

NEW MEXICO INTERSTATE STREAM COMMISSION

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June 10, 2020

Acequia de Santa Cruz
PO Box 1656
Santa Cruz, NM 87567

RE: Acequia de Santa Cruz – AUP Findings and 2019 Grant Agreement for Appropriation ID:
D2782

Dear Acequia Commissioners:

I, Director of the New Mexico Interstate Stream Commission, am sending this letter for the New Mexico Interstate Stream Commission (“NMISC”) and its Acequia Program in response to your two letters dated January 10, 2020 regarding the findings of the Acequia de Santa Cruz (“Grantee”) in their Independent Accountants’ Report on Applying Agreed-Upon Procedures (Tier 3) (“AUP”) for Year Ended December 31, 2011 and for Year Ended December 31, 2016 regarding Capital Outlay Appropriation balances not yet reverted. These AUPs were conducted on 2007 Capital Outlay funds (Appropriation ID: 07-4802) and 2012 Capital Outlay funds (Appropriation ID: 12-1397). The Acequia de Santa Cruz received a new appropriation in 2019 (Appropriation ID: D2782) for \$90,000 to plan, design and construct improvements to the Acequia de Santa Cruz in Santa Fe County. The current Commissioners of the Acequia brought the findings to the attention of NMISC staff during the drafting process for a 2019 Capital Outlay Agreement between the NMISC and the Acequia de Santa Cruz on the new appropriation.

In response, NMISC staff carried out a review of our files on the 2007 and 2012 projects. Each of the two project files was reviewed by staff to determine if the reimbursement requests submitted by the Acequia to the NMISC were complete with back-up invoices/documentation to support the requests. Field checks were also conducted on a few occasions during the expenditure of the funds to verify that the work was being completed as intended. The field checks confirmed that work was done on the ditch to replace broken sections of concrete ditch lining and make other repairs. The review indicated that the documentation on file appears to be in order, the field checks verified work occurring at the time of the visits was appropriate, staff believes these projects were completed as intended. Therefore, at this time, the NMISC is not aware of any action that the NMISC or the

Grantee would need to take related to the 2007 and 2012 projects, and therefore we have no further requirements of the Grantee regarding those projects.

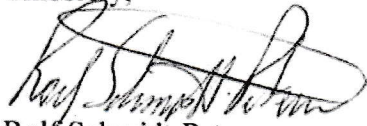
Pursuant to DFA's Capital Outlay Bureau MAPS Document FIN MAPS 9.2.D.1.c.2, if an entity's most recent audit contains an unresolved finding, the grantor agency may either refuse to enter into the grant until the entity has resolved the finding or can proceed to the benefit of the entity by either drafting conditional language into the entity's Capital Outlay Agreements to allow that entity to continue to access Capital Outlay funds that were appropriated to them or, in more serious cases, utilize a qualified fiscal agent to manage the project on behalf of the entity. The NMISC, after considering the circumstances, intends to adopt this approach for the Acequia's 2019 project grant for Appropriation ID: D2782 (2019 Grant Agreement). The 2019 Grant Agreement will comply with the DFA requirements referenced above and will include the following conditional language addressing the past findings:

"The Grantee agrees to notify NMISC if any further action by NMISC is deemed necessary by the Independent Public Accountant or any of the state control agencies regarding resolution of the findings of their 2011 and 2016 Agreed Upon Procedures."

The NMISC is aware of no further requirements of the Grantee on the 2007 and 2012 projects and based on the above, the NMISC stands ready to: facilitate completion of the 2019 Grant Agreement; to assist the Acequia de Santa Cruz should the state control agencies express concerns, if any, with this approach; and to assist in the Acequia's engagement with their IPA. Further, given our understanding of the nature of the Independent Public Auditor findings for those two projects and current, more stringent, Department of Finance and Administration contracting, invoicing, and documenting requirements for the Grantee (DFA requirements) for the 2019 Capital Appropriation should minimize, if not eliminate, future similar audit findings.

Please feel free to contact Jonathan Martinez at (505) 827-6134 or jonathanc.martinez@state.nm.us or myself at rolf.schmidt@state.nm.us if you have any further questions or concerns regarding this matter.

Sincerely,



Rolf Schmidt-Petersen
NMISC Director

CC: Brian Colón, NM State Auditor, Office of the State Auditor (OSA)
Wesley Billingsley, Bureau Chief, Capital Outlay Bureau (COB)
Jeff Primm, NMOSE/NMISC Program Support Administrator
Arianne Singer, NMISC General Counsel
Marcos Mendiola, NMISC Administrative Manager
Jonathan Martinez, NMISC Acequia Program Manager

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