



TAOS COUNTY
RESOLUTION NO. 2025-18

TAOS COUNTY
VALERIE RAELE MONTOYA, CLERK
000485274
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04/08/2025 10:22:24 AM
BY ANNA

ACCEPTANCE AND APPROVAL OF THE FY24 FINANCIAL AUDIT

WHEREAS, Taos County is required by statute to contract with an independent auditor to perform the required annual audit or agreed upon procedures for Fiscal Year 2024; and

WHEREAS, Taos County has directed the accomplishment of the financial audit for FY24 completed; and

WHEREAS, this audit has been completed and presented to Taos County on April 1, 2025 from the Office of State Auditor authorizing release of the FY24 Audit (Exhibit A); and

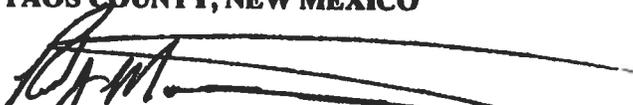
WHEREAS, pursuant to Section 6-6-2L NMSA 1978 and the Office of the State Auditor requirements, the Local Government Division (LGD) requires a copy of the governing body's resolution acknowledging the Fiscal Year 2024 audit findings and accepting management's responses for correcting the findings; and

WHEREAS, this action has been taken at the presentation by the Independent Public Auditor pursuant to Section 2.2.2.10M.(4) NMAC, and the audit report is a public record, and the resolution includes acknowledgement of the audit report;

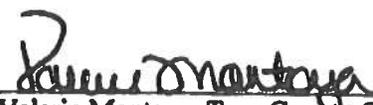
NOW THEREFORE, BE IT RESOLVED, that Taos County hereby accepts and approves the completed audit report and findings as indicated within this document.

PASSED, APPROVED AND ADOPTED, this 1st day of April, 2025.

BOARD OF COUNTY COMMISSIONERS
OF TAOS COUNTY, NEW MEXICO


Ronald Mascareñas, Chair

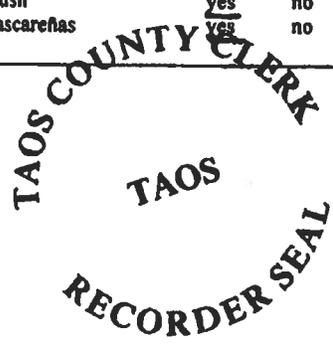
Attest:


Valerie Montoya, Taos County Clerk

VOTE RECORD:				
FR Bob Romero	<u>yes</u>	no	abstain	absent
M. Romero Jr.	<u>yes</u>	no	abstain	absent
D. Vigil	<u>yes</u>	no	abstain	absent
A. Brush	<u>yes</u>	no	abstain	absent
R. Mascareñas	<u>yes</u>	no	abstain	absent

Approved as to legal form:


Patrick Trujillo, Contract County Attorney





Taos County Finance Department

105 Albright Street, Suite I, Taos, New Mexico 87571
Telephone: (575) 737-6300 Facsimile: (575) 737-6326 www.taoscounty.org

Fiscal Year 23/24 Financial Audit Corrective Action Plan

2024-001 (2021-002) — Internal Controls Over Payroll (Significant Deficiency)

Condition: We noted instances where the payroll internal controls were not implemented as designed. We noted at least eight instances where there were changes or updates to the final payroll and these changes were not reviewed and approved as part of the comprehensive payroll internal control

Agency Response: The discrepancies identified between the Treasurer's approved payroll totals and the revised payroll fund totals submitted by finance do not affect the approved payroll totals. However, they do impact the payroll fund totals. These discrepancies are not actual payroll changes but are adjustments related to matching checks. The corrective steps taken are as follows:

- 1) **Identification of Changes:**
 - a) Payroll adjustments such as health insurance adjustments, COBRA payments, penalties, and fees will be identified during the pay period cycle.
 - b) All payroll changes will be initiated before the final payroll submission.
- 2) **Documentation of Changes and Verification**
 - a) Adjustments will be detailed throughout the pay cycle.
 - b) Documentation will be required with a detailed description of why changes occurred.
 - c) Changes with supporting documentation will be reviewed and verified by the Finance Director/Deputy Finance Director.
 - d) Signatures will be required from the payroll accountant and Finance Director/Deputy Finance Director. Signatures confirm that payroll changes are appropriate, documentation is sufficient, and changes are authorized.
- 3) **Final Payroll Submission:**
 - a) Verified and approved changes in the final payroll fund totals will be provided to the Treasurers office for processing. No changes are permitted after final submission with the exception of rounding adjustments which require Treasurer's approval.

2024-003 (2022-004) Deficiencies in the Financial Close and Reporting Process (Significant Deficiency)

Condition: The auditors received four versions of the trial balance, and each contained errors in either the ending balances and/or accounts included/excluded, The County was unable to provide an accurate trial balance to assert ending accounts and balances.

Agency Response: Although Finance considered this a miscommunication regarding formatting, the Finance department will now request specific instructions from the auditors on formatting requirements to prevent similar issues moving forward.

Resolution 2025-18
Exhibit A

F.B. Romero
District 1

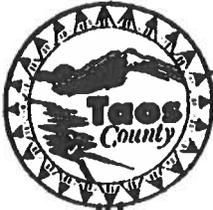
Miguel Romero
District 2

Darlene J. Vigil
District 3

Anjanette Brush
District 4

Ronald Mascareñas
District 5

Brent Jaramillo
County Manager



2024-003 (2022-005) — Deficiencies in IT General Computer Controls and IT Environment — (Significant Deficiency)

Condition: During our audit, we noted that there were various deficiencies within the IT General Computer Control and overall environment. The following were noted:

- We noted that there was an overall lack of formal patching infrastructure, and the County is running unsupported versions on servers.

Agency Response: This was true though the end of the 2024 FY. Since that time, we have upgraded several servers and implemented a patching regiment. This is an ongoing project as some server hardware is outdated and requires physical replacement, not just operating system upgrade.

- We noted that there appeared to be a lack of build discipline that resulted in a wide range of operating system versions with varying patch levels being deployed.

Agency Response: Running a mix of operating systems is not an inherent problem as long as the operating systems are fully supported and functioning as intended. This strategy is not only expected but also cost prudent since implementing new operating system often requires hardware replacement. It is true that in the past there were workstations running unsupported versions of Windows (7, 8, etc.) but those have been eliminated. When, I cannot say, as they were already removed prior to July 1st 2024. Currently we have 275 workstations (desktops and laptops). 222 are running Windows 10 and the remaining 53 are running Windows 11. Windows 10 is fully supported by Microsoft through October 2025. Not all existing deployed hardware can upgrade to Windows 11. We are actively reviewing all Windows 10 machines and will either upgrade them to Windows 11 or replacement them completely with a new Windows 11 machine before End of Support for Windows 10 in FY 26.

- We noted a lack of password controls including the maintenance of passwords among individuals and the common use of users within various programs.

Agency Response: Since moving to Microsoft 365 (in April 2023), the ability to utilize the same login has been removed. This includes not being able to share drives, productivity suites or email systems. All devices (workstations, cell phones, vpn, etc.) require a named user account (no shared accounts exist). Passwords are controlled centrally in our Active Directory, they must meet complexity requirements set by Microsoft, and must be changed every 90 days. We are in the process of rolling out MFA to the entire county to further harden our password system.

- There appears to be very little investment in physical access controls and door systems and no maintenance has been performed in several years. In addition, critical systems like cameras at the detention center are not reliable and have failed during the year.

Agency Response: Although this is an ongoing situation, strides are being taken to address and correct in FY 24/25.

F.B. Romero
District 1

Miguel Romero
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County Manager



2024-004 (2021-004) — Stale-dated Checks (Other Noncompliance)

Condition: During our test work over cash, we noted the County's payroll bank account maintained four stale dated checks in the amount of \$1,517 at year end June 30, 2024.

Agency Response: a monthly review will be conducted to identify stale-dated checks in accounts payable and payroll. Stale dated checks identified will be voided and reissued as appropriate. Payees will be notified of the voided checks and the issuance of new checks

2024-005 (2020-001) — Maintenance of Capital Assets – (Other Matter)

Condition: During our examination of capital assets, we identified errors in the capital asset documentation that supports the year end balances and activity during the year.

Agency Response: The Chief Procurement Officer will perform month/year-end audits to ensure an accurate inventory of capital assets using the following criteria:

- a) Acquisition date purchase price
- b) Location tracking
- c) Condition and depreciation tracking
- d) On site annual review of physical inventory
- e) Disposal tracking
- f) Verification of straight-line method for depreciating assets over their estimated useful lives.
- g) Annual review of depreciation schedules/adjustments made as appropriate.

2023-006 (2021-005) – Budgetary Controls and Reporting (Other Noncompliance)

Condition: Based on our audit procedures we noted the following funds maintained over expenditure of the budget:

Educational Bond Funds \$ 1,046,323
USDA/RUS Complex 363,382
USDA Loan Reserve 40,709
USDA Loan Proceeds 926,622
Taos County Complex Restructuring 250
County Educational Bond Fund 2 ,150,330
Taos 46 Loan Proceeds 349
NMFA Taos 50 Lodger's Tax 1,236
NMFA 2018 Ed. GRT Series 866
NMFA Loan Operations Complex 46,732
NMFA Loan Fire Apparatus – San Cristobal FD 16,358
Cunyngham Property 163,519
Total \$ 4,756,676

In addition, we noted that the County did not submit the first, second, and third quarter's quarterly DFA report to the NM Department of Finance and Administration timely.

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Agency Response: The funds identified that exceeded budget authority were budgeted before the hiring of the Finance Director/Deputy Finance Director. Since then, the Finance Director has collaborated with the County Treasurer to identify discrepancies within the Debt Services budgets, correct, and budget accordingly for the new fiscal year.

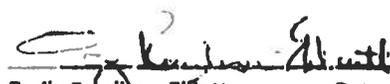
The late submission of DFA quarterly reports was initially due to the Finance Director facing challenges navigating the State's reporting system. However, a process has now been developed to ensure timely reporting. The Finance Director has worked with the DFA to better understand the reporting system. Educational materials and training have been provided to ensure future success. The Finance Director has since gained a strong understanding of the system, and is current/compliant with DFA quarterly reporting requirements.

- F.B. Romero
District 1
- Miguel Romero
District 2
- Darlene J. Vigil
District 3
- Anjanetta Brush
District 4
- Ronald Mascareñas
District 5

- Brent Jaramillo
County Manager

 "1/30/29

Brent Jaramillo Date
County Manager

 "1/30/29

Emily Rowllon-Elliott Date
Finance Director

