

Monte Del Sol FY24 Audit Presentation

| Finding Number | New or Repeat Finding | Year finding originated | Original finding number | Classification of finding | Summary of finding | Cause | Management Response in audit | Was this remedied in FY25 |
|----------------|-----------------------|-------------------------|-------------------------|---------------------------|---|---|--|--|
| 2024-001 | Repeat | 2018 | 2018-001 | Material Weakness | Reimbursement for Fund 26107 was improperly excluded from the receivable listing. Expenses were improperly excluded and included from AP listing. Unable to obtain support for accrued payroll balances and compensated absences, GASB 87, and GASB 96. | Management Oversight & lack of sufficient financial close and reporting processes | In Jan of 2024, MDS transitioned business managers to better support the school and work towards better fiscal compliance & management. The transition to adequately clean up the school will take at least 2 years. | Creating and adopting strong financial policies and procedures. Implementation to occur by June 30, 2025. |
| 2024-002 | Repeat | 2019 | 2019-002 | Significant Deficiency | During our audit, we noted expenditure functions where actual expenditures exceeded the budgetary authority: Fund 11000:2000,3000 Fund 1300:2000 Fund 25153:1000 Fund 31900:4000 Fund 31300:4000 | Lack of adequate internal controls | Same as above | Establish systems in the GL to ensure the school is working towards & eventually meeting all fiscal compliance matters by 6/30/25. |
| 2024-003 | Repeat | 2023 | 2023-003 | Material Weakness | During our audit, we note revenue misstatements between funds of \$199,498. | Insufficient internal controls to identify errors in the recording of revenue | Same as above | Establish systems in the GL to ensure the school is working towards & eventually meeting all fiscal compliance matters by 6/30/25. |

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| 2024-004 | Repeat | 2023 | 2023-004 | Material Noncompliance | Audit requests were submitted between 30-90 days overdue including key requests necessary to prepare the financial statements. Not all required information requested for the audit was submitted within the available timeframe. | Lack of sufficient planning & resources related to the annual audit | During the transition files were misplaced and could not be located during the audit. | Establish end of year systems in the business office at the school to keep all files and record organized so they can be easily accessed for the audit by 6/30/25. |
| 2024-005 | Repeat | 2023 | 2023-005 | Material Weakness | No provided sufficient documentation for 9 of 18 sampled deposits. We also noted one instance where the deposit receipt was not available, thus we could not determine 24-hour compliance. | Lack of sufficient internal control structure related to cash receipts | Establish procedures to ensure that all receipts of cash and check are deposited within 24 hours of receipt and are readily available for public inspection | Establish systems in the business office at the school to keep files and record organized so they can be easily accessed for the audit by 6/30/25. |
| 2024-006 | New | 2024 | | Other Matter | We noted that bank reconciliations were presented to the finance committee, but we did not note evidence of review and/or approval of bank reconciliations. | Lack of effective internal controls surrounding both the preparation & review of the bank reconciliation | During the transition, the September bank reconciliation could not be found or evidence that the board voted on the bank rec. | Each month a bank reconciliation is done and the GC reviews and approves at the monthly board meeting. |

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| 2024-007 | New | 2024 | | Significant Deficiency | During test work over cash disbursements, we were not provided sufficient, appropriate supporting documentation for five disbursements totaling \$25,458. We also noted one instance of improper rate used for employee mileage reimbursement. | Lack of sufficient internal control structure related to cash disbursements | During the transition files were misplaced and could not be located during the audit | Establish systems in the business office at the school to keep files organized so they can be easily accessed for the audit by 6/30/25. |
| 2024-008 | New | 2024 | | Other Noncompliance | During test work over procurement, we noted two instances in which expenses to vendors exceeded \$60k and no documentation was provided that competitive procurement occurred. | Lack of effective internal controls over procurement activities & documentation standards | Assess its disbursements and vendor activity during the year to properly comply with NM Procurement code | Utilize professional procurement entity such as ACES or Statewide Price agreements to do procurements going forward |
| 2024-009 | New | 2024 | | Material Weakness | ERB forms reported \$88,446 less than expense reported in the general ledger, RHC forms reported \$76,209 less than expense reported in the general ledger, 941 forms reported \$10,455 less than expense reported in the general ledger. | Lack of effective internal controls surrounding the benefit and withholding reporting process | Accurate reconciliation of ERB and RHC accounts to ensure proper balances are maintained in accounting system | All payroll is run through the school's third-party payroll system and files are kept by the school's business office and the business manager firm |
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| 2024-010 | New | 2024 | | Material Weakness | During test work over capital assets, we noted the school did not account for Land & Building costs of \$2,210,000 related to a Lease Purchase Agreement. These amounts were not listed on the Capital Asset schedule by the school. | Lack of effective internal controls over capital assets | The LPA was transferred from one non profit to another non profit during FY24 | Establish sufficient internal controls around capital assets |
| 2024-011 | New | 2024 | | Material Weakness | We were not provided support for journal entries totaling \$42,131 and noted one journal entry totaling \$116,694 to correct various miscoding that occurred during the year. The accounting system allows entries to be posted that do not balance by fund, thus we noted a year end adjustment of \$155,200 to balance cash across funds. | Management oversight, improper recording of journal entries and accounting system design | The JE's done for MDS were to attempt to correct accounting errors that happened prior to January of 2024 | Establish systems in the software with payroll to ensure JEs balance by fund by 6/30/25 |