



State of New Mexico
OFFICE OF THE STATE AUDITOR

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State Auditor Releases Special Audit of the Town of Estancia

Identifies numerous shortcomings, urges corrective actions to protect taxpayers

SANTA FE, NM – Today, the Office of the State Auditor (OSA) released a special audit of the Town of Estancia. The audit assessed the Town’s financial controls during the period of July 1, 2012 through June 30, 2015. The audit was requested by the Town’s management to examine concerns regarding financial practices, including a discrepancy in cash balances that arose in the last annual audit.

“This is a cautionary tale about how taxpayer dollars can be wasted over the years when the books are not in order,” stated State Auditor Tim Keller. “Local governments are responsible for internal controls that take the guesswork out of financial management. We appreciate the Town of Estancia’s desire to shine a light on these challenges and expect them to strengthen their policies immediately to ensure that its resources are not left susceptible to fraud or waste.”

The special audit identifies significant shortcomings in 18 different areas, including:

- Overall lack of clear policies and procedures for the Town’s daily operations and inadequate financial controls. The oversight issues identified relate to approximately \$1,600,000 in funds. Estancia does not have written policies and procedures for computer use, cash handling, bank reconciliations, procurement and utility billing.
- Wasteful spending of taxpayer dollars: Estancia paid a monthly bank fee on numerous occasions for not maintaining a minimum required balance and was paying a water bill for a separately metered bathroom where the water was shut off years ago.
- Utility billing: The Town did not charge customers the correct amount of gross receipts tax to remit to the New Mexico Taxation and Revenue Department.
- Anti-donation clause: The Town purchased two gift cards to give away as prizes during a 4th of July celebration.
- Record retention: Estancia did not have documentation for a one million dollar bequest for the library fund and may be using the funds for other purposes.

The OSA outlined 11 specific actions for the Town of Estancia to strengthen its financial controls. Due to the numerous issues identified, the special audit was referred to the Department of Finance’s Local Government Division for further action. The full report is available here:

http://osanm.org/audit_reports/detail/10435/20

The Office of the State Auditor helps government work better by providing transparency and accountability for government spending; informing policy choices; and tackling fraud, waste and abuse. OSA is an independently elected executive agency responsible for examining the use of public dollars in New Mexico.