thoroughly reviewed to ensure that meals and lodging do not exceed per diem rates established in statute. Business Manager is responsible for implementation by 1/1/2018.

2017-002 Segregation of Duties (Significant Deficiency)

Condition: The School’s business manager has the ability to perform a wire payment without a secondary level of approval.

Criteria: Per NMAC 6.20.2.11 (A) Internal Control Structure Standards, “every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management’s authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP.”

NEW AMERICA CHARTER SCHOOL (CONTINUED)

2017-002 Segregation of Duties (Significant Deficiency) (continued)

Effect: Proper segregation of duties does not exist over bank wire transfers as the risk exists that the business manager could process unauthorized wire transfers.

Cause: The School does not have controls in place to ensure that two separate individuals are required to initiate and release wire payments.

Auditors' Recommendation: The School should contact the banking institution and establish a system that requires two individuals to complete a wire transfer.

Management's Response: Management provides a type of segregation of duties as all transfers of money out of the school's account are reviewed on a monthly basis in detail by the school's finance committee as well as the governing council. This monthly review includes reconciled and provable balances within all the reports provided to the finance committee and governing council. Measures are being taken to provide even more controls when it comes to wire transfers from the bank. The business manager for the school has a call out to the school's contact at the bank to discuss the best course of action that would introduce a proper segregation of duties with identifiable backup that ensures that any new processes are being followed. Business Manager is responsible for implementation by 1/1/2018.

2017-003 Retiree Health Care Contributions (Other Non-Compliance)

Condition: During the fiscal year, the School incorrectly included lump-sum payments for unused leave totaling $38,184 in the New Mexico Retiree Health Care contribution.

Criteria: Earnings covered for contributions include all salary remuneration to the member for services rendered whether included under a contract or not. Not covered for contribution purposes are reimbursements, lump-sum payments for unused, accrued sick leave and early retirement incentive payments.

Effect: The School and the employees contributed $358 too much to the New Mexico Retiree Health Care Authority.

Cause: The School inadvertently included payments for unused leave when contributing to the New Mexico Retiree Health Care Authority.

Auditor's Recommendation: Ensure that retiree health care contributions are made in accordance with the applicable rules and regulations.

Management's Response: The school's business manager had been made aware that ERB should not be deducted from unearned salaries (such as leave payouts) during FY17. At the time that leave was to be paid out, the business manager's call out to RHC to verify if it should be treated the same as ERB had not been returned by the NMRHC Authority. Because of this, the business manager had determined to be conservative and add the RHC deduction to the leave payouts in order to avoid any under reporting which could result in fees. The NMRHCA responded to the business manager after the leave had already been paid out and it will result in a change in any future payouts of this sort. Business Manager is responsible for implementation by 1/1/2018.

NEW AMERICA CHARTER SCHOOL (CONTINUED)

2017-004 Budgetary Conditions (Other Non-Compliance)

Condition: The School did not properly budget prior year cash carry-over in the SB-9 Ad Valorem Fund 31701. Budgeted property tax revenue of $134,382, along with designated cash of $176,692, was insufficient to cover the budgeted expenditures of $328,010 creating a budgeted deficit in the amount of $16,936.

Criteria: Per NMAC 6.20.2.9 (A) every school district shall follow budget requirements stated in Sections 22-8-5 through 22-8-12.2, NMSA 1978, and procedures of the department in preparing, submitting, maintaining and reporting budgetary information. NMSA 1978 section 22-8-6 states "A school shall be considered as failing to submit a budget if the budget submitted exceeds the total projected resources of the school."

Effect: The School is out of compliance with New Mexico state statute and the controls established by the use of budgets has been compromised, which could result in deficit fund balances and unnecessary usage of funds to cover the budgeted over expenditures.

Cause: The original budget had over projected expenditures and a budget adjustment request was not prepared and submitted to PED.

Auditor's Recommendation: We recommend that the School establish a policy where the budget is reviewed at the end of each quarter and give consideration to deficits and ensure that designated cash is available to cover such overages.

Management's Response: The FY17 budget was prepared in the spring of 2016 and the amount of cash carryover was projected at that time for what was to be a new fund in FY17 (Fund 31701). The school's business manager does have processes in place to adjust actual cash carryover amounts with the release of the prior year's audit. However, because Fund 31701 was new in FY17, it did not appear on the FY16 audited financial statements and did not trigger the need for a budget adjustment request. Management agrees that the cash carryover represented on the budget as designated cash should have been reduced based on actual cash in that fund. However, there were no actual deficits or overages in this fund as the school had $0 in expenditures in all of FY17. This issue solely had to do with the budget process and the perceived potential to be able to over expend from this fund. The school's business manager will continue to utilize the audited financial statements to true up cash balances represented in the budget. Business Manager is responsible for implementation by 1/1/2018.

NEW AMERICA SCHOOL OF LAS CRUCES

No matters were reported

NEW MEXICO CONNECTIONS ACADEMY

2017-001 Lack of Segregation of Duties – (Significant Deficiency)

Condition: In a sample of five payments to administrators selected for testing it was noted that the principal approved her own travel requests, the reimbursement invoices, and signed the checks for the reimbursements. The check amounts were $708, $332, $274, $248, and $244.

NEW MEXICO CONNECTIONS ACADEMY (CONTINUED)

2017-001 Lack of Segregation of Duties – (Significant Deficiency) (continued)

Criteria: NMAC 6.20.2.12 requires that an organizational structure be in place, which separates incompatible activities to preclude control by any individual.

Effect: The potential for misappropriation of funds is present when one person is responsible for all phases of an accounting process.

Cause: The School operates with a limited staff size.

Auditor's Recommendation: The School should implement a system in where accounting activities are separated to the extent possible with its small staff size. The Principal should not be authorizing payments to herself or signing checks made payable to herself.

Management's Response: The Business Manager has put in place a new control procedure, which has been approved. The new procedure requires the Governing Council President to sign all Administrator reimbursements. The finding will be corrected for FY2018, by the Business Manager.

NEW MEXICO SCHOOL FOR THE ARTS

2017-001 Retiree Health Care Contributions (Other Compliance)

Condition: For June 2017, the monthly Retiree Health Care (RHC) contribution was made after the tenth day of the subsequent month.

Criteria: Monthly RHC contributions are required to be remitted no later than the 10th of the following month per NMSA 1978 10-7C-15.

Effect: New Mexico School for the Arts is not in compliance with New Mexico State Statutes in regards to RHC contributions being submitted timely.

Cause: Due to the change in the accounting department in June 2017, the subsequent payment was not in a timely manner by the School.

Recommendation: The School should develop a checklist with all month, quarterly and year end deadlines and make sure all applicable payments are being made timely. Timely payments would help the School avoid any late fees or charges.

Management's Response: New Mexico School for the Arts had a transition of business managers and a new accounting software implementation at the end/beginning of the fiscal year so gathering the information to prepare the report was a challenge. The NMRHCA was notified of the late report and the late submission of the remittance, which they approved; however, they don't have a formal extension-granting procedure that they issue to respond to any compliance question on late reporting and submission. Management will develop a checklist to make sure this won't happen again. Business Manager is responsible for implementation by 1/1/2018.

NORTH VALLEY ACADEMY

No matters were reported

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

RED RIVER VALLEY CHARTER SCHOOL

2015-001 Chief Procurement Officer (Other Non-Compliance) Repeated and Modified

Condition: The School does not have a chief procurement officer.

This finding was reported in 2015 and 2016; however, progress has not been made in correcting the finding.

Criteria: NMSA 13-1-95.2 states "On or before January 1, 2015, the state purchasing agent shall establish a certification program for chief procurement officers that includes initial certification and recertification every two years for all chief procurement officers. In order to be recertified, a chief procurement officer shall pass a recertification examination approved by the secretary of general services."

Effect: The School is not in compliance with NMSA 13-1-95.2.

Cause: Due to the size of the School, it's difficult to find an individual with available time to go through the certification process.

Auditor's Recommendation: Ensure an individual from the School completes the certification program for chief procurement officers.

Management's Response: Red River Valley Charter School has a limited number of staff, and has struggled to find a staff member to attend the in person three-day training for Chief Procurement Officer that is only offered 200 miles away. The Head Administrator will coordinate with management to register and attend one of the limited offered trainings and register their certification with the State Purchasing Office by March 31, 2018.

2016-001 Retiree Health Care Contributions (Other Noncompliance) Repeated and Modified

Condition: We noted four instances where RHC remittances were made after the tenth day of the subsequent month. In addition, the monthly RHC contribution remittance form for the month of August 2016 could not be located. Beginning in January 2017, management made significant progress towards resolving this finding.

Criteria: Per NMSA 1978 10-7C-15, monthly RHC contributions are required to be remitted no later than the 10th of the following month.

Effect: The School is not in compliance with the Retiree Health Care Authority Act in regards to RHC contributions being submitted timely. In addition, support is not maintained.

Cause: Internal controls were not in place to ensure the monthly RHC contributions were submitted timely. For the first six months of the year, the School did not maintain support for RHC submissions which led to one report not being located.

Auditor's Recommendation: Internal controls should be implemented to ensure the monthly RHC contributions are submitted, documented and processed in a timely manner.

Management's Response: Red River Valley Charter School has parted ways with the Business Manager of record who was contracted to complete and remit the RHC reports. The School will revise their procedures to include receipt of contribution forms and backups prior to the existing control of dual approval to transmit the requisite electronic payments. The school's board will update the financial policies and procedures by March 31, 2018.

RED RIVER VALLEY CHARTER SCHOOL (CONTINUED)

2017-001 Procurement (Other Non-Compliance)

Condition: The School did not follow their procurement policy when procuring construction services totaling $66,147 as only one bid was obtained.

Criteria: NMAC 6.20.2.17 PURCHASING states A. Each school district shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq., NMSA 1978. Purchasing policies and procedures for grant funding shall comply with requirements established within the grant and the Procurement Code. An internal control structure over purchasing shall be established and maintained to assure compliance with school district policy, state and federal regulations. The School's policy states "Professional services contracts exceeding $50,000 require formal, sealed, competitive bids."

Effect: The School could be over paying for services.

Cause: Internal controls were not in place to ensure the School followed their procurement policy when obtaining a vendor for construction services.

Auditor's Recommendation: The School should follow its policies and procedures when obtaining professional services. In addition, consider updating the School's procurement policy to address situations where only one or two vendors will submit bids.

Management's Response: Red River Valley Charter school has established policies and procedures that adhere to NMAC 6.20.2.17. The school did advertise the opportunity for bids for the work in question as required. The school only received 1 response to the RFB process. The school will review and revise their financial policies and procedures to address the procedure when one or fewer responses are received to Requests for Bids, and Requests for Proposals. The school's board will update the financial policies and procedures by March 31, 2018.

2017-002 Budget Adjustment Request (Other Non-Compliance)

Condition: During our review of budget adjustment requests (BAR), two of four BAR's reviewed were not included in the Governing Council meeting minutes as having been discussed and approved prior to obtaining PED approval.

Criteria: Per NMAC 6.20.2.10 (A) Budget adjustment requests shall be submitted on the most current form prescribed by the department. The School shall maintain a log of all budget adjustment requests to account for status, numerical sequence, and timely approval at each level. The log is to be retained for audit purposes. As stated in the School's policies and procedures Budget and Budget Maintenance Section 4, "The charter school business manager shall present proposed budget adjustment requests as necessary to maintain a positive budget balance by object code."

Effect: When BARs are not first discussed with the Governing Council, this prevents the Governing Council from having accurate information regarding the budget in order to make decisions. The School is not in compliance with their policies and procedures.

Cause: The School did not follow internal policies and procedures. Alternatively, Governing Council minutes were not complete to include details of all items discussed and approved.

RED RIVER VALLEY CHARTER SCHOOL (CONTINUED)

2017-002 Budget Adjustment Request (Other Non-Compliance) (continued)

Auditor's Recommendation: Ensure the Governing Council approves all BARs. In addition, we recommend that the minutes include necessary detailed information pertaining to all items discussed.

Management's Response: Red River Valley Charter School's board minutes exist to empower and inform all stakeholders to the items and actions taken by the school's governance body. Documents and minutes are maintained by both the school and the Governing Council's Secretary. The School's Governance Council will review the required information that is necessary to keep all stakeholders informed and ensure that this information is present in their meeting minutes by December 31, 2017.

2017-003 Lack of Internal Controls over Accounting Records (Material Weakness)

Condition: The School did not maintain supporting accounting documentation/records for the first six months of the fiscal year.

Criteria: NMAC 6.20.2.11 (A) Internal Control Structure Standards, "every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP. The internal control structure shall include written administrative controls (rules, procedures and practices, and polices that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP."

Effect: The School is not in compliance with internal control structure standards and did not maintain key accounting records for the first six months of the fiscal year.

Cause: The School changed business managers as of January 1, 2017, but did not maintain the general ledger, check listing, check details, support for retiree and health care documentation, and other daily transactions.

Auditor's Recommendation: The accounting records are the property of the School and the School should ensure all accounting records are kept on file regardless of who the business manager is.

Management's Response: Red River Valley Charter School has parted ways with the Business Manager of record who was contracted to provide and maintain the schools financial accounting records, and did so on proprietary accounting software. The school has entered into a contract with an accounting firm to provide business management services in January of 2017. The contract with the new accounting firm lists the school as the owner of financial records under termination for convenience. Additionally, the school contracted with Harris School Solutions to provide an ongoing annual license for the Aptafund accounting software program in January of 2017.

RED RIVER VALLEY CHARTER SCHOOL (CONTINUED)

2017-004 Internal Control Structure (Significant Deficiency)

Condition: The School coded food costs in the amount of $10,376 to salary expenditures. In addition, revenues from a federal grant in the amount of $15,467 were improperly coded to student food service fees.

RED RIVER VALLEY CHARTER SCHOOL (CONTINUED)

2017-004 Internal Control Structure (Significant Deficiency) (continued)

Criteria: Per NMAC 6.20.2.11 (A) Internal Control Structure Standards, "every School district shall stablish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recoded properly to permit the preparation of general purpose financial statements in accordance with GAAP. The internal control structure shall include written administrative controls (rules, procedures and practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP."

Effect: The School is not in compliance with NMAC 6.20.2.11.

Cause: Internal controls are not in place to ensure an adequate review of account coding.

Auditor's Recommendation: Management should ensure an adequate review of account coding is performed prior to recording in the accounting system.

Management's Response: Red River Valley Charter School has parted ways with the Business Manager of record who was contracted to provide and maintain the school's financial accounting records. The school has entered into a contract with an accounting firm to provide business management services in January of 2017. Expenditures are reviewed for their effect on the budget monthly by both the finance committee and the full Governance Council monthly. Variances to budget are noted and reviewed during these reviews. In addition, purchase orders and invoices are entered and reviewed by different people to limit the possibility for human error. The school's board will update the financial policies and procedures by March 31, 2018.

2017-005 Travel and Per Diem (Other Non-Compliance)

Condition: Based on our review of five travel expenditures, we noted the following:

- The principal is the only individual who approves travel expenditures, including their own.
- The School paid an employee $202 for their compensation from jury duty and this was improperly recorded as an expenditure of the School. The School improperly recorded income of the School when a reimbursement was received for these monies.
- The School did not use the proper IRS mileage reimbursement rate when paying employees for travel. The rates they used were $0.44 and $0.45 when the correct rate was $0.46.
- One instance where an individual was reimbursed $36 for meals in one day when the actual limit was $30, an excess of $6.

Criteria: NMAC 2.42.2.11(b)(1) states that public officers and employees of state agencies shall be reimbursed for mileage accrued in the use of a private automobile at 80% of the IRS standard mileage rate set January 1 of the previous year for each mile traveled in a privately owned vehicle. NMAC 2.42.2.8 B(3) provides that on the last day of travel when overnight lodging is no longer required, partial day reimbursement shall be made. To calculate the number of hours in the partial day, begin with the time the traveler initially departed. Divide the number of hours traveled by 24. The hours remaining constitute the partial day which shall be reimbursed as follows: a) For less than 2 hours, none; b) For 2 hours, but less than 6 hours, $12; c) For 6 hours or more, but less than 12 hours,

RED RIVER VALLEY CHARTER SCHOOL (CONTINUED)

2017-005 Travel and Per Diem (Other Non-Compliance) (continued)

$20 d) For 12 hours or more $30 Per NMAC 6.20.2.11 (A) Internal Control Structure Standards, "every School district shall stablish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recoded properly to permit the preparation of general purpose financial statements in accordance with GAAP. The internal control structure shall include written administrative controls (rules, procedures and practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP."

Effect: The School is not in compliance with the per diem and mileage act and is under/ over paying employees for travel on behalf of the School.

Cause: The School did not ensure the correct IRS mileage reimbursement rate was used. In addition, the School did not ensure per diem amounts reimbursed to employees did not exceed the daily limit. Internal controls are not in place for approval of the principal's travel expenditures and when recording travel expenditures related to employees jury duty.

Auditor's Recommendation: The School should establish controls over travel expenditures to ensure they stay in compliance with the per diem and mileage act along with internal control structure standards.

Management's Response: Red River Valley Charter School has parted ways with the Business Manager of record who was contracted to provide and maintain the school's financial accounting records. The school has entered into a contract with an accounting firm to provide business management services in January of 2017. The school's Governance Council reviewed and adopted a Travel and Per Diem policy in February of 2017. The school's board will update the financial policies and procedures to reflect a process of oversight on administrative travel by March 31, 2018.

ROOTS AND WINGS COMMUNITY SCHOOL

2014-001 Timely Deposits (Compliance) Repeated and Modified

Condition: During our testwork over seventeen cash receipts we noted the following:

- One instance where a deposit in the amount of $497 was not deposited within twenty-four (24) hours.
- Once instance where a deposit in the amount of $5,000 was not properly documented and we were unable to determine how much time elapsed between the funds being received and being deposited at the bank.

This finding was reported in 2014, 2015, and 2016 but the School did not make adequate progress in ensuring cash receipts are deposited timely and are adequately documented with such documentation being properly maintained

Criteria: NMAC 6.20.2.14.C states, "money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day."

ROOTS AND WINGS COMMUNITY SCHOOL (CONTINUED)

2014-001 Timely Deposits (Compliance) Repeated and Modified (continued)

Effect: The School is not in compliance with the states twenty-four hour deposit requirement.

Cause: Policies and procedures regarding timely deposit of cash receipts are not being followed and cash receipts are not always being properly documented.

Recommendation: Implement internal controls to ensure deposits are made and documented in accordance with cash receipting requirements.

Management's Response: The Business Manager is in the process of providing training to employees to ensure appropriate personnel are knowledgeable of applicable laws and regulations in regards to cash receipts. The Business Manager will work with the Finance Committee and Principal to implement procedures regarding the receipt and deposit of cash receipts. The Principal will enforce these procedures at the school level. The Business Manager and Finance Committee will review all cash receipts at the monthly Finance Committee meetings effective immediately.

2015-003 Internal Control Structure Over Cash Disbursements (Significant Deficiency) Repeated and Modified

Condition: During our testwork of twenty-eight disbursements, we noted the following:

- Two instances where the School procured goods or services prior to obtaining an approved purchase order.
- One disbursement where an invoice or other adequate support could not be provided for our review.

This finding was reported in 2015 and 2016 but the School did fully implement corrective action during 2017

Criteria: Section NMAC 6.20.2.17(A) requires that each school shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq., NMSA 1978. An internal control structure over purchasing shall be established and maintained to assure compliance with school policy, and state and federal regulations. Also, the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, states that "the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services or construction."

Effect: The School is not in compliance with state purchasing requirements which increases the risk for fraud and our abuse of public funds.

Cause: Internal controls are not in place to ensure compliance with State procurement policies and procedures.

Auditor's Recommendation: Strengthen internal controls over purchasing procedures to ensure that all purchases are approved in accordance with the School's policies and procedures and that adequate supporting documentation is received and maintained. Goods and/or services should not be procured until all required authorizing signatures are obtained.

Management's Response: The Business Manager will seek support from the Finance Committee and school Principal to ensure that all purchases are approved in accordance with the school's policies and procedures and

ROOTS AND WINGS COMMUNITY SCHOOL (CONTINUED)

2015-003 Internal Control Structure Over Cash Disbursements (Significant Deficiency) Repeated and Modified (continued)

that adequate supporting documentation is received and maintained. Effective immediately by the Business Manager, goods and services will not be procured until all required authorizing signatures are obtained.

2017-001 Budgetary Conditions (Other Non-Compliance)

Condition: During our review of the School's budgetary comparison schedules we noted the following:

- Fund 14000 (Instructional Materials) did not balance its budget for fiscal year 2017. Budgeted expenditures exceeded budgeted revenues and the previous year cash carry-over balance by $1,804.

- Fund 31100 (Bond Building) did not balance its budget for fiscal year 2017. Budgeted expenditures exceeded budgeted revenues and the previous year cash carry-over balance by $318.

Criteria: Per NMAC 6.20.2.9 (A) every school district shall follow budget requirements stated in Sections 22-8-5 through 22-8-12.2, NMSA 1978, and procedures of the department in preparing, submitting, maintaining and reporting budgetary information.

Effect: The School is out of compliance with New Mexico state statutes regarding budgets, which could result in deficit fund balances and unnecessary usage of funds to cover any deficits.

Cause: Previous year cash carry-over amounts were not sufficient to cover the budgeted deficit, and no budget adjustment request was completed to correct the budgeted expenditures in funds 14000 and 31100. Additionally, the budget in fund 24106 was not adjusted to cover the actual expenditures. There was sufficient revenue in this fund to cover these expenditures.

Auditors' Recommendation: We recommend that the School establish a policy where the budget is reviewed at the end of each quarter and give consideration to deficits and ensure that designated cash is available to cover any such budgeted deficit.

Management's Response: The Business Manager will work with the Finance Committee on a monthly basis to ensure that the budget does not have any deficits and ensure that designated cash is available to cover any such budgeted deficits. This new procedure has been implemented effective immediately, by the Business Manager.

2017-002 Account Reconciliations (Material Weakness)

Condition: We identified the following errors in the School's financial statements:

- Several year-end accrual adjustments were not recorded for the year-ended June 30, 2016. Fiscal year 2017 revenues and expenditures were therefore misstated, resulting in audit adjustments to correct these balances in certain funds. The audit adjustments made to previously reported fund balances amounted to $95,640.
- Fund 23000 was previously reported as a special revenue fund of the School, but should have been reported as an agency fund.

ROOTS AND WINGS COMMUNITY SCHOOL (CONTINUED)

2017-002 Account Reconciliations (Material Weakness) (continued)

Criteria: According to NMAC 6.20.2.11(A), "Every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP".

Effect: The School internal control structure is not functioning as stated in NMAC 6.20.2.11(A). Financial statement balances were not reported correctly in accordance with GAAP, which required audit adjusting entries to correct fund balances in certain funds.

Cause: The School did not perform an adequate review of its annual financial statements to ensure that all significant year-end accrual adjustments were posted and that all funds were reported correctly.

Auditors' Recommendation: The School should ensure that all year-end accrual adjustments are made in accordance with GAAP. Additionally, the School should perform a detailed review of each fund's financial statements to ensure that fund balances appear reasonable prior to the financial statements being issued.

Management's Response: The Business Manager will review the financial statements/funds and ensure that year-end accrual adjustments are posted correctly before the fiscal year is closed in the financial system and to ensure no material audit adjustments have to be made by the auditors. The Business Manager will ensure that payroll is properly accrued for at year-end and that funds are properly reported by fund type. The Business Manager will record the audit adjustments and ensure the School's records reconcile to the audit by November 30, 2017.

2017-003 Internal Control Structure over Payroll (Significant Deficiency and Non-Compliance)

Condition: During internal control testwork over a sample of 28 payroll transactions, we noted the following:

- One instance of an incomplete Federal Form I-9
- One instance of an incomplete W-4 and another instance of a missing W-4
- Four instances where a Personnel Action Form (PAF) was not available for our review.
- One instance where the amount of health insurance withheld from the employee was incorrect as the amount was not updated for the premium rates.

Criteria: NMAC 6.20.2.18 requires that schools maintain and have available for inspection the following employee record documentation: employee contracts, personnel/payroll action forms, certification records, employment eligibility verification (Federal Form I-9), pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations.

Effect: The School is not in compliance with New Mexico State Statutes in regards to employee record documentation. For the one instance noted above the School is not in compliance with RHC requirements due to the incorrect health insurance amount withheld.

Cause: The School is not reviewing the personnel files for compliance with State Statues and controls are not in place to ensure all required employees and the School are contributing to RHC, where required.

ROOTS AND WINGS COMMUNITY SCHOOL (CONTINUED)

2017-003 Internal Control Structure over Payroll (Significant Deficiency and Non-Compliance) (continued)

Auditors' Recommendation: Personnel files should be periodically reviewed to ensure all required personnel file documents have been obtained and are complete and accurate. The School should ensure controls are in place to obtain required payroll documents when employees initially begin employment. Controls should also be implemented to ensure deductions and contributions are properly entered into the payroll system. Periodic reviews should be performed for all employees to ensure deductions are properly calculated and entered.

Management's Response: The Business Manager will work with the school's Office Manager to ensure that all personnel file documents have been obtained, are complete and accurate and also ensure this is done at the time a new employee is hired. A checklist will be included in the employee file to ensure that all personnel file documents are completed timely and accurately. The Business Manager will review the files monthly to ensure the files are complete and accurate. All files will be reviewed and issues corrected by December 31, 2017 by the Business Manager.

2017-004 Staff Qualifications (Non-Compliance)

Condition: During internal control testwork over a sample of 28 payroll transactions, we noted the following:

- One substitute teacher that did not have a license from the Public Education Department.
- Two substitute teachers that did not have a background check on file.

Criteria: NMAC 6.61.2 through 6.61.12 (Chapter 61) outlines the various licensure requirements for persons seeking an instructor's license and background checks should be completed for all individuals hired for sensitive positions and in accordance with written policies and procedures as established by the Governing Council.

Effect: The School is not in compliance with applicable requirements of Chapter 61 for the instructors noted above. Additionally, the School is not in compliance with requirements to have background checks completed.

Cause: The School did not have internal controls in place to ensure all required documentation was obtained prior to hiring the instructors and substitute instructor noted above and a process is not in place that would provide periodic reviews of employee personnel files to ensure they are complete.

Auditors' Recommendation: Develop and implement internal control procedures to ensure all required documents are obtained prior to an employee starting employment with the school. Personnel files should be reviewed periodically to ensure all required employment documents have been obtained and that such documents are complete and accurate.

Management's Response: The Business Manager will work with the Finance Committee and the Principal to develop internal control procedures to ensure all required documents are obtained prior to an employee starting employment with the school. Procedures will be implemented by November 30, 2017 by the Business Manager.

SAGE MONTESSORI CHARTER SCHOOL

2014-002 Personnel Files (Other Non-Compliance) Repeated and Modified

Condition: During our testwork over twenty-five payroll transactions, we noted the following:

- One employee tested did not have a teacher certification on file or verifiable through online licensure lookup.
- Eight employees tested did not have proof that a background check was conducted.

A finding related to personnel files was reported in 2016, 2015 and 2014, and the School is now closed.

Criteria: According to NMAC 6.20.2.18, the local board shall establish written payroll policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. School districts shall maintain and have available for inspection the following employee record documentation: employment contracts, personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations.

Effect: The School is not in compliance with NMAC Section 6.20.2.18.

Cause: Internal controls were not in place to ensure required documentation is obtained and/or properly maintained for all employees.

Auditor's Recommendation: Personnel files should have been periodically reviewed to ensure all required personnel file documents were obtained and were complete and accurate. The School should have had controls in place to obtain required payroll documents when employees initially began employment.

Management's Response: Due to the school closing we could not locate the background checks for all employees. The business office only received the current employee files that were employed at the end of the year.

2017-001 Disposition of Property (Other Non-Compliance)

Condition: The School disposed of all its computers during the School closure process. However, the State Auditor was not notified at least thirty days prior to disposing of these computers. Additionally, no support for the method of disposal could be provided.

Criteria: According to Section 13-6-1(B) NMSA 1978, the School should give notification at least thirty days prior to its action making the deletion by sending a copy of its official finding and the proposed disposition of the property to the state auditor and the appropriate approval authority.

Effect: The School is not in compliance with Section 13-6-1(B) NMSA 1978.

Cause: The disposals occurred as part of the School closure process, therefore the School did not notify the state auditor of these disposals.

Auditor's Recommendation: Ensure that any future disposals of property follow the requirements of Section 13-6 NMSA 1978, including notifying the state auditor at least thirty days prior to any future disposals of property.

SAGE MONTESSORI CHARTER SCHOOL (CONTINUED)

2017-001 Disposition of Property (Other Non-Compliance) (continued)

Management's Response: The school closed June 30, 2017. Under PED's closing process they had a contractor come in and help with the disposition of property for the school.

2017-002 Budget Compliance (Other Non-Compliance)

Condition: The School over-expended its budget at the function level as follows:

IDEA B Fund (24106)

Support Services – Students $533

Criteria: According to 6.20.9 NMAC, every school district shall follow budget requirements stated in Sections 22-8-5 through 22-8-12.2, NMSA 1978, and procedures of the department in preparing, submitting, maintaining and reporting budgetary information. Budgetary control shall be at the function level. Over-expenditure of a function shall not be allowed.

Effect: The School is not in compliance with 6.20.9 NMAC.

Cause: Budgetary controls were not in place to ensure that budgets were not over-expended.

Auditor's Recommendation: The School should regularly review actual expenditures against its operating budget to ensure that budgets are not over-expended.

Management's Response: The business office failed to enter one last BAR before the school officially closed.

2017-003 Internal Control Structure over Cash Disbursements (Significant Deficiency)

Condition: During our testwork of twenty-five disbursements, we noted the following:

- One disbursement totaling $1,478 that exceeded the authorized purchase order amount by $50.
- During fiscal year 2017, the School purchased a computer for $500 from an individual. However, the School could not locate the signed purchase order or the invoice to support the purchase.

Criteria: According to NMAC 6.20.2.17(A), an internal control structure over purchasing shall be established and maintained to assure compliance with school district policy, and state and federal regulations.

Effect: The School is not in compliance with NMAC 6.20.2.17.

Cause: The School did not follow purchasing policies and procedures and internal controls were not in place to ensure proper support was obtained to support cash disbursements.

Auditor's Recommendation: Ensure proper approval and support is maintained for all purchases.

Management's Response: All purchase orders were signed by the Business Manager after an approved requisition was received by the school. The school could not obtain a proper invoice for the computer that was purchased, only a cash receipt.

SAGE MONTESSORI CHARTER SCHOOL (CONTINUED)

2017-004 Cash Receipts (Other Non-Compliance)

Condition: During our testwork of ten cash receipts, we noted the following:

- Five cash receipts lacked evidence supporting when the funds were actually received by the School.
- One cash receipt of $95 was not deposited until twenty-one days after receipt of the funds.

Criteria: According to NMAC 6.20.2.14, money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day. Additionally, a cash receipts journal should be used for each fiscal year to support deposit amounts and dates.

Effect: The School is not in compliance with NMAC 6.20.2.14.

Cause: Internal controls were not in place to ensure that cash receipts are properly supported and deposited timely.

Auditor's Recommendation: Ensure that proper support is maintained for all cash receipts and that deposits are made in accordance with the School's policy and NMAC 6.20.2.14.

Management's Response: With the closure of the school and all the school documents not being in one place, we could not locate the backup for all the cash receipts.

2017-005 Chief Procurement Officer (Other Non-Compliance)

Condition: The School did not meet the requirement to have a Chief Procurement Officer during the fiscal year.

Criteria: According to 1.4.1.94 NMAC, on or before January 1, 2014, and every time thereafter that a chief procurement officer is hired, each state agency and local public body shall provide to the state purchasing agent the name of the state agency's or local public body's chief procurement officer and information identifying the state agency's or local public body's central purchasing office. In order to be certified and recertified, a chief procurement officer shall obtain such education and training as deemed appropriate by the secretary of the general services department and pass a certification or recertification examination

Effect: The School is not in compliance with 1.4.1.94 NMAC.

Cause: Internal controls were not in place to ensure that the School had a Chief Procurement Officer with all required certifications.

Auditor's Recommendation: An individual from the School should have completed the certification program for chief procurement officers.

Management's Response: With changes in the administration, the new administrator was unable to schedule a time with the limited trainings available.

SAGE MONTESSORI CHARTER SCHOOL (CONTINUED)

2017-006 Budget Adjustment Requests (Other Non-Compliance)

Condition: During our testwork over budget adjustment requests (BAR), we noted one of four BAR's reviewed was not included in the Governing Council meeting minutes as having been discussed and approved prior to obtaining PED approval.

Criteria: Per review of the School's policies and procedures *Section II-Budget 2(f),* "Once approved by the Head Administrator, the proposed modified budget is submitted to the Governing Body for approval at a scheduled meeting. If the changes are approved, the approval is noted in the meeting minutes. A budget adjustment request is then submitted either electronically or manually to the PED for approval."

Effect: The School is not in compliance with their policies and procedures.

Cause: The Governing Council minutes did not document the approval of the above mentioned BAR.

Auditor's Recommendation: Ensure the Governing Council approves all BAR's prior to the submission to PED and that the approval is documented in the meeting minutes.

Management's Response: The School is now closed but we believe the BAR was discussed and approved at the meeting but not documented in the meeting minutes.

SANDOVAL ACADEMY FOR BILINGUAL EDUCATION

2016-001 Procurement (Other Non-Compliance) Repeated and Modified

Condition: The School did not have a Chief Procurement Officer (CPO) for the months of July 2016 through February 2017. Has made progress and resolution for this finding.

Criteria: NMSA 13-1-95.2 states "On or before January 1, 2015, the state purchasing agent shall establish a certification program for chief procurement officers that includes initial certification and recertification every two years for all chief procurement officers. In order to be recertified, a chief procurement officer shall pass a recertification examination approved by the secretary of general services."

Effect: The School is not in compliance with NMSA 13-1-95.2.

Cause: The School did not register a CPO that had taken the certification course with the State of New Mexico General Services Department.

Auditor's Recommendation: Ensure an individual from the School or associated with the School completes the certification program for chief procurement officers.

Management's Response: In FY 2017, Sandoval Academy of Bilingual Education's Head Administrator was unable to become a CPO until February 2017, which was previously stated in the school's FY 2016 audit. Sandoval Academy of Bilingual Education is aware of the state statute and will have the new Administrator certified by February 2018. The new Administrator has attempted to become CPO certified before then but was unable to due to limited class availability. Documentation will be provided showing the Administrators attempts of becoming certified by February 2018 to avoid a repeat finding next year.

SANDOVAL ACADEMY FOR BILINGUAL EDUCATION (CONTINUED)

2017-001 Cash Receipts (Other Matters)

Condition: During our review of eight cash receipts, we noted that four deposits lacked proper supporting documentation for cash amounts received for various fundraisers.

Criteria: NMAC 6.20.2 states "School districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the office of management and budget (OMB) and the Uniform Guidance, and applicable state and federal laws and regulations."

Effect: The School is not in compliance with NMAC 6.20.2.

Cause: Internal controls were not in place to ensure that adequate support for cash receipts was maintained in accordance with NMAC 6.20.2.

Auditor's Recommendation: The School should ensure that internal controls are in place to ensure that receipts are issued for all cash receipts to properly safeguard the School's assets.

Management's Response: Sandoval Academy of Bilingual Education will update their school's current policy by November 9, 2017 to ensure deposits have proper supporting documentation for each cash amount received for various fundraisers. Once these controls are completed they will be implemented by 1/1/18 the Head Administrator and Office Manager.

2017-002 Cash Disbursements (Other Non-Compliance)

Condition: During our review of twenty-five cash disbursements, we noted to following:

- One instance, in the amount of $232.16, where the School paid sales tax for tangible items.
- One instance where the payment was made off of a statement that did not include detailed invoices.

Criteria: Per NMAC 3.2, School districts are exempt from paying sales tax on tangible items. Further, per NMAC 6.20.2.11 (A) Internal Control Structure Standards, "every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP. The internal control structure shall include written administrative controls (rules, procedures and practices, and polices that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP."

Effect: The School is not in compliance with State Statutes.

Cause: Procedures were not in place to ensure that the School was not paying sales tax on tax except items and proper support was obtained for purchases.

SANDOVAL ACADEMY FOR BILINGUAL EDUCATION

2017-002 Cash Disbursements (Other Non-Compliance) (continued)

Auditor's Recommendation: The School should ensure that internal controls are in place to ensure that the School's purchase requisitions are submitted with a request for a Non-taxable Transaction Certificate (NTTC) and the review process adequately identifies items that are non-taxable and detail support of purchases is reviewed and approved prior to the disbursement of funds.

Management's Response: Sandoval Academy of Bilingual Education will ensure that an NTTC is issued with every purchase order that is for tangible items. Sandoval Academy of Bilingual Education will also make sure that all payments to vendors will be made only if the school receives an invoice not a statement. Sandoval Academy of Bilingual Education is aware of the state statute so these processes should be implemented as of December 1, 2017, by the Business Manager.

SCHOOL OF DREAMS ACADEMY

2015-001 Controls Over Cash Disbursements (Other Matter) Repeated and Modified

Condition: Through testing procedures performed, we noted the following:

- In a sample of 25 disbursements tested, we noted an incorrect GL coding for a total disbursement amount of $570.85.
- In a sample of 3 administrator's disbursements, we noted one receipt totaled $115.09, however the school reimbursed $126.71.
- In a sample of five credit card transactions we noted two instances in which SODA was not able to provide sufficient documentation supporting purchases totaling $269.15.

No progress has been made in the current year in regard to this finding.

Criteria: Per NMAC 6.20.2.11 Internal Control Structure Standards, every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP.

Effect: Without proper approval and supporting documentation, purchases for unauthorized goods or services may occur.

Cause: Processes and procedures in place were by-passed by those involved in the purchasing process.

Auditor's Recommendation: We recommend that SODA develop and implement internal controls over purchasing procedures to ensure that all purchases are approved in accordance with SODA policies and procedures. Goods and/or services should not be ordered by the Administrative Assistant or Principal until all required authorizing signatures are obtained.

Management's Response: Administration along with the finance committee and business manager will to improve, strengthen and implement the internal controls structure on any purchases and general ledger coding. This will have to be an ongoing process and on any changes in any new staff. Business Manager, will corrected by 6/30/18.

SCHOOL OF DREAMS ACADEMY (CONTINUED)

2015-002 Expenditures Exceed Budget (Other Matter) Repeated and Modified

Condition: The Charter has expenditure functions where actual expenditures exceeded budgetary authority:

Fund	Excess of Expenditures over Appropriations
General (11000) Instruction	(154,349)
General (11000) Operation and Maintenance of Plant	(83,033)
Pupil Transportation (13000) Student Transportation	(24,267)

No progress has been made in the current year in regards to this finding.

Criteria: Per NMAC 6.20.2.9 every school district shall follow budget requirements stated in Sections 22-8-5 through 22-8-12.2 NMSA 1978, and procedures of the department in preparing, submitting, maintaining and reporting budgetary information. Budgetary control shall be at the function level. Over-expenditure of a function shall not be allowed.

Effect: The School is out of compliance with New Mexico state statute and the control established by the use of budgets has been compromised, which could result in deficit fund balances and unnecessary usage of operating funds to cover the over-expenditures.

Cause: A budget adjustment request (BAR) was not submitted to account for additional expenditures incurred.

Auditor's Recommendation: We recommend the School establish a policy of budgetary review at the end of each quarter and have the board approve the necessary budgetary adjustments to ensure funds are not over expended.

Management Response: Administration and Business Manager will improve communication to meet the budgetary adjustment requirement to ensure funds are not over expended. The Pupil Transportation of $24,267.00 was NMPED requested return of cash and Special Capital Outlay 31400 $60,900 was approved cash transfers, all documentation was with transaction. The responsible party, Business Manager, will corrected by 6/30/18.

2017-001 Financial Close and Reporting (Material Weakness)

Condition: During our testwork over the financial close and reporting process it was noted that the Charter has not implemented an effective financial close and reporting process for the year ended June 30, 2017. During our testwork over fund balance, we noted that prior year activity of approximately $459,686 was incorrectly closed to accounts payable rather than fund balance.

Criteria: Per NMAC 6.20.2.11 (A) Internal Control Structure Standards, "every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP. The internal control structure shall include written administrative controls (rules, procedures and practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP."

SCHOOL OF DREAMS ACADEMY (CONTINUED)

2017-001 Financial Close and Reporting (Material Weakness) (continued)

Effect: Lack of proper financial close can lead to unreliable account balances and material misstatement to the financial statements.

Cause: SODA closed prior year activity to accounts payable and did not review fund balances to ensure each fund was properly closed.

Auditor's Recommendation: We recommend the Charter review fund balances at year end to ensure each fund is properly closed.

Management Response: Administration, finance committee and management will review fund balance at year end to ensure it is closed properly. Management reported the glitch to the accounting software vendor to assist that the glitch is corrected. The responsible party, Business Manager, will corrected by 6/30/18.

2017-002 PED Cash Report – (Non-Compliance and Other Matter)

Condition: During our testwork it was noted that current year activity and ending balances on the fourth quarter cash report does not agree to the trail balance.

Criteria: According to State regulation 6.20.2.11 (B) (6), NMAC and Regulation SBE-6, the reports sent to the New Mexico Public Education Department (PED) must agree to the general ledger. Per the New Mexico State Audit Rule, the audit report of each school district shall include a cash reconciliation schedule which reconciled the cash balance as of the end of the previous fiscal year to the cash balance at the end of the current fiscal year.

Effect: The Charter's reporting to PED is not correct and PED does not have an accurate reflection of the schools cash balances.

Cause: The Charter does not have a process in place to ensure that bank accounts are being properly reconciled to the general ledger and to the PED cash report.

Auditor's Recommendation: We recommend that policies and procedures be implemented to ensure that all adjustments be completed before the final reports are submitted to the department. Additionally, an individual should review the report to ensure that the report matched the general ledger and the cash accounts as appropriate.

Management's Response: Review will be put into place to implement policies and procedure are completed properly upon submittal of final reports to the NMPED. The responsible party, Business Manager, will corrected by 6/30/18.

2017-003 Payroll & Personnel Files (Compliance)

Condition: During internal control testwork over a sample of 25 payroll transactions, we noted one instance in which the instructor's personnel file was missing a valid teaching certificate.

SCHOOL OF DREAMS ACADEMY (CONTINUED)

2017-003 Payroll & Personnel Files (Compliance) (continued)

Criteria: NMAC 6.61.2 through 6.61.12 (Chapter 61) outlines the various licensure requirements for persons seeking an instructor's license.

Effect: The School is not in compliance with applicable requirements of Chapter 61 for the instructor listed above.

Cause: The School did not have internal controls in place to ensure all required documentation was obtained prior to hiring the instructor.

Auditor's Recommendation: We recommend the School to implement internal control procedures to ensure all instructors are properly licensed prior to hiring.

Management's Response: Administration has re-organized the HR Department to ensure that ALL proper documentation is on file in all personal records. The responsible party, Business Manager, will corrected by 6/30/18.

2017-004 Timely Deposits (Compliance)

Condition: During our cash receipts testing, we noted 3 out of 22 deposits tested were not deposited within 24 hours of receipt for a total of $926.

Criteria: Section NMAC 6.20.2.14.C states that "money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day."

Effect: Cash could go missing causing students to not retain the benefit of the funds received.

Cause: The School did not have internal controls in place to ensure all receipts were deposited within 24 hours.

Auditor's Recommendation: We recommend that policies and procedures be implemented that tracks and maintains all items relating to cash receipts and ensures deposits are made timely.

Management's Response: Administration has re-organized the deposit procedure so this will align with the policies in place. This will help ensure that all deposits meet the 24 hour rule. The responsible party, Business Manager, will corrected by 6/30/18.

2017-005 ERB Contributions (Compliance)

Condition: We noted the School did not properly calculate and remit the correct amounts to ERB for employer and employee contributions. We noted one month's contribution in which the Charter underpaid contributions totaling $79.92.

Criteria: Chapter 22, Article 11 NMSA 1978 "Educational Retirement Act" established guidelines for contributions and the calculation of qualifying wages.

Effect: The Charter is not in compliance with the Educational Retirement Act referenced above.

Cause: The Charter did not use the appropriate methodology for determining wages for ERB contributions in accordance with ERB guidance.

SCHOOL OF DREAMS ACADEMY (CONTINUED)

2017-005 ERB Contributions (Compliance) (continued)

Auditor's Recommendation: The School should implement internal controls to ensure the appropriate amounts are remitted to ERB each month.

Management's Response: Management will review and ensure that all records and report are on file that will meet the ERB reporting requirements. ERB requests will need to have completed approved documentation with transaction. The responsible party, Business Manager, will corrected by 6/30/18.

2017-006 Travel & Per Diem (Compliance)

Condition: During our testwork of disbursements made to administrators, we noted one instance error which the Charter reimbursed an employee $11.62 for meals without supporting documentation.

Criteria: NMAC 2.42.2.9 "New Mexico Per Diem and Mileage Act" establishes the requirement for actual reimbursement for meals. "The public officer or employee must submit receipts for the actual meal and lodging expenses incurred. Under circumstances where the loss of receipts would create a hardship, an affidavit from the officer or employee attesting to the expenses may be substituted for actual receipts. The affidavit must accompany the travel voucher and include the signature of the agency head or governing board."

Effect: The School is not in compliance with the New Mexico Per Diem and Mileage Act.

Cause: The School overlooked recalculation and review of employee travel request receipts.

Auditor's Recommendation: The School should ensure they have policies in place to ensure that all travel related reimbursements are made and supported in accordance with New Mexico Per Diem and Mileage Act.

Management's Response: Administration will assist along with Managements that all receipts are on file before disbursement will be made. Internal controls structure will be revisited. The responsible party, Business Manager, will corrected by 6/30/18.

2017-007 Journal Entries (Non-Compliance and Other matters)

Condition: During our testwork over journal entries we noted that journal entries totaling approximately $206,144 are not being reviewed and approved by an individual other than the preparer of the journal entries.

Criteria: Per NMAC 6.20.2.11 Internal Control Structure Standards, every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP.

Effect: Lack of review of journal entries or lack of supporting documentation can lead to an increased risk of fraud or improper posting of journal entries. The posting of journal entries to the incorrect fund or journal entries that do not balance can cause material misstatement to the financial statements. The business manager could make entries that could be inappropriate and would not be detected or corrected.

SCHOOL OF DREAMS ACADEMY (CONTINUED)

2017-007 Journal Entries (Non-Compliance and Other matters) (continued)

Cause: The school's business manager performed all functions related to journal entries and does the not utilize the finance committee.

Auditor's Recommendation: We recommend that the finance committee review all journal entries prior to being posted by the Business Manager to help ensure they are being posted to the correct fund amounts are supported by documentation.

Management's Response: In review, all entries are reviewed and signed off by Administration, Management and Finance personal who enters the JE's. This is a policy that is required and will be carefully reviewed that documents are not missed. The responsible party, Business Manager, will corrected by 6/30/18.

2017-008 Bank Reconciliations (Non-Compliance and other matters)

Condition: We noted during our testing of cash that that two of the three cash reconciliations reviewed were not accurate. In one of the cash reconciliations, we identified a check totaling $16,420 that was improperly excluded in the outstanding check listing. In the other reconciliation we noted a discrepancy in the actual bank balance per bank statement and the balance reported per the cash reconciliation (variance of $957.38).

Criteria: According to 6.20.2.11 (B) (6), NMAC, "School districts shall conduct independent checks on performance and proper valuation of recorded amounts, such as clerical checks, reconciliations, comparisons of assets with recorded accountability, computer-programmed controls, management review of reports that summarize the detail of account balances, and user review of computer generated reports."

Effect: The School could be misstating revenues and expenses when reporting budget amounts to the department and misstating the cash balance in its quarterly cash reports submitted to the department.

Cause: Management did not review a check dated on June 30, 2017 and improperly classified the check in the reconciliation statement. The School did not exercise proper oversight over the preparer of the bank reconciliation. The lack of oversight lead to the discrepancies not being detected or resolved in a timely manner.

Auditor's Recommendation: We recommend the School reconcile bank accounts monthly to the general ledger and that all reconciliations be properly reviewed.

Management's Response: Management and finance will review and make sure that all the proper documentation is provided and reviewed. All bank statements are reviewed monthly and signed off by Administration and Management. The responsible party, Business Manager, will corrected by 6/30/18.

THE FOUNDATION FOR SCHOOL OF DREAMS ACADEMY

2017-001 Controls over Cash Disbursements (Other Matter)

Condition: During our review of samples of cash disbursements, we noted two instances in which the Foundation was unable to provide supporting documentation for the transactions. There was not sufficient documentation to determine if the amount paid to this individual was correct.

THE FOUNDATION FOR SCHOOL OF DREAMS ACADEMY (CONTINUED)

2017-001 Controls over Cash Disbursements (Other Matter) (continued)

Criteria: Per sound accounting standards an entity shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP. The internal control structure shall include written administrative controls (rules, procedures and practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP.

Effect: Cannot determine if the Foundation disbursed funds aligned with internal control policies.

Cause: The Foundation was unable to locate documentation for cash disbursements and internal controls were not in place to ensure supporting documentation was properly maintained.

Auditor's Recommendation: The Charter should ensure they have policies in place to ensure that all travel related reimbursements are made and supported in accordance with New Mexico Per Diem and Mileage Act.

Management's Response: Management has reviewed and will put policies in place to ensure that all disbursements has the proper documentation. The responsible party, Business Manager, corrected by 6/30/18.

SIX DIRECTIONS INDIGENOUS SCHOOL

2017-001 Internal Control Structure – (Material Weakness)

Condition: A Random sample of forty disbursements was selected for testing. The following items were noted in this sample:

- There were ten instances totaling $28,754 where a Purchase Order was either not prepared or could not be located.
- There were seven instances totaling $5,100 where a Purchase Requisition was either not prepared or could not be located.
- There were four instances totaling $6,863, where both a Purchase Requisition and Purchase Order were either not prepared or could not be located.
- There were six instances totaling $17,078, where no documentation supporting the purchase was available.
- There were two reimbursements to employees totaling $3,196, where the Reimbursement Form was not available for review.
- There was one reimbursement to an employee for $3,939 where there was a Reimbursement Form available; however, the Principal did not sign it.
- There were four instances totaling $9,957, where the Purchase Order was dated after the vendor's invoice date.
- There was one payment for $48, but the supporting documentation totaled $43.
- There were five instances totaling $5,936, where a copy of the canceled check was not available for review.
- We also noted that not all journal entries for the fiscal year were available for review.

SIX DIRECTIONS INDIGENOUS SCHOOL (CONTINEUD)

2017-001 Internal Control Structure – (Material Weakness) (continued)

Criteria: NMAC 2.42.6.20.2.11 requires that schools establish and maintain an internal control structure to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use. "The internal control structure shall include written administrative controls (rules, procedures, practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP." In addition, the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, states, "the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services or construction."

Effect: Unsupported cash disbursements put the School at risk for unauthorized purchases or for fraud.

Cause: Fiscal year 2017 was the first year of existence for Six Directions Indigenous School. The School transitioned through several Business Managers and two accounting systems. Personnel did not follow established procurement policies of the School.

Auditor's Recommendation: The School should review its internal control policies over financial matters and continue to educate all staff on what those policies are. The School should strive to maintain better records of its financial transactions. All cash disbursements should be properly supported.

Management's Response: The school had changes in Business Managers and Administration, we will work together to educate staff on the policies and procedures. The school also switched financial software mid-year and we were unable to access the old software. The school administration and Business Manager will work together to get this completed by June 2018.

2017-002 Chief Procurement Officer – (Compliance)

Condition: It was noted that the school did not have a Chief Procurement Officer in place for the year ended June 30, 2017.

Criteria: Per 13-1-95.2.A NMSA 1978, "On or before January 1 of each year beginning in 2014, and every time a chief procurement officer is hired, each state agency and local public body shall provide to the state purchasing agent the name of the state agency's or local public body's chief procurement officer and information identifying the state agency's or local public body's central purchasing office, if applicable." Section 13-1-95.2.D NMSA 1978 also requires that the Chief Procurement Officer obtain an initial certification as well as recertification every two years.

Effect: The school is out of compliance with New Mexico statutes requiring the training, certification, and reporting of a Chief Procurement Officer.

Cause: The school has not designated or obtained the necessary training and certification necessary for any of its employees to be a Chief Procurement Officer since the departure of its former Chief Procurement Officer.

Auditor's Recommendation: The School should designate an individual with the appropriate skill set and position within the school to be its Chief Procurement Officer. This individual should obtain the necessary

SIX DIRECTIONS INDIGENOUS SCHOOL (CONTINUED)

2017-002 Chief Procurement Officer – (Compliance) (continued)

certification as soon as possible. Upon certification of a Chief Procurement Officer, the school should register this individual on the New Mexico General Services Department website.

Management's Response: The school had changes in Business Managers and Administration. The school administration will work to get this completed by June 2018.

2017-003 Personnel Files – (Compliance)

Condition: In a payroll test of six personnel files, we noted the following items:

- Three personnel files were missing the Form I-9.
- One personnel file included a partially completed Form I-9.
- Two personnel files were missing evidence that a background check has been completed.
- Two personnel files were missing evidence of proper licensure/certification.
- One employee's contract on file did not have the signature of the School's Head Administrator.
- The contract for the School's Head Administrator was not signed by the Governing Council President.

Criteria: NMAC 6.20.2.18 requires that schools maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (Federal Form I-9), federal and state withholding certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations.

Effect: The School is not in compliance with New Mexico State Statutes in regards to employee record documentation.

Cause: School is not properly maintaining personnel files or reviewing them to make sure they are in compliance with the required statutes.

Auditor's Recommendation: The School should review all personnel files to ensure that required documentation required by NMAC 6.20.2.18 is available.

Management's Response: The school had changes in Business Managers and Administration, we will work together to review the policies and procedures. The school administration and Business Manager will work together to get this completed by June 2018.

2017-004 Audit Committee Member (Compliance)

Condition: During our test-work, we noted that the school did not have all four required audit committee members during the year.

Criteria: Per NM State Statute 22-8-12.3: "Each local school board shall appoint an audit committee that consists of two board members, one volunteer member who is a parent of a student attending that school district and one volunteer member who has experience in accounting or financial matters. The superintendent and the school district business manager shall serve as ex-officio members of the committee. "

SIX DIRECTIONS INDIGENOUS SCHOOL (CONTINUED)

2017-004 Audit Committee Member (Compliance) (continued)

Effect: The school is not in compliance with state statute.

Cause: The school has failed to recruit all required audit committee members during the fiscal year.

Auditor's Recommendation: We recommend the school recruit all required members as soon as possible for the audit committee to meet state statute requirements.

Management's Response: The school had changes in Business Managers and Administration, we will work with the GC to ensure that they have an audit committee in place. The school administration and GC will work together to get this completed by June 2018.

2017-005 Annual Inventory (Compliance)

Condition: The School did not perform an annual inventory of its capital assets during fiscal year 2017.

Criteria: Section 12-6-10 (A) NMSA 1978 requires each agency to conduct an annual physical inventory of moveable 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 School's auditors.

Effect: The School is not in compliance with state requirements regarding capital asset inventory.

Cause: Internal controls are not in place to ensure an annual inventory is performed.

Auditor's Recommendation: On an annual basis, complete an inventory of the School's capital assets.

Management's Response: The school had changes in Administration last year and the inventory was not completed. The school administration will get this completed by June 2018.

SOUTH VALLEY PREPARATORY SCHOOL

2017-001 Audit Committee – (Compliance)

Condition: During our testing of compliance with key provisions of the Public School Finance Act we noted the school does not have a parent member serving on the school's audit committee.

Criteria: Per the Public School Finance Act Section 22-8-12.3 NMSA 1978, each local school board shall appoint an audit committee that consists of two board members, one volunteer member who is a parent of a student attending the school and one volunteer member who has experience in accounting or financial matters.

Effect: The school is not in compliance with state statute.

Cause: The school has made multiple attempts to recruit a parent to serve on the audit committee but has been unsuccessful.

Auditor's Recommendation: We recommend the school work with their board and parents to recruit all required members.

SOUTH VALLEY PREPARATORY SCHOOL (CONTINUED)

2017-001 Audit Committee – (Compliance) (continued)

Management's Response: South Valley Preparatory School Administrator has been actively seeking a parent volunteer for this committee. We hope to have a parent on this committee by Mid-April when we are preparing for the FY2018 Audit. Business Manager is responsible for implementation by 4/1/2018.

2017-002 Internal Control – (Significant Deficiency)

Condition: During our testing of forty cash disbursements and twenty five cash receipts we noted the following:

- There was one instance in the amount of $30.00 in which the school did not issue a receipt for a check received.
- There was on instance in the amount of $20.00 in which the '$10 and under log' was left blank with just a dollar value written at the bottom of the page.
- Cash collected by students as part of student activity fundraisers is not being reconciled.

Criteria: NMAC 2.42.6.20.2.11 requires that schools establish and maintain an internal control structure to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use. "The internal control structure shall include written administrative controls (rules, procedures, practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP."

Effect: Not being in compliance with the School's internal control procedures for purchasing places the School at risk for fraud or misuse of public funds.

Cause: School personnel did not follow established policies of the School.

Auditor's Recommendation: The School should follow its established internal control procedures.

Management's Response: South Valley Preparatory school staff has received proper training on our Activity Policies and Procedures as well as our Cash Receipts policies and procedures. They are now following the proper procedures for collecting and submitting funds to the business office with the appropriate forms to reconcile all monies received for activities. Business Manager is responsible for implemented on 10/1/2017.

SOUTHWEST AERONAUTICS, MATHEMATICS AND SCIENCE ACADEMY

2016-003 Controls Over Cash Disbursements – (Significant Deficiency) Repeated and Modified

Condition: In 2 out of 25 disbursements tested, the purchase order was dated after the invoice date, indicating that the purchase was not properly approved before it was made. The amount of the 2 disbursements noted equals $607.75.

The school has been making progress, new policies were drafted at the end of FY17.

Criteria: Section NMAC 6.20.2.17 (A), requires that each school shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq., NMSA 1978. An internal control structure over purchasing shall be established and maintained to assure compliance with school policy, and state and federal regulations. Also, the New Mexico Manual of Procedures for

SOUTHWEST AERONAUTICS, MATHEMATICS AND SCIENCE ACADEMY (CONTINUED)

2016-003 Controls Over Cash Disbursements – (Significant Deficiency) Repeated and Modified (continued)

Public School Accounting and Budgeting, Supplement 13 – Purchasing, states that "the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services or construction."

Effect: Without proper approval, purchases for unauthorized goods or services may occur.

Cause: Processes and procedures in place were by-passed by those involved in the purchasing process.

Auditor's Recommendation: We recommend the School strengthen internal controls over purchasing procedures to ensure that all purchases are approved in accordance with School policies and procedures. Goods and/or services should not be ordered until all required authorizing signatures are obtained.

Management's Response: The Southwest Aeronautics, Mathematics, and Sciences Academy has developed a detailed financial policies and procedures manual. In the school's current status in corrective action with the state, contracts must be prepared and reviewed by the school, then transmitted to the PED to be reviewed and then approved by the Deputy Secretary of Education after which they are sent back to the school to be included in a request for a Purchase Order that is sent to the PED again. This process leaves small time for items that are overlooked. The school recognizes that they must provide for more advanced planning for the following year's purchases. The school's administration, along with contracted business managers, will continue to work to maintain an internal control environment and structure that will safeguard the assets of the school, while maintaining compliance with legal and regulatory requirements. All staff were notified that until an approved Purchased Order is issued and received by the New Mexico Public Education Department that no service or good can be purchased for any reason; failure to comply would result in official reprimand and may result in the employee(s) either returning ordered items or paying for them solely. Management will review the environment as well as requirements surrounding procurement with all staff and governance. *Responsible party for corrective action:* Business Manager. *Timeline for corrective action:* January 1, 2018

2016-005 Payroll (Significant Deficiency) Repeated and Modified

Condition: We tested thirty payroll transactions and noted one instance where the employee's contract stated a particular number of installments over which their contract would be paid, but the employee's contract was paid out over a different number of installments. In this case, the correct contract was paid, but the number of installments noted in the employee contract did not correspond to the number of payments made to the employee.

The school has been making progress, new policies were drafted at the end of FY17.

Criteria: Each employee should have signed, written documentation to support their gross pay, and should be paid according to that documentation. If changes are made to a contract, the contract should be revised and re-signed, or documentation supporting the revision should be included in the employee personnel file.

Effect: Without proper controls in place, employees can be overpaid and underpaid. The School could also be subject to claims by employees who may believe they have not been paid correctly.

Cause: The School did not adequately review and make necessary revisions to employee contracts.

SOUTHWEST AERONAUTICS, MATHEMATICS AND SCIENCE ACADEMY (CONTINUED)

2016-005 Payroll (Significant Deficiency) Repeated and Modified (continued)

Auditor's Recommendation: We recommend the School strengthen internal controls over payroll, including implementation of policies and procedures to ensure employee contracts are accurate and revised as may be necessary.

Management's Response: In the continued effort to ensure that employees were being properly recorded, reported, and paid by their respective employer, employee contracts were adjusted at the beginning of FY2017. When the contracts were adjusted, the employee's contract in questions number of paid periods were not amended to reflect periods that had already passed. This employee received their full and accurate salary for FY2017, and management wants it noted that the finding on this was due to a clerical typo on two single characters of a four-page document. Going forward, a procedure is in place to have all contracts created by the school based Business Manager using transcripts, license, verified previous work experience, approved school calendar and approved salary schedules. The contract is reviewed by the contracted Business Management consultant and then reviewed and approved by the Head Administrator prior to presenting it to the prospective employee for their review and execution. *Responsible party for corrective action:* Business Manager and *Timeline for corrective action:* January 1, 2018.

2017-001 Travel and Per-Diem – (Non-Compliance)

Condition: Out of five employee reimbursements tested, we noted one instance where the School reimbursed an employee for mileage and used the wrong year's IRS mileage rate to calculate the employee's reimbursement.

Criteria: NMAC 2.42.11(b)(1) NMAC states that public officers and employees of state agencies shall be reimbursed for mileage accrued in the use of a private automobile at 80% of the internal revenue service standard mileage rate set January 1 of the previous year for each mile traveled in a privately owned vehicle.

Effect: The School is not in compliance with the Per Diem and Mileage Act and is incorrectly paying employees for travel on behalf of the School.

Cause: The School revised their reimbursement policy after the FY2016 audit, but had already processed employee mileage reimbursements during FY2017.

Auditor's Recommendation: The School has already revised their policy regarding mileage reimbursement to be compliant with state requirements.

Management's Response: In the continued effort to ensure that employees were being properly recorded, reported, and paid by their respective employer, employee contracts were adjusted at the beginning of FY2017. When the contracts were adjusted, the employee's contract in questions number of paid periods were not amended to reflect periods that had already passed. This employee received their full and accurate salary for FY2017, and management wants it noted that the finding on this was due to a clerical typo on two single characters of a four-page document. Going forward, a procedure is in place to have all contracts created by the school based Business Manager using transcripts, license, verified previous work experience, approved school calendar and approved salary schedules. The contract is reviewed by the contracted Business Management consultant and then reviewed and approved by the Head Administrator prior to presenting it to the prospective employee for their review and execution. Responsible party, Business Manager and timeline for correct by January 1, 2018.

SOUTHWEST INTERMEDIATE LEARNING CENTER

2016-003 Payroll – (Significant Deficiency) Repeated and Modified

Condition: We tested 25 payroll transactions and noted the following:

- In 1 case, the I-9 form was not signed by the employee or employer
- In 3 cases, there were incomplete copies of documents included with the I-9 form
- In 1 case, the employee's contract stated a particular number of installments over which their contract would be paid, but the employee's contract was paid out over a different number of installments
- In 1 case, the authorization to release copy of FBI background check report is in the personnel file, but not the background report itself

The school has been making progress, new policies were drafted at the end of FY17.

Criteria: Federal law requires that each employee complete an I-9 upon being hired to determine their eligibility to work in the United States. Each I-9 form must be accurately completed and must be maintained on file for the School to demonstrate its compliance. The School is required to complete a background check on every employee, which should be maintained in employee personnel files. Each employee should have signed, written documentation to support their gross pay, and should be paid according to that documentation. If changes are made to a contract, the contract should be revised and re- signed, or documentation supporting the revision should be included in the employee personnel file.

Effect: Without proper controls in place, employees can be overpaid and underpaid. The School could also be subject to claims by employees who may believe they have not been paid correctly. Without proper documentation in personnel files, the School could be subject to fines and penalties in case of a labor or Immigration audit.

Cause: Sufficient attention has not been given to employee personnel files and ensuring their completeness and accuracy. The School did not adequately review and make necessary revisions to employee contracts.

Auditor's Recommendation: We recommend the School strengthen internal controls over employee contracts and personnel files. We also recommend each school maintain a complete personnel file with all required documents properly filled out.

Management's Response: Southwest Intermediate Learning Center is now closed. The school's last date of existence was June 30, 2017.

2017-001 Cash deposit requirements (Compliance)

Condition: For 1 of the 15 cash receipts tested totaling $120, it was noted that deposit of funds into a financial institution was not completed within 24 hours.

Criteria: Cash receipts shall be deposited into a financial institution within 24 hours of receipt.

Cause: The School did not have a systematic process in place to be in compliance with this requirement.

Effect: Public monies are susceptible to theft or misappropriation if not deposited in a timely manner.

SOUTHWEST INTERMEDIATE LEARNING CENTER (CONTINUED)

2017-001 Cash deposit requirements (Compliance) (continued)

Auditor's Recommendation: We recommend that the School augment their internal policy to comply with state statutes, specifically regarding the deposit of cash receipts into a financial institution within 24 hours of receipt, and follow the aforementioned policy going forward.

Management's Response: Southwest Intermediate Learning Center is now closed. The school's last date of existence was June 30, 2017.

2017-002 Expenditures Exceed Budget (Compliance)

Condition: The School had one fund with expenditures in excess of the budget during the year ended June 30, 2017:

Instructional Materials, Instruction Function	$ 3,222

Criteria: According to 6.20.2.9 NMAC, budgetary control shall be at the function level. Over- expenditure of a function shall not be allowed.

Effect: The Charter School is non-compliant with State Law.

Cause: A budget adjustment request was not submitted to account for additional expenditures incurred in the fund as listed above.

Auditor's Recommendation: We recommend that the School establish a policy of budgetary review at year-end to make the necessary budgetary adjustments.

Management's Response: Southwest Intermediate Learning Center is now closed. The school's last date of existence was June 30, 2017.

SOUTHWEST PRIMARY LEARNING CENTER

2016-004 Payroll – (Significant Deficiency) Repeated and Modified

Condition: We tested 30 payroll transactions and noted the following:

- In 1 case, the I-9 form was not signed by the employer
- In 3 cases, the I-9 form was not signed by the employee
- In 1 case, there were incomplete copies of documents included with the I-9 form
- In 3 cases, the employee contract in the personnel file is not signed
- In 6 cases, the employee's contract stated a particular number of installments over which their contract would be paid, but the employee's contract was paid out over a different number of installments
- In 1 case, the employee's contracted started part way into the School year, and the contract amount should have been pro-rated based on the number of contract days remaining. It appears as though this was done, but it was not indicated on the employee's contract.

The school has been making progress, new policies were drafted at the end of FY17.

Criteria: Federal law requires that each employee complete an I-9 upon being hired to determine their eligibility to work in the United States. Each I-9 form must be accurately completed and must be maintained on file for the School to demonstrate its compliance. Each employee should have signed, written documentation to support their

SOUTHWEST PRIMARY LEARNING CENTER (CONTINUED)

2016-004 Payroll – (Significant Deficiency) Repeated and Modified (continued)

gross pay, and should be paid according to that documentation. If changes are made to a contract, the contract should be revised and re-signed, or documentation supporting the revision should be included in the employee personnel file.

Effect: Without proper controls in place, employees can be overpaid and underpaid. The School could also be subject to claims by employees who may believe they have not been paid correctly. Without proper documentation in personnel files, the School could be subject to fines and penalties in case of a labor or Immigration audit.

Cause: Sufficient attention has not been given to employee personnel files and ensuring their completeness and accuracy. The School did not adequately review and make necessary revisions to employee contracts.

Auditor's Recommendation: We recommend the School strengthen internal controls over employee contracts and personnel files. We also recommend each school maintain a complete personnel file with all required documents properly filled out.

Management's Response: In the continued effort to ensure that employees were being properly reported, recorded, and paid by their respective employer, contracts were again adjusted at the beginning of FY2017. When the contracts were adjusted the employees paid periods were not amended to reflect periods that had passed. These employees received their full and accurate salaries for FY2017, and management wants it noted that the finding on this was due to a clerical typo on two single characters of a four-page document. All employee files have been reviewed and have been updated when needed. Management will review the payroll requirements and procedures with administration and governance as well as each employee's file for the current year. *Responsible party for corrective action:* Business Manager and *Timeline for corrective action:* January 1, 2018

2017-001 Internal Controls Cash receipts (Other Matters)

Condition: For 1 of the 25 cash receipts selected for testing, the School was unable to locate and provide supporting documentation.

Criteria: The School should maintain supporting documentation for every transaction processed in order to demonstrate compliance and good internal controls.

Cause: The supporting documentation for a cash receipt was lost or misplaced.

Effect: The School is not able to show compliance or internal controls over the missing cash receipt. Without proper internal controls, funds are subject to misappropriation.

Auditor's Recommendation: We recommend that the School strengthen their internal controls over cash receipts to ensure supporting documents are maintained on file.

Management's Response: The Southwest Primary Learning Center has developed a detailed financial policies and procedures manual. Management will review the financial policies and procedures with all applicable staff and request that they review and sign to acknowledge receipt and understanding of their responsibilities when accepting payments on behalf of the school. Responsible party, Business Manager and timeline by January 1, 2018

SOUTHWEST SECONDARY LEARNING CENTER

2016-003 Controls Over Cash Disbursements – (Significant Deficiency) Repeated and Modified

Condition: In 2 out of 25 disbursements tested, the purchase order was dated after the invoice date, indicating that the purchases were not properly approved before they were made. The amount of the disbursements noted equals $899.59.

The school has been making progress, new policies were drafted at the end of FY17.

Criteria: Section NMAC 6.20.2.17 (A), requires that each school shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq., NMSA 1978. An internal control structure over purchasing shall be established and maintained to assure compliance with school policy, and state and federal regulations. Also, the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, states that "the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services or construction."

Effect: Without proper approval, purchases for unauthorized goods or services may occur.

Cause: Processes and procedures in place were by-passed by those involved in the purchasing process.

Auditor's Recommendation: We recommend the School strengthen internal controls over purchasing procedures to ensure that all purchases are approved in accordance with School policies and procedures. Goods and/or services should not be ordered until all required authorizing signatures are obtained.

Management's Response: The Southwest Secondary Learning Center has developed a detailed financial policies and procedures manual. The school's administration, along with contracted business managers, will continue to work to maintain an internal control environment and structure that will safeguard the assets of the school, while maintaining compliance with legal and regulatory requirements. In addition, management will continue to ensure to appropriately record and report financial activities of the school. All staff were notified that until an approved Purchased Order is issued and received by the New Mexico Public Education Department that no service or good can be purchased for any reason; failure to comply would result in official reprimand and may result in the employee(s) either returning ordered items or paying for them solely. Management will review the environment as well as requirements surrounding procurement with all staff and governance. Responsible party, Business Manager and timeline by January 1, 2018

2016-005 Payroll – (Significant Deficiency) Repeated and Modified

Condition: We tested 25 payroll transactions and noted the following:

- In 1 case, the I-9 form was not signed by the employee
- In 2 cases, the I-9 form was not signed by the employer
- In 7 cases, there were incomplete copies of documents included with the I-9 form
- In 2 cases, the I-9 on file is not complete; all appropriate sections are not filled out
- In 1 case, the employee's contract stated a particular number of installments over which their contract would be paid, but the employee's contract was paid out over a different number of installments

SOUTHWEST SECONDARY LEARNING CENTER (CONTINUED)

2016-005 Payroll – (Significant Deficiency) Repeated and Modified (continued)

The school has been making progress, new policies were drafted at the end of FY17.

Criteria: Federal law requires that each employee complete an I-9 upon being hired to determine their eligibility to work in the United States. Each I-9 form must be accurately completed and must be maintained on file for the School to demonstrate its compliance. Each employee should have signed, written documentation to support their gross pay, and should be paid according to that documentation. If changes are made to a contract, the contract should be revised and re-signed, or documentation supporting the revision should be included in the employee personnel file.

Effect: Without proper controls in place, employees can be overpaid and underpaid. The School could also be subject to claims by employees who may believe they have not been paid correctly. Without proper documentation in personnel files, the School could be subject to fines and penalties in case of a labor or Immigration audit.

Cause: Sufficient attention has not been given to employee personnel files and ensuring their completeness and accuracy. The School did not adequately review and make necessary revisions to employee contracts.

Auditor's Recommendation: We recommend the School strengthen internal controls over employee contracts and personnel files. We also recommend each school maintain a complete personnel file with all required documents properly filled out.

Management's Response: In the continued effort to ensure that employees were being properly recorded, reported, and paid by their respective employer, employee contracts were again adjusted at the beginning of FY2017. When the contracts were adjusted, the employee contract in question's number of paid periods were not amended to reflect periods that had already passed. This employee received their full and accurate salary for FY2017, and management wants it noted that the finding on this was due to a clerical typo on two single characters of a four-page document. Starting with FY2018, the school now staffs a full time Human Resources Specialist whose job it is to ensure initial and continued compliance with aspects of employment eligibility and payments. Management will review the payroll requirements and procedures with administration and applicable staff. All employee files will be reviewed and be updated as needed. *Responsible party* Business Manager and *Timeline for corrective action:* January 1, 2018

TAOS ACADEMY

2017-001 Timely Deposits (Other Non-Compliance)

Condition: During our review of eleven deposits, three deposits totaling $2,550 did not have the dated receipts to support the date funds were received. As such, compliance with the twenty-four hour deposit requirement could not be determined.

Criteria: Per NMAC 6.20.2.14.C states "money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day."

Effect: The School was not in compliance with the twenty-four hour deposit requirement.

TAOS ACADEMY (CONTINUED)

2017-001 Timely Deposits (Other Non-Compliance) (continued)

Cause: The School was not documenting dates on the cash receipts.

Auditor's Recommendation: Implement internal controls to ensure deposits are made and documented in accordance with cash receipting requirements.

Management's Response: Management continues to reinforce the importance of following procedures for timely deposits. The school also has new staff and they have been properly trained in procedures for handling deposits. Business Manager is responsible for implementation by 1/1/2018.

2017-002 Travel and Training Policy (Other Non-Compliance)

Condition: During our review of travel and per diem expenditures, one of five disbursements reviewed included a reimbursement for alcohol. The total disbursement was for $137 and the portion related to alcohol was approximately $7.

Criteria: NMAC 6.20.2.19 states each school district shall establish and implement written policies and procedures for travel and training. Travel policies and procedures shall be in compliance with the Per Diem and Mileage Act, Sections 10-8-1 through 10-8-8, NMSA 1978, and department of finance and administration (DFA) regulations.

Effect: The School is not in compliance with NMAC 6.20.2.19.

Cause: The School has not implemented written policies and procedures for travel and training. According to School personnel, the School's informal policy does not allow for reimbursement of alcohol but the School's controls did not prevent the reimbursement from occurring.

Auditor's Recommendation: Travel and training policies and procedures should be established and implemented. Once implemented, ensure that School funds are not used for unallowable reimbursements.

Management's Response: The school will review current policies and procedure to make sure that we are in compliance with NMAC 6.20.2.19. It is not the School's practice to reimburse alcoholic beverages, this was an oversight. Business Manager is responsible for implementation by 1/1/2018.

THE FOUNDATION FOR TAOS ACADEMY

2017-001 Segregation of Duties for the Foundation (Significant Deficiency)

Condition: The Foundation has one individual who is responsible for depositing receipts, handling cash, and maintaining the support for the revenues. This individual also has the ability to write checks, enter transactions into the accounting system and has online banking access.

Criteria: Per NMAC 6.20.2.11 (A) Internal Control Structure Standards, "every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP."

THE FOUNDATION FOR TAOS ACADEMY (CONTINUED)

2017-001 Segregation of Duties for the Foundation (Significant Deficiency) (continued)

The basic premise of segregation of duties is that no one person should have access to both physical assets and the related accounting records or to all phases of a transaction.

Effect: Proper segregation of duties does not exist at the Foundation.

Cause: The Foundation does not have controls in place to ensure that more than one person is responsible for the cash and accounting functions.

Auditors' Recommendation: The Foundation should segregate the various accounting duties to ensure that the same person who is writing checks and cashing deposits is not the same person who authorizes and records those transactions.

Management's Response: The School will work with the Foundation on implementing an Internal Control Structure that is sound. The Foundation will also begin reporting their finances to the Governing Board of the School on a quarterly basis. The Finance Committee will also review the financial statements and procedures of the Foundation. Business Manager is responsible for implementation by 1/1/2018.

TAOS INTEGRATED SCHOOL OF THE ARTS

2016-001 Internal Control Structure (Other Non-Compliance) Repeated and Modified

Condition: During our review of 25 disbursements, we noted an instance where the School made a payment to a vendor totaling $6,907 which agreed to the amount on the invoice. However, the vendor's invoice did not calculate the total properly and the invoice should have only totaled $6,857. This calculation error on the invoice resulted in the School overpaying the vendor by $50. An internal control structure finding for an overpayment was reported in 2016 and the School has implemented controls to help prevent this in the future.

Criteria: Per NMAC 6.20.2.11 (A) Internal Control Structure Standards, "every School district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recoded properly to permit the preparation of general purpose financial statements in accordance with GAAP. The internal control structure shall include written administrative controls (rules, procedures and practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP."

Effect: The School is not in compliance with NMAC 6.20.2.11 and the School overpaid the vendor $50.

Cause: School personnel did not cross-check the vendor invoice prior to making a payment to the vendor.

Auditor's Recommendation: Implement internal controls to ensure vendors aren't paid more than the correct amount.

Management's Response: This finding was prior to the school implementing additional procedures for review of payment of invoices. All invoices must be reviewed by the Business Manager prior to the payment being approved.

TAOS INTEGRATED SCHOOL OF THE ARTS (CONTINUED)

2016-001 Internal Control Structure (Other Non-Compliance) Repeated and Modified (CONTINUED)

Also, all check signers have been trained on review of invoices. The personnel responsible are the Director, Business Manager, and the check signers. Corrective action has been taken but monitoring will be on-going.

2017-001 Procurement (Other Non-Compliance)

Condition: The School did not follow their procurement policy when purchasing firewalls for $48,000. Quotes were not obtained prior to the purchase of these goods.

Criteria: NMAC 6.20.2.17 PURCHASING states A. Each school district shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq., NMSA 1978. Purchasing policies and procedures for grant funding shall comply with requirements established within the grant and the Procurement Code. An internal control structure over purchasing shall be established and maintained to assure compliance with school district policy, state and federal regulations. The School's policy states "For purchases of tangible items between $5,000 - $59,999.99 and services between $5,001 and $59,999.99, the requisitioning employee must obtain three quotes."

Effect: The School is not in compliance with their procurement policy and could be over paying for tangible items.

Cause: Internal controls were not in place to ensure the School followed their procurement policy when purchasing tangible items.

Auditor's Recommendation: The School should follow its policies and procedures when purchasing tangible items.

Management's Response: The Governing Board President was present for discussions with the school's landlord regarding required work for the E-Occupancy of building. The construction of firewalls was required prior to occupancy. The landlord did get three quotes; however they were not provided to the school. The school continues to be diligent in following procurement. The personnel responsible are the Director, Business Manager, and the finance committee. Corrective action is on-going.

2017-002 Background Checks (Other Non-Compliance)

Condition: During our internal control testwork over 25 payroll transactions we noted an instance where the complete background check was not maintained as certain key pages were missing. Upon request of the completed background check, we noted results that we believe would have required an individual being adjudicated prior to hire. Management was unaware of the results of the background check and an adjudication process was not taken upon hiring this individual.

Criteria: Background checks should be completed for all individuals hired for sensitive positions and in accordance with written policies and procedures as established by the governing council. NMAC 6.20.2.18 required various employee records and documentation to be maintained and available for inspection.

Effect: The School is not in compliance with NMAC 6.20.2.18 as only a portion of an employee's background check was maintained. In addition, an employee was hired prior to an adjudication process being completed.

Cause: Controls were not in place to ensure the complete background check was maintained on file. In addition, an adjudication process did not occur prior to hiring the individual.

TAOS INTEGRATED SCHOOL OF THE ARTS (CONTINUED)

2017-002 Background Checks (Other Non-Compliance) (continued)

Auditor's Recommendation: Internal controls and procedures should be established to ensure the entire background check is maintained on file and that documentation is maintained when needed to adjudicate an employee. In addition, the individual who submits and maintains the background checks should not be responsible for their own background check.

Management's Response: Management will establish procedures for personnel files that include background check review and procedures that will be followed if information is provided that would require an adjudication process. The personnel responsible are the Director and Business Manager. Corrective action is on-going.

TAOS INTERNATIONAL SCHOOL

2016-001 Travel and Per Diem (Other Non-Compliance) Repeated and Modified

Condition: As detailed, the School has not developed procedures to correct the prior year finding. During the fiscal year 2017, we noted that three of six mileage reimbursements tested did not include support for mileage traveled such as odometer readings or NM DOT map mileage. We also noted one instance in which the purchase order was generated prior to approval of the travel request and two instances when the Executive Director approved her own mileage reimbursement.

Criteria: NMAC 2.42.2.11 states that for conveyance in the discharge of official duties by privately owned automobile, mileage accrued shall be reimbursed at the rate set as pursuant to the mileage chart of the official state map published by the state highway and transportation department for distances in New Mexico or pursuant to actual mileage if the beginning and ending odometer reading is certified as true and correct by the traveler.

Effect: The School is not in compliance NMAC 2.42.2.11.

Cause: The School did not have internal controls in place to ensure that mileage reimbursed was certified in accordance with NMAC 2.42.2.11.

Auditor's Recommendation: The School should ensure they have policies in place to ensure that all travel related reimbursements are made and supported in accordance with NMAC 2.42.2.11.

Management's Response: As of October 31, 2017, a new travel reimbursement form has been created to include the odometer reading. The staff has been reminded that odometer readings are required to be include on the form. A new control procedure has also been approved that requires the GC President to approve all administrator reimbursements by signature.

2017-001 Procurement Code (Other Non-Compliance)

Condition: The School did follow proper procurement procedures when obtaining food vendor services in the amount of $147,000. The school did not obtain formal bids or requests for proposals.

Criteria: Section NMAC 6.20.2.17(A), requires that each school shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq., NMSA 1978. An internal control structure over purchasing shall be established and maintained to assure

TAOS INTERNATIONAL SCHOOL (CONTINUED)

2017-001 Procurement Code (Other Non-Compliance) (continued)

compliance with school policy, state and federal regulations. Per the school policy: Competitive bids must be obtained on a request for proposal form and in accordance with New Mexico State Statute for tangible items and professional services estimated to cost more than $60,000.

Effect: The School is not in compliance with NMAC 6.20.2.17, and they did not follow their procurement process. The School could be over paying for goods and services.

Cause: Internal controls are not in place to ensure the School's compliance with its written policies and procedures.

Auditor's Recommendation: Implement the procedures from your written policies and procedures for purchasing goods and services. Establish internal controls to ensure following procurement procedures are followed.

Management's Response: Effective October 31, 2017, procurement code policies and procedures have been reviewed with school employees to ensure they are followed. The Procurement Officer is responsible to ensure these policies are followed. The school did require bids for food services for the FYE 2017-2018 school year.

2017-002 Budget Adjustment Request (Other Non-Compliance)

Condition: During our review of budget adjustment requests (BAR), two of four BAR's reviewed were not reviewed and approved by the Governing Council prior to obtaining PED approval.

Criteria: Per NMAC 6.20.2.10 (A), the School shall maintain a log of all budget adjustment requests to account for status, numerical sequence, and timely approval at each level. The log is to be retained for audit purposes. As stated in the School's Internal Controls Manual, the Business Manager shall present proposed budget adjustment requests to the Governing Council for approval at a scheduled meeting. If the changes are approved, the approval is noted in the meeting minutes.

Effect: When BARs are not first discussed with the Governing Council, this prevents the Governing Council from having accurate information regarding the budget in order to make decisions. The School is not in compliance with their policies and procedures.

Cause: The School did not its follow internal policies and procedures. Additionally, Governing Council minutes were not complete to include details of all items discussed and approved.

Auditor's Recommendation: Ensure the Governing Council approves all BARs. In addition, we recommend that the minutes include necessary detailed information pertaining to all items discussed.

Management's Response: All BARs are approved by the Governing Council as required. However, the minutes of the GC meeting did not have the correct date of the meeting. Effective October 31, 2017, the Executive Director will review meeting minutes to ensure they are accurate.

TAOS INTERNATIONAL SCHOOL (CONTINUED)

2017-003 Internal Control Structure over Payroll (Other Matters)

Condition: During our review of payroll and accrued payroll liabilities, we noted that voluntary payroll deductions totaling $5,423.85 for a state tax levy were not remitted timely.

Criteria: NMAC 6.20.2.11 requires each school to establish and maintain a structure of internal accounting controls and written procedures. Each school is required to conduct independent checks on performance and proper valuation of recorded amounts, such as clerical checks, reconciliations, comparison of assets with recorded accountability, computer programmed controls, management review of reports that summarize the detail of account balances and user review of computer generated reports. The School is also required to maintain an internal control structure to demonstrate the ability to record, process, summarize and report financial data. In addition, the internal control structure shall demonstrate that the school identifies applicable law and regulations, and that procedures are designed to provide reasonable assurance that the school complies with those laws and regulations.

Effect: The School did not remit amounts withheld from an employee for a state tax levy as the amounts were withheld, which increases the risk of interest and penalties for amounts not remitted to the State timely.

Cause: Internal controls are not in place to ensure voluntary payroll deductions are remitted timely.

Recommendation: Implement internal controls to ensure all payroll deductions are remitted timely.

Management's Response: Effective October 31, 2017, the business manager will ensure that funds withheld from employee paychecks as garnishments are remitted timely. As of October 31, 2017, all required garnishment payments have been made. Future payments will be made timely.

2017-004 Cash Receipts (Other matters)

Condition: During our review of cash receipts, we noted that revenues were recorded to the incorrect fund and general ledger account.

Criteria: Per NMAC 6.20.2.14, School districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the office of management and budget (OMB) and Uniform Guidance, and applicable state and federal laws and regulations.

Effect: The revenues reported were inaccurate. The School is not in compliance with NMAC 6.20.2.14

Cause: Internal controls are not in place to ensure accurate reporting.

Recommendation: Implement internal controls to ensure cash receipts are reviewed and recorded under the correct fund and account.

Management's Response: The school has a review process related to cash receipts. However, this error was not identified during the review. Effective October 31, 2017, the office manager will work with the business manager to ensure cash receipts are posted to the correct fund and account.

TAOS INTERNATIONAL SCHOOL (CONTINUED)

2017-005 Educational Retirement Board and Retiree Health Care Contributions (Other Non-Compliance)

Condition: During our payroll transaction testwork we noted the following:

- One return to work employee did not have ERB or RHC contributions reported for one pay period.
- One employee received compensation greater than $20,000 and should have contributed 10.7%, however the employee contributions were calculated at 7.9%.
- One employee was considered a long-term substitute, however no ERB or RHC contributions were deducted or reported for the employee.

Criteria: Charter 22, Article 11 NMSA 1978 "Educational Retirement Act" established guidelines for contributions and the calculation of qualifying wages. The ERB Form 100 must be faxed the same day that the contributions are electronically transmitted, no later the 15th of the month following the month covered by the Report. All employees who are entitled to ERB benefits must contribute to RHC.

Effect: The School is not in compliance New Mexico Statutes in regards to ERB and RHC contributions.

Cause: The School did not use appropriate methodology for determining wages for ERB contributions in accordance with ERB and RHC guidance. The School does not have procedures in place to ensure reports are filed timely.

Auditor's Recommendation: Implement internal controls to ensure the appropriate amounts are reported and remitted to ERB each month within the required deadlines.

Management's Response: Effective October 31, 2017, the Executive Director is reviewing the school's internal controls to ensure that necessary processes and procedures are in place to ensure that payroll related benefits and liabilities are properly calculated and remitted to the appropriate agencies timely.

TECHNOLOGY LEADERSHIP HIGH SCHOOL

2016-001 Procurement Code (Other Non-Compliance) Repeated and Modified

Condition: During our test work of twenty-eight cash disbursements, we noted the school did not follow proper procurement procedures when it purchased sixty-five laptops in the amount of $60,385. The school did not obtain formal bids or proposals as required. The school has not established purchasing policies to ensure compliance with state and federal regulations for purchases of goods or services exceeding $60,000.

Criteria: Section NMAC 6.20.2.17(A), requires that each school shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq., NMSA 1978. An internal control structure over purchasing shall be established and maintained to assure compliance with school policy, state and federal regulations.

Effect: The school is not in compliance with state and federal purchasing policies and procedures. The school could be over paying for goods and services.

TECHNOLOGY LEADERSHIP HIGH SCHOOL (CONTINUED)

2016-001 Procurement Code (Other Non-Compliance) Repeated and Modified (continued)

Cause: The school updated their internal control policies and procedures and left out procurement guidelines when procuring for tangible items in excess of $60,000. Internal controls were not followed to ensure the School's purchasing policies and procedures are in compliance with state and federal regulations.

Auditor's Recommendation: Establish purchasing policies and procedures that are in compliance with the Procurement Code. Establish proper internal controls to ensure the School is following purchasing policies.

Management's Response: While the Procurement Code requires that each school establish written policies and procedures for purchasing, it does not prescribe that these policies contain language for "items in excess of sixty thousand". While the School's written policies and procedures for purchasing do not speak specifically to procurements over sixty thousand ($60,000) they do require the School to comply with the Procurement Code, therefore, we respectfully disagree that there has been a violation here in those written policies and procedures. However, to be sure there is clarity here, the School will update its Internal Control Procedures to add a line such as "All bids required to be done competitively by the Procurement Code shall be done as such". This will be done effective October 31, 2017 and the procurement officer will ensure requirements are followed.

2017-001 Internal Control (Other Non-Compliance)

Condition: During our test-work of twenty-eight cash disbursements and six travel disbursements, we noted two instances where the purchase order was generated after services were incurred.

Criteria: Per NMAC 6.20.2.11 (A) Internal Control Structure Standards, "every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP.

Effect: The School is not in compliance with NMAC 6.20.2.11 and policies regarding purchases. Without proper approval, purchases for unauthorized goods or services may occur.

Cause: Internal controls were not followed to ensure the School adheres to purchasing policies and procedures.

2017-001 Internal Control (Other Non-Compliance)

Auditor's Recommendation: Ensure purchase orders are created and approved prior to procuring goods and services.

Management's Response: Effective October 31, 2017, the business manager will ensure that the School creates the purchase order prior to making purchases and services rendered. Business Manager is responsible for implementation by 1/1/2018.

TIERRA ADENTRO

2015-001 - Internal Control Structure and Payroll (Significant Deficiency) Repeated and Modified

Condition: During our review of 25 payroll disbursements, we noted three instances where the School was improperly calculating employee and employer FICA amounts for certain insurance deductions. These employee deductions should have been treated as post-FICA deductions; however, the School treated them as pre-FICA deductions. A payroll deduction finding was reported during the 2016 and 2015 audits. During 2017, the School was in the process of ensuring all payroll deductions are deducted properly.

Criteria: NMAC 6.20.2.11 Internal Control Structure Standards, requires every School to maintain an internal control structure that will provide management with reasonable assurance assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP.

Effect: The School is not in compliance with NMAC 6.20.2.11 and employees paid less in taxes than what should have been paid.

Cause: Internal controls are not in place to ensure deductions are properly entered into the payroll system.

Auditor's Recommendation: Implement internal controls to ensure deductions are properly entered into the payroll system. A review should be performed for all employees to ensure deductions are properly calculated.

Management's Response: After the fiscal year 2016 audit, we were made aware that one deduction was being calculated improperly. As soon as we were informed that the deduction should be post-tax, we corrected it in the financial system. This was fixed by the date we provided in last year's findings. Business Manager is responsible for implementation by 1/1/2018.

2016-001 Excess of Expenditures over Budget (Other Non-Compliance) Repeated and Modified

Condition: The Operational Fund's (11000) actual expenditures exceeded budgetary authority at the functional level for Non-instructional Services (Food Service Operations) by $3,884. A similar finding was reported in 2016; however, complete corrective action wasn't implemented during 2017.

Criteria: Per NMAC 6.20.2.9 (A) every school district shall follow budget requirements stated in Sections 22-8-5 through 22-8-12.2, NMSA 1978, and procedures of the department in preparing, submitting, maintaining and reporting budgetary information. Budgetary control shall be at the function level. Over-expenditure of a function shall not be allowed.

Effect: The School had expenditures in the non-instructional services function level that exceeded the total approved budgeted expenditures by $3,884.

Cause: Budgetary controls were not in place to adequately monitor and regularly compare budget to actual results. As a result, measures were not taken to avoid or minimize the amount that actual expenditures exceeded the approved budget for the Operational fund.

TIERRA ADENTRO (CONTINUED)

2016-002 Excess of Expenditures over Budget (Other Non-Compliance) Repeated and Modified (continued)

Recommendation: Budget adjustment requests should be presented to and approved by PED before expending funds in excess of the budget. Controls should be implemented to ensure that budgeted amounts are compared to actual on a regular basis and the budget effectively utilized for controlling expenses and managing cash flow.

Management's Response: PED requires all BARs to be submitted by the beginning of June and will not approve anything after that deadline. The School did not receive the final food service invoice or USDA Funds until after PED's deadline which caused the expenditures to exceed budgetary authority. Business Manager is responsible for implementation by 6/30/2018.

2017-001 Timely Deposits (Other Non-Compliance)

Condition: During our review of eleven deposits, we noted two deposits totaling $190 that were not deposited within twenty-four hours of being received.

Criteria: NMAC 6.20.2.14.C states "money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day."

Effect: The School is not in compliance with NMAC 6.20.2.14.

Cause: The School's policies and procedures regarding cash receipts were not being enforced.

Recommendation: Implement internal controls to ensure all deposits are made and documented in accordance with cash receipting requirements.

Management's Response: All deposits will be properly dated and stamped from now on. If the designated person that makes deposits is unable to go to the bank there will be another employee assigned to make the deposit. Business Manager is responsible for implementation by 6/30/2018.

2017-002 Personnel Files (Other Non-Compliance)

Condition: During our review of 25 payroll disbursements, we noted an educational assistant that did not have a license from the Public Education Department on file.

Criteria: NMAC 6.61.2 through 6.61.12 (Chapter 61) outlines the various licensure requirements for persons seeking an instructor's license. NMAC 6.63.9 establishes three levels of licensure for educational assistants and governs the licensure requirements for persons seeking level 1, level 2, and level 3 educational assistant licensure.

Effect: The School is not in compliance with the above referenced requirements.

Cause: The School did not have internal controls in place to ensure all required documentation was obtained prior to hiring the educational assistant noted above and a process is not in place that would provide periodic reviews of employee personnel files to ensure they are complete.

Recommendation: Develop and implement internal control procedures to ensure all required documents are obtained prior to an employee starting employment with the School. Personnel files should be reviewed periodically to ensure all required employment documents have been obtained and that such documents are complete and accurate.

TIERRA ADENTRO (CONTINUED)

2017-002 Personnel Files (Other Non-Compliance) (continued)

Management's Response: The mentioned employee above did have a license but NM PED would not release it to him or the school because he overpaid for it. They would not release it until he went to get his money back so they only gave the school the license number. The school administration will review the new hire checklist to ensure that all required documents are obtained prior to the hiring of an employee. Personnel files will be reviewed during the year to ensure all required documents have been completed and accurate. Business Manager is responsible for implementation by 6/30/2018.

2017-003 Audit Committee (Other Non-Compliance)

Condition: The School lists a parent and community volunteer on their audit committee; however, these individuals have not been attending the entrance or exit conference for the School's annual audit.

Criteria: According to NMSA 22-8-12.3(D) each local school board shall appoint an audit committee that consists of two board members, one volunteer member who is a parent of a student attending the school district and one volunteer member who has experience in accounting or financial matters. Additionally, the audit committee shall attend the entrance and exit conference for the annual audit.

Effect: The School is not in compliance with New Mexico State Statues in regards to audit committee members attending the entrance and exit conferences.

Cause: The School has been unable to solicit the required members to attend the entrance and exit conferences for the annual audit.

Recommendation: We recommend that the School review state compliance requirements and ensure that the audit committee members meet the requirements of NMSA 22-8-12-3(D).

Management's Response: The School and Governing Council will work together to ensure that the audit committee members meet the state compliance requirements. Business Manager is responsible for implementation by 6/30/2018.

2017-004 Budgetary Conditions (Other Non-Compliance)

Condition: The School did not properly budget prior year cash carry-over in the Instructional Materials Fund 14000. Budgeted revenue of $13,432, along with designated cash of $23,321, was insufficient to cover the budgeted expenditures of $36,765 creating a budgeted deficit in the amount of $12.

Criteria: Per NMAC 6.20.2.9 (A) every school district shall follow budget requirements stated in Sections 22-8-5 through 22-8-12.2, NMSA 1978, and procedures of the department in preparing, submitting, maintaining and reporting budgetary information. NMSA 1978 section 22-8-6 states "A school shall be considered as failing to submit a budget if the budget submitted exceeds the total projected resources of the school."

Effect: The School is out of compliance with New Mexico state statute and the controls established by the use of budgets has been compromised, which could result in deficit fund balances and unnecessary usage of funds to cover the budgeted over expenditures.

TIERRA ADENTRO (CONTINUED)

2017-004 Budgetary Conditions (Other Non-Compliance) (continued)

Cause: The original budget had over projected expenditures and a budget adjustment request was not prepared and submitted to PED.

Auditor's Recommendation: We recommend that the School establish a policy where the budget is reviewed at the end of each quarter and give consideration to deficits and ensure that designated cash is available to cover such overages.

Management's Response: The School will conduct an end of year review on budget. It should be noted that although the budget was over budgeted by $12 the school had a carryover of $14,195. Business Manager is responsible for implementation by 6/30/2018.

TIERRA ENCANADA CHARTER

2017-001 – Travel and Per Diem (Compliance)

Condition: During our testing of travel and per diem disbursements we noted the following:

- One instance where the school reimbursed an employee for meals twice resulting in an overpayment of $25.75.
- One instance where the school reimbursed a board member for mileage using the incorrect rate resulting in an overpayment of $2.02.

Criteria: NMAC 2.42.2.11 (B)(1) states public officers and employees of state agencies shall be reimbursed for mileage accrued in the use of a private automobile or aircraft in the official discharge of official duties as follows: "unless the secretary has reduced the rates set for mileage for any class of public officials and for employees of state agencies pursuant to Section 10-8-5 (D) NMSA, 80% of the internal revenue service standard mileage rate set January 1 of the previous year for each mile traveled in a privately owned vehicle. Per NMAC 2.42.2.9 a public officer or an employee may be reimbursed actual expenses for lodging and meals.

E*ffect*: The school is not in compliance with New Mexico State Statutes in regards to mileage and meal reimbursement.

Cause: School personnel did not utilize the correct mileage reimbursement rate. School personnel did not follow school's policies for meal reimbursement.

Auditor's Recommendation: The school should reimburse mileage at 80% of the internal revenue service standard mileage rate set January 1 of the previous year for each mile traveled in a privately owned vehicle. The school should implement a review process to ensure reimbursements are properly calculate and comply with New Mexico statutes.

Management's Response: Management agrees with the finding. Management has revised our Travel Procedures Policy #01.15.15.0013 to reflect a maximum rate of $0.45 or 80% of the IRS standard rate set January 1st of the previous year whichever is less, rather than a set rate of $0.45. This Policy change was approved at our October Governance Meeting. Management will also implement a second review process to include the Director for reimbursement rates related to meals reimbursement. This language will be written into the Business Office Procedures for Travel reimbursement. Business Manager is responsible for implementation by 1/1/2018.

TURQUOISE TRAIL CHARTER SCHOOL

2016-001 Internal Controls over Payroll (Other matters) Repeated and Modified

Condition: During our testwork over twenty-five payroll transactions, we noted the following:

- One long-term substitute, who was working more than .25 full-time equivalent (FTE), was not contributing to the New Mexico Education Retirement Board (NMERB) or to the Retiree Health Care Authority (RHCA).
- One employee received a stipend for the pay grade above the approved amount based on their certification level.

Criteria: Per the NMAC 6.20.2.12, the School District shall conduct independent checks on performance and proper valuation of recorded amounts, such as clerical checks, reconciliations, comparison of assets with recorded accountability, computer programmed controls, management review of reports that summarize the detail of account balances and user review of computer generated reports. The School is also required to maintain an internal control structure to demonstrate the School's ability to record, process, summarize and report financial data. In addition, the internal control structure shall demonstrate that the school district identifies applicable law and regulations, and that procedures are designed to provide reasonable assurance that the school district complies with those laws and regulations. Also, employees working more than 25% of a FTE are considered Educational Retirement Act and Retiree Health Care Authority covered employees.

Effect: The School is not in compliance with the Educational Retirement Act, the retiree Health Care Act, and NMAC 6.20.2.12.

Cause: Internal controls were not in place to ensure employees working more than .25 FTE were making the required contributions to the NMERB and RHCA and that employee stipends are paid in accordance with the proper certifications.

Auditor's Recommendation: Implement internal controls to ensure all employees working more than 25% of a FTE are making the required contributions to the NMERB and RHCA. When employees change their percentage of time worked, ensure these changes are properly reflected in the payroll system. Also, ensure that employee stipends are reviewed and traced to the proper certification level.

Management's Response: The Business Manager will more closely monitor the FTE status of our part time/occasional staff to ensure that the .25 threshold is not exceeded. The employee in question was working many hours in the afterschool program, which caused him to exceed the .25 FTE limit. Business Manager is responsible for implementation by 1/1/2018.

2016-007 Excess of Expenditures over Budget (Other Non-Compliance) Repeated and Modified

Condition: TTCS had the following budgetary conditions:

- The School did not properly budget prior year cash carry-over in the Operational Fund (14000). There was cash carryover of $12,856, however, the School budgeted a deficit of $13,571.
- The School had actual expenditures in the following functions that exceeded budgetary authority:

Food Services (21000)		
	Food Services Operations	$1,168
Kindergarten – Three Plus (27166)		
	Support Services	$294

TURQUOISE TRAIL CHARTER SCHOOL (CONTINUED)

2016-007 Excess of Expenditures over Budget (Other Non-Compliance) Repeated and Modified (continued)

Criteria: Per NMAC 6.20.2.9 (A) every school district shall follow budget requirements stated in Sections 22-8-5 through 22-8-12.2, NMSA 1978, and procedures of the department in preparing, submitting, maintaining and reporting budgetary information. Budgetary control shall be at the function level. Over expenditure of a function shall not be allowed.

Effect: Turquoise Trail Charter School expenditures in the above functions exceeded the total approved budgeted expenditures by $1,461.

Cause: Budgetary controls were not in place to adequately monitor and regularly compare budget to actual results. As a result, measures were not taken to avoid or minimize the amount that actual expenditures exceeded the approved budget for the funds listed above.

Auditor's Recommendation: Controls should be implemented to ensure that budgeted amounts are compared to actual on a regular basis and the budget effectively utilized for controlling expenses and managing cash flow.

Management's Response: In the future, the Business Manager will closely monitor the budget variances, by Function, and submit BAR requests to the Governance Council in a timely manner to allow for budgets to be updated throughout the year as conditions change. In FY17, the variance for Food Services was due to not updating the budget in June. The K3Plus variance is within function 2xxx only, but the budget in total was not exceeded. Business Manager is responsible for implementation by 1/1/2018.

2017-001 Disposition of Computer Equipment (Other Non-Compliance)

Condition: During our review of computer disposals, we noted that the School did not maintain support that the Office of the State Auditor ("State Auditor") was notified at least thirty days prior to the processing of the disposal for seven of the fifty-two computers that were disposed of.

Criteria: 2.2.2.10(U) NMAC Requirements for Contracting and Conducting Audits of Agencies, requires the agency to certify in writing the proper erasure of any digital equipment with storage capabilities, and submit the certification along with the notification of the proposed disposition of property to the State Auditor at least thirty days prior to taking action. This is a special requirement of the State Auditor and it applies even if the original purchase price of the digital equipment was less than $5,000.

Effect: Turquoise Trail Charter School is not in compliance with NMAC 2.2.2.10.

Cause: The School failed to obtain proper approval for seven computers that were not added to the original disposal listing.

Auditor's Recommendation: The school should implement internal controls to ensure all computers that are disposed of have proper support for the notification to the State Auditor and the approval of disposition by the Governing Council.

Management's Response: The former network administrator, a contractor, added more computers to the disposal without informing administration than what was approved. This individual is no longer working with the school. The current Operations Manager and IT contractors have been instructed by the Business Manager to closely

TURQUOISE TRAIL CHARTER SCHOOL (CONTINUED)

2017-001 Disposition of Computer Equipment (Other Non-Compliance) (continued)

match all items for disposal to the list approved by the Governance Council, and that any additional items for disposal must be added to a future listing to gain approval, and cannot be added to the current disposal group. Business Manager is responsible for implementation by 1/1/2018.

UPLIFT COMMUNITY SCHOOL

2015-003 Purchase Orders Subsequent to Invoice – (Significant Deficiency) Modified and Repeated

Condition: During our testing of forty cash disbursements, there were two instances (totaling $1,115) in which the Purchase Order was prepared subsequent to the vendor's invoice date.

Criteria: Section NMAC 6.20.2.17 (A), requires that each school shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq., NMSA 1978. An internal control structure over purchasing shall be established and maintained to assure compliance with school policy, and state and federal regulations. Also, the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, states that "the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services or construction."

Effect: Not being in compliance with state purchasing requirements places the School at risk for fraud or misuse of public funds.

Cause: School personnel did not follow established procurement policies of the School.

Auditor's Recommendation: All School personnel should be reminded that initiation of a purchase order is not sufficient for ordering; that an approved Purchase Order is required per School and State guidelines.

Management's Response: The School has ceased operations. Management was not available to respond.

2017-001 Chief Procurement Officer – (Compliance)

Condition: It was noted that Uplift Community School did not have a Chief Procurement Officer in place for the year ended June 30, 2017.

Criteria: Per 13-1-95.2.A NMSA 1978, "On or before January 1 of each year beginning in 2014, and every time a chief procurement officer is hired, each state agency and local public body shall provide to the state purchasing agent the name of the state agency's or local public body's chief procurement officer and information identifying the state agency's or local public body's central purchasing office, if applicable." Section 13-1-95.2.D NMSA 1978 also requires that the Chief Procurement Officer obtain an initial certification as well as recertification every two years.

Effect: The school is out of compliance with New Mexico statutes requiring the training, certification, and reporting of a Chief Procurement Officer.

Cause: The school has not designated or obtained the necessary training and certification necessary for any of its employees to be a Chief Procurement Officer.

UPLIFT COMMUNITY SCHOOL (CONTINUED)

2017-001 Chief Procurement Officer – (Compliance) (continued)

Auditor's Recommendation: The School should designate an individual with the appropriate skill set and position within the school to be its Chief Procurement Officer. This individual should obtain the necessary certification as soon as possible. Upon certification of a Chief Procurement Officer, the school should register this individual on the New Mexico General Services Department website.

Management's Response: The School has ceased operations. Management was not available to respond.

2017-002 Expenditures Exceed Budget – (Other Matter)

Condition: The District had expenditure functions where actual expenditures exceeded budgetary authority:

Operational - 11000		
Operation & Maintenance of Plant	$	42,213
Food Services Operations	$	5,016

Criteria: According to NMAC 6.20.2.9(A) every school district shall follow budget requirements stated in Sections 22-8-5 through 22-8-12.2 NMSA 1978, and procedures of the department in preparing, submitting, maintaining and reporting budgetary information. Budgetary control shall be at the function level. Over- expenditure of a function shall not be allowed.

Effect: The District is non-compliant with State Law, and the controls established through the use of budgets have been compromised.

Cause: Budget adjustment requests were not submitted to the Public Education Department to obtain budgetary authority for these expenditures.

Auditor's Recommendation: We recommend that the District establish a policy of budgetary review at year end, to ensure that necessary budget adjustment requests are prepared, submitted, and approved.

Management's Response: The School has ceased operations. Management was not available to respond.

WALATOWA HIGH CHARTER SCHOOL

2014-002 - Background Checks (Other matters) Repeated and Modified

Condition: During our procedures performed over twenty-five payroll disbursements, we found three employees that did not have a comprehensive background check on file. The school has made no progress on clearing this internal control issue.

Criteria: Section 12-10-6, NMSA 1978, requires that the School shall develop policies and procedures to require background checks on an applicant who has been offered employment, a contractor or a contractor's employee with unsupervised access to students at a public school.

Additionally, the School's policies and procedures require "Prior to becoming an employee of WALATOWA HIGH CHARTER SCHOOL, a comprehensive background check consisting of prior employment verification, professional reference checks, education verification, licensure and certification confirmation, and a criminal background

WALATOWA HIGH CHARTER SCHOOL (CONTINUED)

2014-002 - Background Checks (Other matters) Repeated and Modified (continued)

check is conducted in accordance with applicable laws. If applicable to you position, a driving records check will be completed."

Effect: The School did not comply with State Statute and its policies and procedures requiring background checks.

Cause: Internal controls did not operate effectively to ensure School's policies and procedures regarding background checks were followed.

Auditor's Recommendation: Enforce policies and procedures to ensure required background checks are conducted and kept on file.

Management's Response: For the three employees without background checks, we have obtained a background check for one. The second employee is in the process of obtaining an updated background check because the Pueblo of Jemez cannot release her file according to their Policies and Procedures. For the third employee, Walatowa High Charter School cannot locate that employee's file. Business Manager is responsible for implementation by 1/1/2018.

2016-002 Internal Control over Cash Disbursements (Other matters) Repeated and Modified

Condition: During our internal control testwork over twenty-five general disbursements, we noted the following:

- An instance where food services were obtained in the amount of $30,962. However, no bids were obtained nor was the board notified of this bid opening as required by the School's purchasing policies and procedures.
- One instance where a large scale purchase of computers in the amount of $19,441 was made prior to notifying and obtaining approval from the Board for the bid opening.

The school has made no progress on clearing this internal control issue.

Criteria: NMAC 6.20.2.17 requires that each school shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq., NMSA 1978. An internal control structure over purchasing shall be established and maintained to assure compliance with school district policy, and state and federal regulations. The School's fiscal policy states, "All purchases of and contracts for supplies, materials, equipment and contractual services shall be based on competitive bids or other required estimates or quotations as provided by law. The Governing Board shall receive prior notice of major bid openings. Examples include bid openings for large-scale equipment purchases of $5,000 or more and all RFP's for major proposals of $5,000 or more."

Effect: The School is not in compliance with their purchasing policies and procedures. Additionally, the School may not be obtaining goods and services at the best obtainable price.

Cause: Internal controls did not operate effectively to ensure School's policies and procedures were followed. Additionally, the School does not have a policy prescribing the procedures for sole sourcing goods or services.

WALATOWA HIGH CHARTER SCHOOL (CONTINUED)

2016-002 Internal Control over Cash Disbursements (Other matters) Repeated and Modified (continued)

Auditor's Recommendation: Establish adequate internal controls to ensure the School follows its purchasing policies and procedures with regard to competitive bids and quotes. Also, update the School's policies and procedures to address the appropriate circumstances and procedures for sole sourcing goods and services.

Management's Response: Walatowa High Charter School is in the process of obtaining procedures for obtaining Student Nutrition bids from various school districts and food vendors. Walatowa High Charter School will notify the Governing Council at the regular board meeting for prior approval of large scale purchasing. Business Manager is responsible for implementation by 1/1/2018.

2017-001- Capital Assets (Other matters)

Condition: During our procedures performed over capital assets, we noted that the following:

- The School failed to add a fire alarm system upgrade costing $16,101 to their listing of capital assets;
- The School did not have their annual inventory count certified by the Governing Council as required by State Statute; and,
- The School disposed of a vehicle during the year; however the Office of the State Auditor was not notified 30 days prior to this disposal.

Criteria: Section 12-10-6, NMSA 1978, requires at the end of each fiscal year, the governing authority of each agency shall conduct a physical inventory of movable chattels and equipment costing more than five thousand dollars ($5,000) and under the control of the governing authority. Upon completion, the inventory shall be certified by the governing authority as to correctness.

NMAC 2.2.2.10 (U) requires at least thirty days prior to any disposition of capital assets, written notification of the official finding and proposed disposition duly sworn and subscribed under oath by each member of the authority approving the action shall be sent to the state auditor.

Effect: The School did not comply with State Statute and New Mexico Administrative Code governing the annual inventory and disposal requirements for capital assets.

Cause: Internal controls did not operate effectively to ensure School's policies and procedures were followed.

Auditor's Recommendation: Enforce policies and procedures to ensure all items that meet the capitalization criteria of the School are identified and added to the School's capital asset inventory listing. Also, ensure that the annual inventory count is certified by the School's Governing Council. Lastly, ensure that the required notifications are sent to the Office of the State Auditor prior to any dispositions of fixed assets.

Management's Response: Walatowa High Charter School has included the fire alarm system to our Capital Assets listing. Walatowa High Charter School will submit their annual inventory count for certification by the Governing Council meeting, (tentatively), on November 15, 2017. Walatowa High Charter School completed the process of disposal with the State Motor Vehicle Department and received a disposed vehicle form to complete. Walatowa High Charter School is in contact with the Office of the State Auditor to process the disposal of the vehicle. The form should be completed by November 30, 2017.

WALATOWA HIGH CHARTER SCHOOL (CONTINUED)

2017-002 Procurement (Internal Control Structure and Other Non-Compliance)

Condition: The School did not have a chief procurement officer.

Criteria: NMSA 13-1-95.2 states "On or before January 1, 2015, the state purchasing agent shall establish a certification program for chief procurement officers that includes initial certification and recertification every two years for all chief procurement officers. In order to be recertified, a chief procurement officer shall pass a recertification examination approved by the secretary of general services."

Effect: The School is not incompliance with State Statute governing the need for a chief procurement officer.

Cause: The School does not have policies and procedures for assigning and ensuring that an active Chief Procurement Officer is maintained by the School.

Auditor's Recommendation: Design and implement policies and procedures to ensure an active Chief Procurement is designated by the School.

Management's Response: Walatowa High Charter School is in compliance with the State Statue for a Chief Procurement Officer as of October 20, 2017.

WILLIAM W. & JOSEPHINE DORN CHARTER SCHOOL

2016-003 Personnel Files (Compliance) Repeated and Modified

Condition: During internal control testwork over a sample of 25 payroll transactions, we noted the following:

- We noted an instance of an incomplete Federal Form I-9 as it was not completed in the employer certification section.
- We noted an instance of an incomplete W-4 that was missing the employee's social security number.

Criteria: NMAC 6.20.18 requires that schools maintain and have available for inspection the following employee record documentation: employee contracts, personnel/payroll action forms, certification records, employment eligibility verification (Federal Form I-9), pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application and direct deposit authorizations.

Effect: The School is not in compliance with NMAC 6.20.18 in regards to employee record documentation.

Cause: The School is not reviewing the personnel files for compliance with State requirements.

Auditor's Recommendation: Personnel files should be periodically reviewed to ensure all required personnel files documents have been obtained and are complete and accurate. The School should ensure controls are in place to obtain required payroll documents when employees initially begin employment.

Management's Response: William W. & Josephine Dorn Charter School will ensure that controls are in place so that all personnel files are being properly completed. William W. & Josephine Dorn Charter School will also ensure that files are being periodically reviewed and that all paperwork is up to date. This will be completed by December 2017.

WILLIAM W. & JOSEPHINE DORN CHARTER SCHOOL (CONTINUED)

2017-001 Retiree Health Care Contributions (Non-Compliance)

Condition: The School did not include certain stipends paid to employees as contributions to the New Mexico Retiree Healthcare Authority.

Criteria: Earnings covered for contributions include all salary remuneration to the member for services rendered whether included under a contract or not. Not covered for contribution purposes are reimbursements, lump-sum payments for unused, accrued sick leave and early retirement incentive payments.

Effect: The School is not in compliance with the Retirement Healthcare Act.

Cause: The School inadvertently excluded payments for summer stipends when calculating the Retiree Health Care Authority contributions.

Auditor's Recommendation: Ensure that retiree health care contributions are made in accordance with the applicable rules and regulations.

Management's Response: The business office will ensure that all payroll deductions are being deducted correctly from stipends. The financial system does not automatically deduct these deductions from stipends and the business office was unaware of this. William W. & Josephine Dorn Charter School is now aware of this issue and will ensure that all appropriate deductions are deducted from stipends in the future. This will be completed by December 31, 2017.

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2017

Public Education Department		
2013-003	Improve Other IT General Controls	Repeated
2016-001	Controls over Payroll	Resolved
2016-002	Controls over the State Equalization Guarantee Calculation	Resolved
2016-003	Subrecipient Monitoring	Resolved
Department of Vocational Rehabilitation		
2014-003	Improve General IT Controls	Resolved
2014-007	Eligibility	Repeated
2016-004	Untimely Reconciliations	Resolved
2016-005	Lack of Review and Approval of Journal Entries	Resolved
2016-006	Controls over Payroll	Repeated
2016-007	Controls over Federal Disbursements	Resolved
2016-008	Standards for Documentation of Personnel Expenses	Resolved
2016-009	Improper Disposal of Capital Assets	Repeated
Academy of Trades and Technology		
2015-001	Purchase Orders	Resolved
Ace Leadership High School		
2016-001	Budget Adjustment Requests	Resolved
2016-002	Chief Procurement Officer	Repeated
Albuquerque School of Excellence		
2015-001	Internal Control Structure	Resolved
2016-001	Disbursements	Resolved
Albuquerque Sign Language Academy		
2014-002	Staff Qualifications	Resolved
Amy Biehl Charter High School		
2014-001	Mileage Reimbursements	Resolved
2016-001	Vendor Overpayment	Resolved
2016-002	Timely Deposits	Resolved
Ask Academy		
2015-001	Mileage Reimbursements	Resolved
Ask Academy- Foundation		
2016-001	Foundation Bookkeeping	Repeated

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
Year Ended June 30, 2017

Carinos De Los Ninos Charter School		
2014-003	Unapproved Purchase Orders	Repeated
2015-002	Lack of Supporting Documentation and Authorization	Repeated
2016-001	PED Cash Report	Repeated
2016-002	Late Submission of Audit Report	Resolved
2016-003	Amounts Interfund Receivable/Payable Individual funds	Resolved
2016-004	Capital Asset Listing	Repeated
2016-001	Budgetary Conditions	Resolved
Cesar Chavez Community School		
2016-001	Budgetary Conditions	Resolved
Cien Aguas International School		
2014-001	Internal Control Structure	Repeated
2014-002	Payroll Transactions	Resolved
2015-002	Budgetary Conditions	Repeated
2016-001	Timely Deposits	Resolved
Coral Community Charter School		
2014-001	Cash Receipts	Resolved
2016-001	Internal Control Structure	Resolved
2016-002	Travel and Per Diem	Resolved
Cottonwood Classical Preparatory School		
2014-002	Compliance with Payroll Recordkeeping	Resolved
2015-001	Controls Over Cash Disbursements	Repeated
2015-002	Travel and Per Diem	Resolved
Dream Dine Charter School		
2015-001	Payroll and Personnel Files	Resolved
2016-001	Pledged Collateral	Resolved
2016-002	Staff qualifications and payroll	Resolved
2016-003	Excess of expenditures over budget	Repeated
Dzit Dit Lool DEAP		
2016-001	Procurement	Repeated
2016-002	Excess of expenditures over budget	Repeated
2016-003	Internal controls and accounts payable	Resolved
2016-004	Audit committee structure	Repeated

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
Year Ended June 30, 2017

Estancia Valley Classical Academy		
2015-001	Excess of Expenditures over Budget	Resolved
2015-002	Internal Control Structure over Payroll	Repeated
2016-001	Internal Control Structure over Disbursements	Resolved
2016-002	Retiree Health Care Contributions	Resolved
2016-003	Foundation Account Reconciliations	Resolved
Explore Academy		
2015-002	Review and Approval of Purchases	Resolved
2016-001	Personnel Files	Repeated
2016-002	ERB and RHC Payroll Deductions	Resolved
2016-003	Travel and Per Diem	Resolved
2016-004	Timely Deposits	Resolved
Gilbert L. Sena Charter High School		
2015-002	Budget Adjustment Requests	Resolved
2015-003	Purchase Orders	Resolved
Great Academy		
2016-001	Procurement Documentation	Resolved
2016-002	Nepotism	Resolved
Health Leadership High School		
2015-001	Cash Receipts	Repeated
2015-005	Budgetary Conditions	Repeated
Horizon Academy West		
2016-001	Pledged Collateral Requirements	Resolved
International School at Mesa Del Sol		
2016-001	Journal Entry	Resolved
2016-002	Budgetary Condition	Resolved
J. Paul Taylor Academy		
2015-002	Budgetary Condition	Resolved
2016-001	Cash Management	Resolved
La Jicarita Community School		
2014-003	Payroll	Resolved
2016-001	Budgetary Conditions	Resolved
2016-002	Excess of Expenditures over Budget	Resolved
2016-003	Timely Deposits	Resolved

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
Year Ended June 30, 2017

La Promesa Early Learning Center		
2014-001	Purchase Orders	Repeated
2015-001	Internal Control Over Cash Disbursement	Repeated
2015-002	Travel & Per-Diem	Repeated
2016-001	Internal Control Structure	Repeated
2016-002	Chief Procurement Officer	Resolved
2016-003	Budgetary Condition	Repeated
2016-004	Personnel Files	Repeated
2016-005	Cash Management	Repeated
2016-006	Audit Committee	Resolved
La Resolana Leadership Academy		
2016-001	Purchase Orders	Resolved
La Tierra Montessori School for the Arts and Sciences		
2016-001	Expenditures Exceed Budget	Resolved
2016-002	Travel and Per Diem	Repeated
MASTERS Program		
2014-002	Procurement Documentation	Repeated
2014-003	Personnel Files	Repeated
McCurdy Charter School		
2014-003	Cash Deposits	Repeated
2014-007	Expenditures in Excess of Budgeted Amounts	Resolved
Mission Achievement and Success		
2016-001	Procurement	Resolved
2016-002	Budgetary Condition	Resolved
Monte Del Sol Charter School		
2016-001	Expenditures Exceed Budget	Repeated
2016-002	Controls over Cash Disbursements	Repeated
2016-003	Payroll Processing and Personnel File Maintenance	Resolved
2016-004	Timely Deposits	Repeated
2016-005	Travel and Per Diem	Resolved
2016-006	Bank Reconciliations	Resolved
Montessori Elementary School		
2016-001	Budgetary Condition	Resolved
2016-002	Cash Management	Resolved

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
Year Ended June 30, 2017

New America School		
2016-001	Computer Dispositions	Resolved
2016-002	Internal Control Structure	Resolved
2016-003	Timely Deposits	Resolved
New Mexico Connections Academy		
2016-001	Background Check	Resolved
2016-002	Travel and Per Diem Calculation	Resolved
2016-003	Disbursement for Unallowable Cost	Resolved
New Mexico School for the Arts		
2016-001	Payroll Transactions	Resolved
2016-002	Timely Deposits	Resolved
North Valley Academy		
2015-001	Procurement Documentation	Resolved
2016-001	Receiving Documentation	Resolved
Red River Valley Charter School		
2015-001	Procurement	Repeated
2015-002	Payroll	Resolved
2016-001	ERB & RHC Contributions and Reports	Repeated
2016-002	School Business Official Licensure	Resolved
Roots and Wings Community School		
2014-001	Internal Controls over Receipts	Repeated
2015-001	Journal Entry Review and Approval	Resolved
2015-003	Internal Control over Disbursements	Repeated
Sage Montessori Charter School		
2014-002	Personnel Files	Repeated
2015-002	Payroll Transactions	Resolved
2016-001	Internal Control Structure	Resolved
Sandoval Academy of Bilingual Education		
2016-001	Procurement	Repeated
2016-002	Timely Deposits	Resolved
2016-003	Internal Control Structure and disbursements	Resolved
2016-004	Excess of Expenditures over Budget	Resolved
2016-005	Cash Control	Resolved
School of Dreams Academy		
2015-001	Cash Disbursements	Repeated
2015-002	Expenditures Exceed Budget	Repeated

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
Year Ended June 30, 2017

South Valley Preparatory Schools		
2016-001	Purchase Requisition	Resolved
Southwest Aeronautics, Mathematics, & Science Academy		
2016-001	Capital Assets	Resolved
2016-002	Pledged Collateral	Resolved
2016-003	Controls over Cash Disbursements	Repeated
2016-004	Cash Deposit Requirements	Resolved
2016-005	Payroll	Repeated
Southwest Intermediate Learning Center		
2016-001	Capital Assets	Resolved
2016-002	Pledged Collateral	Resolved
2016-003	Payroll	Repeated
Southwest Primary Learning Center		
2016-001	Capital Assets	Resolved
2016-002	Pledged Collateral	Resolved
2016-003	Controls over Cash Disbursements	Resolved
2016-004	Payroll	Repeated
Southwest Secondary Learning Center		
2016-001	Capital Assets	Resolved
2016-002	Pledged Collateral	Resolved
2016-003	Controls over Cash Disbursements	Repeated
2016-004	Cash Deposit Requirements	Resolved
2016-005	Payroll	Repeated
Taos Academy		
2016-001	Excess of Expenditures over Budget	Resolved
2016-002	Disposition of Computers	Resolved
Taos Integrated School of the Arts		
2016-001	Internal Control Structure	Repeated
2016-002	ERB Contributions and Reports	Resolved
Taos International Charter School		
2016-001	Internal Control Structure and Payment for Services	Repeated
2016-002	Internal Control Structure and Payroll	Resolved
2016-003	Internal Control Structure and Retiree Health Care Contributions	Resolved

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
Year Ended June 30, 2017

Technology Leadership High School		
2016-001	Procurement Code	Repeated
2016-002	Disbursements	Resolved
2016-003	Internal Control	Resolved
2016-004	ERB Contributions	Resolved
2016-005	Lack of internal controls over accounting records	Resolved
Tierra Adentro		
2015-001	Internal Control Structure, FICA Calculation	Repeated
2016-001	Excess of Expenditures over Budget	Repeated
2016-002	Internal Control Structure	Resolved
Tierra Encantada Charter School		
2016-001	Purchase Orders	Resolved
2016-002	Athletic Equity Act	Resolved
2016-003	Journal Entry	Resolved
Turquoise Trail Charter School		
2016-001	Payroll	Repeated
2016-002	Disbursements	Resolved
2016-003	Cash Receipts	Resolved
2016-004	Travel and Per Diem	Resolved
2016-005	Internal Controls and Capital Assets	Resolved
2016-006	Annual Inventory	Resolved
2016-007	Excess of Expenditures over Budget	Repeated
2016-008	Budgetary Conditions	Resolved
Uplift Community School		
2014-001	Supporting Documentation	Resolved
2015-001	Personnel Files	Resolved
2015-003	Purchase orders subsequent to Invoice	Repeated
Walatowa High Charter School		
2013-004	Travel and Per Diem/Internal Controls	Resolved
2014-001	Internal Control Structure	Resolved
2014-002	Payroll Transactions	Repeated
2016-001	ERB Contributions	Resolved
2016-002	Internal Control over Cash Disbursements	Repeated
2016-003	Budgetary Conditions	Resolved
William W. & Josephine Dorn Charter Community School		
2015-001	Excess of Expenditures over Budget	Resolved
2016-001	New Mexico Employee Retirement Board	Resolved
2016-002	Staff Qualifications	Resolved
2016-003	Personnel Files	Repeated
2016-004	Internal Controls Structure and Payroll	Resolved

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
EXIT CONFERENCE
June 30, 2017

Public Education Department

Date of Exit Conference:	November 20, 2017	
Representing Public Education Department:	Marian Rael	Acting Deputy Secretary, Finance and Operations
	Chris Narkun	Director of Operations
	Amelia Saiz	Acting ASD Director/CFO/Audit and Accounting Bureau Chief
	David Craig	Director, School Budget and Finance and Analysis Bureau
Representing Axiom CPAs:	Jaime Rumbaoa	Partner
Representing Loftis Group LLC:	Joshua Trujillo	Senior Manager
Representing Pattillo Brown and Hill:	John Gordon	Partner
Representing Pattillo Brown and Hill:	Heather Lucero	Manager

Department of Vocational Rehabilitation

Date of Exit Conference:	November 20, 2017	
Representing Department of Vocation Rehabilitation:	Kent DeYoung	Chief Financial Officer, Division of Vocational Rehabilitation
	Eileen Marrujo	Deputy Director, DVR Administrative Services Unit
Representing Axiom CPAs:	Jaime Rumbaoa	Partner
Representing Loftis Group LLC:	Joshua Trujillo	Senior Manager
Representing Pattillo Brown and Hill:	John Gordon	Partner
Representing Pattillo Brown and Hill:	Heather Lucero	Manager

Academy of Trades and Technology

Date of Exit Conference:	November 7, 2017	
Representing Academy of Trades and Technology:	Joaquin Chavez	Foundation President
	Bruce Bixby	Governing Council Member
	Karen Griego-Sanchez	Principal
	Al Martinez	Business Manager
	Elizabeth Franco	Assistant Business Manager
Representing Pattillo Brown and Hill:	John Gordon	Partner

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
EXIT CONFERENCE
June 30, 2017

ACE Leadership High School

Date of Exit Conference:	October 31, 2017	
Representing ACE Leadership High School:	Sam Hatchell	Board President
	Kari Juvera	Board Treasurer
	Tori-Stephens-Shauger	Head Administrator/Principal
	Leslie Lujan	Business Manager/Finance Director
Representing Pattillo Brown and Hill:	John Gordon	Partner

Albuquerque Institute for Mathematics & Science

Date of Exit Conference:	October 26, 2017	
Representing Albuquerque Institute for Mathematics & Science:	Diana Cordova	Audit Committee Member
	Steven Smith	Governing Council Member
	Kathy Sandoval	Director
Representing Axiom CPAs:	Jaime Rumbaoa	Partner
	Shaynae Vasquez	Senior

Albuquerque School of Excellence

Date of Exit Conference:	October 30, 2017	
Representing Albuquerque School of Excellence:	Dr. Ebubekir Orsun	Principal
	Sean Fry	Business Manager
	Kathy Bustos-Garcia	Governing Council Member
	Prince Thomas	Audit Committee Member
Representing Loftis Group LLC:	Lonnie Juarez	Principal

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Albuquerque Sign Language Academy

Date of Exit Conference:	October 30, 2017	
Representing The Albuquerque Sign Language Academy:	Jane Cavanaugh	Board Member
	Raphael Martinez	Executive Director
	Diana Cordova	Business Manager
Representing Loftis Group LLC:	Armando Sanchez	Managing Principal

Aldo Leopold High School

Date of Exit Conference:	November 2, 2017	
Representing Aldo Leopold High School:	Harry Browne	Business Manager
	Mattie Eagle, CPA	Audit Committee Member
	David Peck	Governing Council Member
	Martin Maxwell	Governance Council Member
Representing Pattillo Brown and Hill:	John Manning	Partner

Alma D' Arte Charter High School

Date of Exit Conference:	October 20, 2017	
Representing Alma D' Arte Charter High School:	Mark Hartshorne	Principal
	Juliette Sanchez	Business Manager
	Casilda Provencio	Governance Council Member
	Gene Elliott	Governance Council Member
Representing Pattillo Brown and Hill:	Paula Lowe	Partner

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Amy Biehl Charter High School

Date of Exit Conference:	October 23, 2017	
Representing Amy Biehl Charter High School:	Cliff Wintrode	Board Member
	Leslie Andrews	Board Member
	Frank McCulloch	Executive Director
	Betty Seeley	Director of Finance
	Aldis Philipbar	Advancement Coordinator for Foundation
Representing Pattillo Brown and Hill:	David Baca	Senior Auditor

Anthony Charter School

Date of Exit Conference:	November 8, 2017	
Representing Anthony Charter School:	Kyle Hunt	Business Manager
	Jimmy Gonzalez	Head Adminstrator/Principal
	Denise Marnalego	Administrative Assistant
	Barbie Garcia	Audit Committee Member
	Charles Wendler	Audit Committee Member
Representing Pattillo Brown and Hill:	John Manning	Partner

Ask Academy

Date of Exit Conference:	November 3, 2017	
Representing The Ask Academy:	Dan Barbour	Principal
	Dan Busse	General Manager
	Justine Vigil	Business Manager
	Mike Smith	Board Chair
	David Spolin	Board President
	Connie Dove	Foundation Director
Representing Axiom CPAs:	Francisco Teran	Associate
	Yasmeen Jalil	Associate

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Carinos De Los Ninos Charter School

Date of Exit Conference:	November 15, 2017	
Representing Carinos De Los Ninos Charter School:	Dr. Juanita Cata	Board President
	Leo R. Marquez II	Board President
	Vernon Jaramillo	Chancellor
	Corrine Teller	Business Manager
Representing Pattillo, Brown & Hill:	David Baca	Audit Lead

Cesar Chavez Community School

Date of Exit Conference:	October 24, 2017	
Representing Cesar Chavez Community School:	Tani Arness	Principal
	Kate Shelton	Business Manager
	Al Bodmer	Audit Committee Member
	Gayle Nissen	Audit Committee Member
Representing Loftis Group LLC:	Lonnie Juarez	Principal

Cien Aguas International School

Date of Exit Conference:	October 26, 2017	
Representing Cien Aguas International School:	Casey Benavidez	Executive Director
	Ruby Chavez	Business Manager
	Lisa Meyer	Governance Council Member
Representing Loftis Group LLC:	Armando Sanchez	Principal

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Coral Community Charter School

Date of Exit Conference:	November 1, 2017	
Representing Coral Community Charter:	Lori Bachmen	Executive Director
	Angie Lerner	Business Manager
	Tania Triolo	Governance Council Member
	Michael Reeves, CPA	Audit Committee Member
	Josh Popkey	Audit Committee Member
	Greg Maymard	Audit Committee Member
Representing Loftis Group LLC:	Frank Lovato	Principal

Cottonwood Classical Preparatory School

Date of Exit Conference:	October 26, 2017	
Representing Cottonwood Classical Preparatory School:	Nick Williams	Board Treasurer
	Michael Vigil	Business Manager
	Sam Obenshain	Executive Director
Representing Axiom CPAs:	Reina Gutierrez	Associate

Dream Dinè Charter School

Date of Exit Conference:	October 26, 2017	
Representing Dream Dinè Charter School:	Charlotte Archuleta	Business Manager
	Telletha Valenski	Board President
	Tina Deschenie	Principal
Representing Loftis Group LLC:	Nick Loftis, CPA	Principal
	Josh Trujillo, CPA	Senior Manager

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Dził Dit Ł'ooí DEAP

Date of Exit Conference:	November 1, 2017	
Representing Dził Dit Ł'ooí DEAP Charter School:	Prestene Garnenez	Director of Operations
	Louella Poblano	Head Adminstrator
	Benita Litson	Board President
	Sean Fry	Business Manager
Representing Loftis Group LLC:	Nick Loftis, CPA	Principal
	Josh Trujillo, CPA	Principal

Estancia Valley Classical Academy

Date of Exit Conference:	November 7, 2017	
Representing Estancia Valley Classical Academy:	Harlan Lawson	Audit Committee Member
	Tim Theiry	Executive Director
	Holly Massey	Business Manager
	Alisha Urquhart	Foundation Treasurer
	Roger Lenard	Audit Committee Member
Representing Loftis Group LLC:	Lonnie Juarez	Principal

Explore Academy

Date of Exit Conference:	November 9, 2017	
Representing Explore Academy:	Justin Baiardo	Principal
	Ashley Wolfel	Business Manager
	Kelly Gwartney	Audit Committee Member
	Ralph Montano	Board Member
	Ray Barton	Board Member
Representing Axiom CPAs:	Monica Yaple, CPA	Audit Manager

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Gilbert L. Sena Charter High School

Date of Exit Conference:	November 8, 2017	
Representing Gilbert L. Sena Charter High School:	Mary Louise Sena	Governing Council President
	Tanya Otero-Villalobos	Governing Council Vice President
	Nadine Torres	Executive Director
	Ashley Wolfel	Business Manager
Representing Pattillo Brown and Hill:	Chris Pruitt	Partner

GREAT Academy

Date of Exit Conference:	October 19, 2017	
Representing The Great Academy:	Helen Brown	Board Member
	Jasper Matthews	Executive Director
	Chenyu Liu	Business Manager
	Audrey Jaramillo	Consultant
	Danielle Provo	Student/Community Outreach Coordinator
Representing Loftis Group LLC:	Armando Sanchez	Partner
	Joshua Trujillo	Senior Manager

Health Leadership High School

Date of Exit Conference:	November 1, 2017	
Representing Health Leadership High School:	Blanca Lopez	Principal
	David Vigil	Business Manager
	Christopher Rivera	Board Member
Representing Loftis Group LLC:	Armando Sanchez	Principal

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Horizon Academy West

Date of Exit Conference:	November 2, 2017	
Representing Horizon Academy West:	Storm Gonzalez	Governing Council Member
	Diana Cordova	Business Manager
Representing Loftis Group LLC:	Lonnie Juarez	Principal

International School at Mesa Del Sol

Date of Exit Conference:	November 3, 2017	
Representing The International School at Mesa Del Sol:	Anne Lacy	Governing Council President
	Leanne Jenkins	Governing Council Member
	Barbara Langmaid	Head of School
	Elizabeth Romero	Business Manager
Representing Pattillo Brown and Hill:	Greg Shropshire	Partner

J. Paul Taylor Academy

Date of Exit Conference:	October 31, 2017	
Representing J. Paul Taylor Academy:	Eric Ahner	Executive Director
	Richard Hernandez	Governing Council President
	Gina Trujillo	Business Manager
	Monica Lopez	Audit Committee Member
	Corree Fox King	Audit Committee Member
	Yvette Turrieta	Audit Committee Member
Representing Pattillo Brown and Hill:	John Manning	Partner

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La Academia Dolores Huerta

Date of Exit Conference:	November 16, 2016	
Representing La Academia Dolores Huerta:	Steve Pereira	Governing Council President
	Melissa Miranda	Interim Head Administrator
	Mirna Rodriguez	Business Specialists
	Juliette Sanchez	Business Manager
Representing Patillo Brown and Hill:	Chris Pruitt	Partner

La Jicarita Community School

Date of Exit Conference:		
Representing La Jicarita Community School:	School has ceased operations. No Management available for exit conference.	
Representing Loftis Group LLC:		

La Promesa Early Learning Center

Date of Exit Conference:	November 10, 2017	
Representing La Promesa Early Learning Center:	Chris Jones	Head of School
	Julian Munoz	Governing Council Member
	Andrew Mathis	Audit Committee Member
	Brenda Baca	Audit Committee Member
	Mike Vigil II	Business Manager
Representing Pattillo Brown and Hill:	Heather Lucero	Audit Lead

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La Resolana Leadership Academy

Date of Exit Conference:	October 30, 2017	
Representing La Resolana Leadership Academy:	Sam Pantoja	Audit Committee Member
	Robert Leming	Governing Council Member
	Dr. Don Duran	Governing Council President
	Sean Fry	Business Manager
	Justina Montoya	Principal
Representing Pattillo Brown and Hill:	Grep Shropshire	Partner

La Tierra Montessori School of the Arts and Sciences

Date of Exit Conference:	November 2, 2017	
Representing La Tierra Montessori School of the Arts and Sciences:	Julie Ann Hill – Clapp	Board President
	Edwin Fernandez	Audit Committee Member
	Ron Martinez	Board Member
	Alvaro Aragonez	Audit Committee Member
	Deanna Gomez	Business Management Consultant
Representing Axiom CPAs:	Monica Yaple, CPA	Audit Manager

Las Montanas Charter School

Date of Exit Conference:	October 30, 2017	
Representing Las Montanas Charter School:	Geri Bennett	Business Manager
	Caz Martinez	Superintendent
	Michael Davis	Board President
	Kevin Freitas	Audit Committee Member
Representing Pattillo Brown and Hill:	Chris Pruitt	Partner

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MASTERS Program

Date of Exit Conference:	October 10, 2017	
Representing The MASTERS Program:	John Triolo	Audit Committee Member
	Anne Salzman	Head of School
	Lisa Lucas	Business Manager
Representing Pattillo Brown and Hill:	John Gordon	Partner

McCurdy Charter School

Date of Exit Conference:	November 10, 2017	
Representing McCurdy Charter School:	Michele Lucci	Administrator
	Nancy O'Bryan	Audit Committee Member
	Chris Samora	Audit Committee Member
	Deborah Bennett-Anderson	Governing Council Chair
	Deanna Gomez	Business Manager
Representing Axiom CPAs:	Joshua Trujillo	Senior Manager
	Armando Sanchez	Managing Principal

Media Arts Collaborative Charter School

Date of Exit Conference:	October 26, 2017	
Representing Media Arts Collaborative Charter School:		
	Patti Gladstone	Audit Committee Member
	Jonathan Dooley	Principal
	Patrick Kelly	Business Manager
Representing Pattillo Brown and Hill:	John Gordon	Partner

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Mission Achievement and Success Charter School

Date of Exit Conference:	November 3, 2017	
Representing Mission Achievement and Success Charter School:	Bruce Langston	Board Member
	JoAnn Mitchell	Principal
	Michael J. Vigil, CPA	Business Manager
Representing Pattillo Brown and Hill:	David Baca	Audit Lead

Monte Del Sol Charter School

Date of Exit Conference:	November 3, 2017	
Representing Mission Achievement and Success Charter School:	Maria Fidalgo	Business Manager
	Darlene Maestas	Board Member
	Theresa Martinez	Board Member
	Robert Jessen	Principal
Representing Axiom CPAs:	Reina Gutierrez	Associate

Montessori Elementary School

Date of Exit Conference:	November 8, 2017	
Representing The Montessori Elementary School:	Jeff Li	Audit Committee Member
	Mary Jane Besante	Principal
	Stanley Albrycht	Business Manager
Representing Pattillo Brown and Hill:	Wendy Lopez	Audit Lead

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New America School

Date of Exit Conference:	October 16, 2017	
Representing New America School:	Craig Cook	Chief Financial Officer
	Lorella Lovato	Assistant Business Manager
	Charlotte Archuleta	Audit Committee Member
	Mike Vigil II	Business Manager
	Juan Vigil	Governing Council Member
	Kendra Lawson	Audit Committee Member
Representing Loftis Group LLC:	Lonnie Juarez	Principal

New America School of Las Cruces

Date of Exit Conference:	November 7, 2017	
Representing New America School of Las Cruces:	Margarita Porter	Principal
	Susie Kimble	Governing Council President
	Veronica Gonzalez	Office Manager
	Mike Vigil II	Business Manager
Representing Pattillo Brown and Hill:	Paula Lowe	Partner

New Mexico Connections Academy

Date of Exit Conference:	November 7, 2017	
Representing New Mexico Connections Academy:	Ramoncita Arguello	Principal
	Justine Vigil	Business Manager
	Jerry Schalow	Board Member
Representing Pattillo, Brown and Hill:	David Baca	Audit Lead

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New Mexico School for the Arts

Date of Exit Conference:	November 1, 2017	
Representing New Mexico School for the Arts:	Eric Crites	Head of School
	Cindy Montoya	President, Art Institute
	Maria Fidalgo, CPA	Business Manager
	Paula Tackett	Secretary
	Shelly Felt	Audit Committee Member
Representing Loftis Group LLC:	Frank Lovato	Principal

North Valley Academy

Date of Exit Conference:	October 19, 2017	
Representing North Valley Academy:	Robert Montoya	Governing Council Member
	Robert Taylor	Governing Council Member
	Ed Woodd	Chief Operating Officer
	Susan McConnell	Principal
	Sara Piña	Business Manager
Representing Pattillo Brown and Hill:	David Baca	Audit Senior

Red River Valley Charter School

Date of Exit Conference:	October 31, 2017	
Representing Red River Valley Charter School:	Karen Phillips	Principal
	Sean Fry	Business Manager
	Courtney Henderson	Governing Council Member
Representing Loftis Group LLC:	Lonnie Juarez	Principal

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Roots and Wings Community School

Date of Exit Conference:	October 27, 2017	
Representing Roots and Wings Community School:	Stephanie Owens	Board Member
	Randy Green	Principal
	Charlotte Archuleta	Business manager
Representing Loftis Group, LLC:	Armando Sanchez	Managing Principal

Sage Montessori Charter School

Date of Exit Conference:	November 1, 2017	
Representing Sandoval Academy of Bilingual Learning:	Amber Pena	Business Manager
Representing Loftis Group LLC:	Lonnie Juarez	Principal

Sandoval Academy for Bilingual Education

Date of Exit Conference:	October 31, 2017	
Representing Sandoval Academy of Bilingual Learning:	Jackie Rodriguez	Principal/Director
	Ashley Wolfel	Business Manager
	Brennan Divett	President
	Mario Martinez	Audit Committee
	Sue Aguayo	Parent
Representing Loftis Group LLC:	Frank T. Lovato, CPA	Principal

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School of Dreams Academy

Date of Exit Conference:	November 2, 2017	
Representing School of Dreams Academy:	Michael Ogas	Principal
	Kerra Howe	Foundation President
	Geri Bennett	Business Manager
	Kenneth Griego	Governing Council Member
Representing Axiom CPAs and Business Advisors LLC:	Reina Gutierrez	Associate
	Yasmeen Jalil	Associate

Six Directions Indigenous School

Date of Exit Conference:	November 1, 2017	
Representing Six Directions Indigenous School:	Dr. Oliver Tapaha	Board Member
	Susan Estrada	Board Member
	Stephanie Vicenti	Head Adminstrator
	Amber Pena	Business Manager
Representing Pattillo Brown and Hill:	David Baca	Audit Lead

South Valley Preparatory School

Date of Exit Conference:	October 25, 2017	
Representing South Valley Preparatory School:	Charlotte Trujillo	Principal
	Rhonda Cordova	Business Manager
	Monica Aguilar	Board Member
Representing Pattillo Brown and Hill:	Heather Lucero	Audit Lead

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Southwest Aeronautics, Mathematics, and Science Academy

Date of Exit Conference:	November 9, 2017	
Representing Southwest Aeronautics, Mathematics and Science Academy:	Coreen Carrillo	Principal
	Sean Fry	Business Manager
	Rhonda Joyce	On-Site Business Manager
	Larry Kennedy	Board President
	Joe Nickerson	Audit Committee Member
Representing Axiom CPAs:	Monica Yaple, CPA	Audit Manager

Southwest Intermediate Learning Center

Date of Exit Conference:	November 9, 2017	
Representing Southwest Intermediate Learning Center:	Walter Feldman	Interim Head Administrator
	Sean Fry	Business Manager
	Abby Lewis	Attorney
	Rich Brody	Audit Committee Member
	Cheryle Brody	Board Member
	Deborah Lansdell	Board Member
	C Stephen Sanders, CPA	Audit Committee Member
Representing Axiom CPAs:	Monica Yaple, CPA	Audit Manager

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Southwest Primary Learning Center

Date of Exit Conference:	November 7, 2017	
Representing Southwest Primary Learning Center:	Robert Pasztor	Principal
	Maria Foster	On-Site Business Manager
	Sean Fry	Business Manager
	Renee Morgan	Administrator Intern
	Leah Graham	Board President
	Meredith Winters	Board Member
	Gabe Hollimon	Audit Committee Member
	Paul Lindberg	Audit Committee Member
	Aaron Redd	Audit Committee Member
Representing Axiom CPAs:	Monica Yaple, CPA	Audit Manager

Southwest Secondary Learning Center

Date of Exit Conference:	November 9, 2017	
Representing Southwest Secondary Learning Center:	Walter Feldman	Interim Head Administrator
	Sean Fry	Business Manager
	Abby Lewis	Attorney
	Cheryle Brody	Board President
	Deborah Lansdell	Board Member
	Rich Brody	Audit Committee Member
	C Stephen Sanders, CPA	Audit Committee Member
Representing Axiom CPAs:	Monica Yaple, CPA	Audit Manager

Taos Academy Charter School

Date of Exit Conference:	November 6, 2017	
Representing Taos Academy:	Traci Filiss	Director
	Deanna Gomes	Business Manager
	Bill MacDonald	Governing Council President
	Karen Shannon	Audit Committee Member
Representing Loftis Group LLC:	Nick Loftis	Principal

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Taos Integrated School of the Arts

Date of Exit Conference:	November 6, 2017	
Representing Taos Integrated School of the Arts:	Richard Greywolf	Director
	Deanna Gomez	Business Manager
	Nancy Burt	Audit Committee Member
	Karen Shannon	Audit Committee Member
	Jill Cline	Governing Council President
Representing Loftis Group LLC:	Lonnie Juarez	Principal

Taos International Charter School

Date of Exit Conference:	October 27, 2017	
Representing Taos International Charter School:	Nadine Vigil	School Principal
	Justine Vigil	Business Manager
	Carla Romero	Board President
Representing Loftis Group LLC:	Nick Loftis	Principal
	Brooke Whitmore	Supervisor

Technology Leadership High School

Date of Exit Conference:	October 31, 2017	
Representing Technology Leadership High School:	Yolanda Tafoya	Finance Director
	Kara Cortazzo	Principal/Executive Director
	Al Hernandez	Governing Council Member
Representing Loftis Group LLC:	Nick Loftis	Principal
	Brooke Whitmore	Supervisor

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Tierra Adentro

Date of Exit Conference:	November 1, 2017	
Representing Tierra Adentro:	Veronica Torres	Executive Director
	Theresa Archuleta	Principal
	Amber Pena	Business Manager
	Joy Maez	Audit Committee Member
	Sandra Martinez	Governing Council Member
	Ted Baca	Governing Council Member
Representing Loftis Group LLC:	Lonnie Juarez	Principal

Tierra Encantada Charter School

Date of Exit Conference:	November 7, 2017	
Representing Tierra Encantada Charter School:	Steve Alarid	Business Manager
	Danny Pena	Director
	Nicholas Maestas	Audit Committee Chairman
	Melanie Gonzales	Audit Committee Member
	Jeremy Turner	Audit Committee Member
	Celedina Coss	Board Member
	Eva Olascoaga	Assistant Business Manager
	Teresa Martinez	Business Office
Representing Pattillo Brown and Hill:	Heather Lucero	Audit Supervisor

Turquoise Trail Charter School

Date of Exit Conference:	October 19, 2017	
Representing Turquoise Trail Charter School:	Dr. Ray Griffin	Head Administrator
	Jenny Chrysler, CPA	Business Manager
	Floyd J. Trujillo	President
	Kevin Stack	Audit Committee
	Meaghan Duffy, CPA	Audit Committee
Representing Loftis Group LLC:	Frank T. Lovato, CPA	Principal

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Uplift Community School:

Date of Exit Conference:		
Representing Uplift Community School:	School has ceased operations. No Management available for exit conference.	
Representing Pattillo Brown and Hill:		

Walatowa High Charter School

Date of Exit Conference:	October 25, 2017	
Representing Walatowa High Charter School:	Arrow Wilkinson	Principal
	Katherine M. Toy	Business Manager
	Francine Garcia	Gear-Up Coordinator and Parent
	Richard Wasilewski	Finance Committee
Representing Loftis Group LLC:	Frank T. Lovato, CPA	Principal

William W. & Josephine Dorn Charter Community School

Date of Exit Conference:	October 24, 2017	
Representing William W. & Josephine Dorn Charter Community School:	Ellen Esquibel Bellamy	Director
	Amber Pena	Business Manager
	Esperanza Dodge	Board Member
	Juan Martinez	Board Member
Representing Loftis Group:	Frank Lovato	Principal

The financial statements presented in this report have been prepared by the independent auditor. However, they are the responsibility of management, as addressed in the Independent Auditors' Report.