Violation of Anti-Donation Clause - Material Weakness
(2022-005)

CONDITION

The current Fire Chief submitted an invoice for the installation of a $405 radio in the truck of the previous Mayor. This purchase would have violated the Anti-Donation Clause if it had been paid.

CRITERIA

According to the Anti-Donation Clause of New Mexico (Article IX, Section 14) "a municipality shall not directly or indirectly lend or pledge its credit or make any donation to or in aid of any person."

CAUSE

The Fire Chief does not understand that individuals that do not work for the City cannot be provided assets paid for by the City.

EFFECT

The City could have been in violation of the Anti-Donation Clause if the Clerk had paid the $405.

RECOMMENDATION

The Fire Chief should be trained on NMSA 1978 59A-53-8 expenditures allowed from fire protection monies.

RESPONSE The Current Fire Chief did not submit an invoice for installation of a radio in the truck of the previous mayor. Invoice #3739 was mailed to Po Box 208, Texico City For Fire Station by error of the vendor. Invoice was supposed be mailed to Previous mayor personally. Current Fire Chief never saw the invoice nor Knew anything about this purchase. When Fire Chief was notified about this invoice the Vendor was Contacted by the Fire Chief. Vendor supplied Fire Chief with Copy of invoice #3739 dated 11-27-23 along with a Copy of a Canceled check #6505 dated 12-5-23 made payable to Vendor for ~~total~~ amount of invoice due of $404.86 from previous mayor's personal checking. Current Fire Chief understands that individuals can not be provided assets paid for by the City of Texico Fire Dept. The current Fire Chief is trained on NMSA 1978 59A-53-8 allowable expenditures statute

Purchases Made Without Proper Procedures – Material Weakness
(2022-006)

CONDITION

Several purchases made by the Fire Chief did not follow proper procedures. Examples are:

1) The ice machine becoming inoperable was considered an emergency purchase.
2) $3,329 worth of tools were purchased without submitting a purchase order before hand.
3) An invoice for $977 for tools/supplies was submitted for payment, however, after looking online the same tools could have been purchased from Lowes and the City could have saved $400. Thus, quotes are not being obtained.
4) The Fire Chief did not submit an $80 invoice for payment for supplies until 15 months later. (After the items were purchased.)
5) The Fire Chief submitted a quote (not an invoice) for $4,102 worth of supplies that were purchased. However, there is no documentation that these items were received.

CRITERIA

The New Mexico Procurement Code (13-1-28 to 13-1-199) NMSA 1978 requires a purchase order to initiate a purchase and it should be approved by management prior to <u>any</u> purchases. This document is used to ensure the City not only has budget or budget authority, but cash available to purchase the item. This document is also used to provide guidance as to which fund and account can and will be used.

Also, purchase order controls include:
1) All purchase order are to be kept and properly filed for review.
2) All payments must be made from an invoice.
3) Purchase orders are written before the good/service is obtained.

CAUSE

The Fire Chief is not following proper internal control procedures..

EFFECT

The Fire Chief purchased $8,488 worth of items improperly.

RECOMMENDATION

The Fire Chief should be trained on proper purchasing procedures.

RESPONSE- New Fire Chief along with all other Department Heads and the mayor attended a training on proper purchasing procedures - Procurement on April 22, 2024.

Employees Not Issued a W-2 – Material Weakness
(2022-007)

CONDITION	Five employes were found with checks being issued to them for services rendered, however, no amounts were being reported on a W-2. A total of $3,491 was not reported. This also includes payments to the Council. The amount paid to each of them should have been reported on a W-2.
CRITERIA	IRS regulation state "an employer is legally required to send a W-2 Form to every employee to whom the paid a salary, wage, or another form of compensation."
CAUSE	Prior management purposely ignored IRS regulations for these particular employees. Prior management was unaware of the requirement for Councilmen.
EFFECT	The City is subject to penalties and interest for not issuing these W-2 forms.
RECOMMENDATION	Current City Management should issue these W-2's as soon as possible.
RESPONSE	

City Personnel Policy – Material Weakness
(2022-008)

CONDITION	The City has not updated their personnel policy since 2005.
CRITERIA	All policies of the City should be reviewed and update periodically/
CAUSE	Prior Management and the Council have not made this a priority.
EFFECT	Aspects of the policy are too vague or are outdated.
RECOMMENDATION	The Council with Managements help should update the policy as soon as possible.

RESPONSE Head of Human Resources along with new personnel Board which consists of mayor, Council member and City resident are working together to update current Personnel Policy. Council is hiring a new attorney that will also be involved. DFA has given HR department examples of policies City could adopt. Personnel Board and Council hope to have new Policy by Jan, 2025

W-2 Forms, 941 Reports and CRS-1 Reports Could Not Be Tested – Material Weakness (2022-009)

CONDITION

The 2022 W-2 forms could not be verified as the 941 reports and CRS-1 reports were not available for review. Thus, the 941 reports and CRS-1 reports could not be verified.

CRITERIA

Model accounting practices necessitate the maintenance of accurate and complete accounting records. Section 6-6-3(A) NMSA 1978 defines local public body duties to keep all the books, records, and accounts in their respective office in the form prescribed by the local government division.

Thus, Management of the City should have available copies of all payroll reports for review and inspection.

CAUSE

The cause is unknown

EFFECT

Payroll reports could be incorrect, prompting notices from the IRS or Taxation and Revenue enforcing penalties and interest.

RECOMMENDATION

All payroll reports should be kept in the office and available for review.

RESPONSE New Payroll Clerk has best practices and Procedures in place to correct this. Proper Payroll accounting Practices have been implemented. Payroll reports are Kept in Payroll office.

Unauthorized Expenditures From Fire Fund – Material Weakness
(2022-010)

CONDITION

The Fire Chief purchased $1,283 worth of various food items of which included a $325 Christmas Tree. These items were purchased on the Fire Chiefs personal credit card. The items were purchased for a Christmas party and for Thanksgiving meals. These items were not allowed by the State Fire Marshalls Office.

CRITERIA

According to the Fire Service Support Coordinator from the State Fire Marshals Division of the Department of Homeland Security & Emergency Management these expenditures are not allowed to be paid from the City's Fire Fund.

CAUSE

The Council directed the City Clerk to pay these out of the Fire Fund initially.

Also, the Fire Chief has not been trained adequately to know these expenditures are not allowed.

EFFECT

The City's General Fund will have to cover these expenditures.

RECOMMENDATION

The Fire Chief should be trained on what expenditures can be paid from the State Fire Fund.

The Council should familiarize themselves with the Policy provided by the State Fire Marshals Office to ensure they can properly approve Fire Fund expenditures.

RESPONSE City Clerk and Fire Chief worked together with the State Fire Marshall's office and has returned these funds to the State Fire Marshall. Rules And Regulations have been implemented by the new Fire Chief and the City Clerk. The Council has been informed of the State Fire Marshals expenditure Policy

Fire Apparatus Grant - Material Weakness
(2022-011)

CONDITION	In December of 2021 the City received $300,000. It was undocumented what these monies were received for/from. A copy of the grant had to be obtained by the auditors from the State Fire Marshals Office when the current Fire Chief would not obtain a copy when asked by the Clerk (several times).
CRITERIA	Model accounting practices necessitate the maintenance of accurate and complete accounting records. Section 6-6-3(A) NMSA 1978 defines local public body duties to keep all the books, records, and accounts in their respective office in the form prescribed by the local government division.
CAUSE	Prior management did not ensure proper documentation for this grant was received and kept in the City Offices for review.
EFFECT	these monies could have been spent incorrectly.
RECOMMENDATION	Current Management should keep a copy of all grants, agreements, etc. on hand for review and support for any and all transactions.

RESPONSE City Clerk has implemented a filing system for all grants requested by and/or received by the City. All transactions will be kept in the folder along with all paperwork for the grant.

Exit Conference Details Discussed in Board Minutes Before Audit Report Becomes Public Record - Material Non-Compliance
(2022-012)

CONDITION	Details of the Executive Session of the Board Meeting held on July 5, 2023 whereby the 2021 exit conference was held with the Board was included in the Board Minutes. Details included Findings how many Findings and how many Findings were new in 2021.
CRITERIA	According to State Audit Rule 2.2.2.10 M(3) "Agency personnel and the Agency's IPA shall not release information to the public relating to the audit until the audit report is released by the OSA, and has become a public record.
CAUSE	Management was trying to express the seriousness of the amount of Findings and that so many were repeat Findings to the public.
EFFECT	The State Audit Rule regulations were not followed.
RECOMMENDATION	Management should wait until the audit report has been released by the SAO and has become a public record before it is discussed in Board Meeting Minutes.

RESPONSE City Clerk was unaware of this State Audit Rule. She has been made aware of this rule and acknowledges.

PERA Credit Service for Volunteer Firefighters – Material Non-Compliance
(2022-013)

CONDITION The Fire Chief of the City did not properly submit the PERA Credit Qualification report for Volunteer Firefighter Service to PERA by the required deadline of March 31, 2022.

CRITERIA According to PERA regulations, the Annual Reporting Form is required to be submitted by March 31st of the following year

CAUSE The cause is unknown.

EFFECT The City did not comply with the PERA regulations. Thus, all credits for the Volunteer Firefighters for the annual year 2021 have not been reported.

RECOMMENDATION The City should submit this report as soon as possible. The City should also implement procedures to ensure all future reports are submitted on time.

RESPONSE New Fire Chief has rectified the non submittals to PERA by previous Fire Chief. all PERA reports for 2021, 22 & 23 have been Submitted by new Fire Chief. New Fire Chief has Sign in sheets for meetings, ambulance runs and Fire Calls, to Verify qualification to submit PERA for ~~each~~ individual. New Fire Chief will Complete and insure PERA receives reports by march 31 deadline going forward

Fire Department Probation for 90 Days
(2022-014)

CONDITION	The Department of Homeland Security and Emergency Management placed the Fire Department on a 90 day probation for not reporting to the NFIRS System for 3 months.
CRITERIA	In accordance with Article 59A-53 and 10 NMAC 25.10, the fire department is required to submit a monthly activity report to the State Fire Marshal Division by the 10th day of every month showing the activity of the fire departments response to emergency calls for the previous month using the NFIRS System.
CAUSE	The cause is unknown.
EFFECT	The Fire Department was placed on a 90 day probationary period.
RECOMMENDATION	A set of procedures should be put in place to ensure that these reports are properly prepared, submitted and a copy provided to the Council each month to provide evidence these reports were submitted.

RESPONSE Fire Chief was unaware of the requirement to file a report if they were Canceled before pulling emergency Vehicles out of the station when they were toned out for a mutual aid call to assist another Department. Fire Chief is now aware of this requirement and is including all Canceled mutual aid Calls on the monthly activity report using the NFIRS System

Medicare Overpayments
(2022-015)

CONDITION	The City paid $817 to Medicare for a supposed overpayment made. No one in Management reviewed this request to ensure it was correct and was owed to Medicare.
CRITERIA	All invoices submitted to the City for payment should be reviewed and supported by documentation to ensure it is an actual payable of the City.
CAUSE	The cause is unknown.
EFFECT	The City may not owe these amounts.
RECOMMENDATION	Procedures should be put into place to ensure all amounts requested for payment can be justified.

RESPONSE When billing Company bills Medicare a duplicate copy of the bill is mailed to the insured. Insured sometimes pays complete invoice not knowing medicare is being billed simultaneously. When this occurs and Medicare realizes insured also paid Medicare sends billing Company an invoice for any overpayment. PCC (Billing Company), Fire/EMS, nor City has any control of over payment made by any insured. A Copy of overpayment which includes insureds name, DOB, Date of Service is sent to PCC and is then sent to City Fire/EMS for reimbursement of overpayment. PCC's Contract with City Fire/EMS insures that all documents received & sent to and from PCC regarding Medicare, Medicaid and Private pay are all legal and within Insurance guidelines and standards. This is the procedure City Fire/EMS has in place.