

June 4, 2007

Mr. John Halvorson
DWI Program Coordinator
P.O. Box 1597
Roswell, New Mexico 88202-1597

RE: Local Driving While Intoxicated (LDWI) Program Audit Report
Response due by June 18, 2007

Dear Mr. Halvorson,

On November 29 – Dec 1, 2006, Jonathan Fernandez and I conducted an audit of the Chaves County DWI Program. We want to thank you and your staff for your assistance in completing the audit and for your kind hospitality. Please extend our thanks to Mr. Joe Sedillo - Finance Director, and Charlotte Andrade - Grant Specialist for making time in their busy schedules. Also, extend our thanks to the following contractors for taking the time to explain their roles in the County's DWI program and for allowing us to review their files: Jim Castleberry – Teen Court, Casey Rogers – ASPEN, Janet Norris – Screener, Carrie Leigh Cloutier – CASA (Domestic Violence), and Kathleen Freebird - Crossroads Counseling (treatment). Through all of you, Jonathan and I learned a lot about Chaves County's DWI program.

We would like to compliment you on a job well done. It was very apparent that you invested time and effort in financial management, general record keeping, and program management. In addition to working in collaboration with County Commissioners, the DWI Planning Council, the courts, law enforcement, and the other community agencies, that all of you are dedicated to lowering the number of DWI incidents in your county.

Jonathan and I reviewed the areas of financial management, program implementation, and general record keeping. This correspondence serves as documentation of the results of that audit. There are three categories addressed in an audit letter such as the following:

- ✓ Findings - which reflect non-compliance issues, require immediate attention, and need to be corrected in order for the program operation to continue
- ✓ Concerns - which are fiscal management and/or program deficiencies that require attention and correction to improve overall program oversight and management
- ✓ Recommendations for how to address findings and concerns

The audit revealed two findings and one concern. It is our belief that each can be easily resolved through improved program oversight and monitoring.

Please respond to this audit letter using the enclosed response form. The pre-formatted response form requires both the Program Representative and the Program Fiscal Officer to provide a response. The response must include a corrective action plan detailing how you and the Fiscal Officer intend to address each audit finding, area of concern, and include a date by which each issue will be resolved. The response is due two weeks from the date of receipt of this letter.

Financial Management

The audit revealed no findings in this area. The audit team conducted a thorough review of the programs financial records and found them to be satisfactory. It is apparent that the DWI Coordinator spends a great deal of time reconciling his revenues and expenses each month to ensure he is in budget.

Program Implementation

Finding 1:

The Program Coordinator needs to provide more oversight of contractors.

- a. Teen Court is collecting a \$20.00 fee from each participant, without the approval or knowledge of the DWI Coordinator.**

The Teen Court program did not notify Chaves County's DWI Program that he was collecting a fee from each participant.

- b. Domestic Violence contractor did not submit quarterly progress reports and financials.**

There was some confusion regarding the quarterly reports and financials. Due to a miscommunication between the DWI Coordinator, Local DWI (LDWI) Program, and contractor the DWI Coordinator advised the contractor that it was not necessary to turn in the required reports.

Required Action:

The DWI Coordinator must review each of the contractor's files on a monthly or quarterly basis to ensure that services billed are accurate and truly reflective of the services provided to clients. The DWI Coordinator should also conduct a site visit for each contractor at least yearly. The contract deliverables of each contract should be reviewed prior to the visits. This allows the DWI Coordinator the opportunity to check if the contractors are meeting the scope of work and submitting the deliverables as required per their contract with the DWI Program.

The DWI Coordinator needs to amend the agreement (A-05-033) with Teen Court to change the scope of work to indicate that they are to collect a \$20.00 fee from each participant. The contractor should record the fees in a receipt book. The receipt book should be in triplicate form. The original receipt goes to the participant, one of the copies will go in the individual's file, and the other copy stays in the receipt book for the program's records. The contractor for Teen Court will follow Section 6-10-3 NMSA 1978, which requires the deposit of funds before the close of the succeeding business day after receipt of money.

Please also amend the Teen Court contract in the area of compensation. The DWI Coordinator will need to work with the county to determine if the contractor will deposit any collected fees to the County Treasure or into their own account. Either way, the amended contract should clearly state that any fees collected will off set the cost for services. The Teen Court fees should be reported on the Exhibit E, under Alternative Sentencing. The fees collected shall fund the component fully before billing LDWI program.

Finding 2:

All of LDWI Program grants agreements require a protocol for Treatment programs. Crossroads Counseling did not submit a protocol to the LDWI Program.

Under Article IX – Special Conditions, Section C, of the grant agreement, the grantee shall submit to the Division written copies of the description of its daily activities/curriculum schedule; rules/expectations for clients and staff and any handout or testing materials to be utilized throughout the course of the treatment program. One (1) written copy of such material and program description identified above shall be submitted to the Division no later than 30 days prior to component implementation for review and comment.

Required Action:

Effective immediately, develop a protocol for Crossroads Counseling and submit to Jonathan Fernandez, LDWI Program Manager.

General Record Keeping

The audit revealed no findings in this area. The program records were meticulous and organized. We were able to locate all the items pertaining to the audit quickly. It was apparent that the spreadsheets are a good tool and allow you to track the program activities and expenditures.

Financial Management

Concern #1:

Separate expenditure accounts for screening and probation fees collected do not exist.

The County has created separate revenue accounts for grant funding, distribution funding, probation fees, and screening fees as required. However, only grant and distribution have coinciding expenditures accounts. When purchases are made using fee revenue, the expenditure goes against the distribution expense accounts. Making it extremely difficult to identify which expenditures pertain to distribution or belong to non-grant funds, which have fewer restrictions than grant and distribution funds. It also makes it difficult to calculate total expenditures against each revenue source and to verify them against financial reports.

In reviewing Chaves County's Fees Collected Report, we found an error in third quarter's report (see attachment F). Thanks to John's excellent record keeping, we were able to find the error easily (see attachment G). The amount collected in February for Screening was off by \$525.00. The reconciliation John provided was very detailed, which helped us determine the correct dollar amount for the month (see attachment A1 – 6).

In the development of the audit LDWI Program looks at the exhibit G reports to ensure all the funds are accounted and other funds are not co-mingled with LDWI Program funds, including other revenue the program will receive. We compare the County's expenditure accounts to the Exhibit G to ensure that the expenses match.

The audit revealed a problem with the expense accounts for grant and distribution. In the expense account for grant funds, there is an additional \$4,931.95 for FY 06 (see attachment E 1). The expense was for furniture purchased in June of FY 05. By mistake the applied to FY 06. The expense belonged to FY 05. At year-end, the posting of invoices becomes difficult. One possible solution is to accrue outstanding expense. When the expense is paid, it posts to the correct fiscal year. Another option is to apply the expense to the county general funds.

The expense accounts for distribution indicate a problem between the County's General Ledger (G/L) reports and the exhibit G's submitted to LDWI by the program. The County's G/L shows that the distribution fund (761) has an ending balance of \$247,393.92. The total amount reimbursed by LDWI was \$191,844.25. Leaving a balance of \$55,549.67 (see attachment E 2), this balance should match the Fee's Collected Report – spent column (see attachment G). If all the expenses are applied correctly, the balance will match LDWI Programs reports.

We attempted to reconstruct the expenditures to see if we could figure out the differences (see attachment E 2). The process was not conclusive. We did determine that some of the expenses reported on the Exhibit G were not on the County's reports for distribution. There also was a problem with the end of year accrual process for FY 05.

Two policies in the LDWI Administration Manual support the separation of fees for tracking purposes.

- a. The Administrative Requirements and Procedures (page 3, Appendix B) states: “All local DWI grant and/or distribution programs must set up a separate Local DWI Grant and Distribution Program Fund in the County’s budget or the municipality designated by the County.”
- b. The Administrative Requirements and Procedures (page 2, Appendix B) states: “Programs must be able to track all grant and distribution funds that flow into and out of your county or city that relate to the Local DWI project”.

Recommendation:

LDWI strongly recommends a separate account for each component to ensure ease in tracking the funds that flow in and out of each component. It will also make reporting easier for the DWI Coordinator.

Program Implementation

The audit did not reveal any concerns.

Chaves County’s DWI Program has done a good job in coordination and implementation. The DWI Coordinator takes an active roll in managing the Distribution and Grant funds, along with maintaining the budgets, revenues, and expenses very well.

General Record Keeping

The audit did not reveal any concerns

In the area of general recordkeeping, the DWI Program Coordinator did a beautiful job in organizing the information. He had copies of all the expenses and could obtain the information from the County’s fiscal staff easily.

Again, we thank you and everyone in Chaves County for your assistance and cooperation in completing this audit. Your County’s efforts to reduce the incidence of DWI in New Mexico are greatly appreciated. We look forward to a continued relationship with you and other DWI Program Coordinators as we work towards the definition of statewide goals and identify ways to successfully reach them.

We will look for a corrective action plan to arrive in our office on or before April 24, 2007. Should you have any questions or concerns, please feel free to contact me at (505) 827-4958 or Jonathan Fernandez at (505) 827-4748.

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Please remember that if you ever have questions on any of the above findings/concerns or anything else we are always here to assist you.

Sincerely,

Bridgette Long, Auditor/Accountant
Local DWI Grant Program

cc: Joe Sedillo, Finance Officer
Joyce Johnson, Local Government Division, Bureau Chief
Liza Luboff, Local DWI Program Director
Jonathan Fernandez, Local Program Manager
Audit File