



NEW MEXICO FINANCE AUTHORITY

Findings Status Matrix

The following is the process used to track and correct findings from all investigations, audits and reviews of NMFA subsequent to the fraudulent audit:

- Management and staff thoroughly reviewed the following reports:
 - Hewitt Ennis Knupp, report dated November 2012,
 - PricewaterhouseCoopers, LLC., report dated December 12, 2012¹,
 - NM State Auditor's Office, report dated December 12, 2012,
 - Regulation and Licensing/Securities Division, report dated December 3, 2012,
 - External Audit Report, performed by the REDW Firm, report dated February 5, 2013.
- The findings from each report were accumulated and organized by each focus area. This task proved challenging as many findings were repeated and stated in different formats with a variation of recommendations.
- The successes, next steps and continued challenges for each finding were noted and are updated monthly.
- The findings are evaluated based on current action.

The finding matrix attempts to identify the issues that each of the findings or areas of concern were focused. The items are scored 1-5, as follows:

1. Item has not been addressed
2. Item is in the initial risk assessment stage
3. Risks are identified and mitigation planned
4. Planned controls are operational
5. Monitoring and communication of component is ongoing.

As there are changes to the environment or insufficiencies with the corrective action plan as initiated, the monitoring process will identify the problem. In such cases, new action that will more effectively mitigate the risk will be sought.

Continuing Risk Assessment The risk assessment for an internal control structure and environment is a dynamic process. It requires sufficient clarity in identifying risks, how risks should be managed, the potential for irregular activity and all significant changes to the business and environment. Attaining ongoing success of these assessments involves management, governance and staff at all levels.

¹ The PricewaterhouseCoopers report was issued in conjunction with the New Mexico State Auditor

Board Governance								
Senate Bill 12								
Focus Area	Current status					Continued Challenges	Successes	Next Steps
	open	-----			complete			
	1	2	3	4	5			
Certified Public Accountant on Board of Directors <i>Page 1 Line 24</i>					X		CPA Chairs Audit Committee	
Entrance/Exit Conference attended by Audit Committee <i>Page 4 paragraph H (1)</i>					X		Audit Committee was present at the exit and entrance conference for 2011, 2012 and 2013	
Audit Committee meets Regularly with auditors during audit <i>Page 4 paragraph H (2)</i>					X		Audit Committee did meet with external auditors at scheduled intervals during the audit process	
Deposits should be made in NM banks <i>Page 7 Paragraph A</i>					X		Fiscal Agent is Bank of Albuquerque	
Minutes and Records approved and maintained <i>Page 3 Paragraph F</i>					X		Current practice is to approve and maintain minutes.	

EXTERNAL AUDIT									
Noted by: PWC HEK RLD/SD REDW									
Focus Area	Current status open-----complete					Continued Challenges	Successes	Next Steps	
	1	2	3	4	5				
Timeliness					X		NMFA has been removed from the New Mexico State Auditor "At Risk" list.	Done	
Federal Requirements					X		NMFA is current with all federal reporting requirements.	Done	
Bond Covenants					X		NMFA is current with bond continuing disclosure requirements.	Done	

Timeline for the 2014 Audit

- Auditor Selected – contract approved by State Auditor's Office
- Entrance conference held August 25th
- Fieldwork complete, test work near completion, financial statements in progress.
- Exit conference tentatively scheduled for December 8th.
- Audit is on track for December 15th submission deadline.

INTERNAL AUDIT								
Noted by: PWC HEK RLD/SD REDW								
Focus Area	Current status					Continued Challenges	Successes	Next Steps
	open	-----			complete			
	1	2	3	4	5			
Internal Audit position					X		Internal audit contract signed with McGladrey and initial meeting held November 17th.	Risk assessment fieldwork in progress.

STATE COMPLIANCE								
Noted by: REDW								
Focus Area	Current status open-----complete					Continued Shortcomings	Successes	Next Steps
	1	2	3	4	5			
Payment of funds without an approved audit contract					X		Audit resolved finding.	Continue to monitor.
Timely Cash Receipts Deposit					X		Audit resolved finding.	Continue to monitor.
Travel and Per Diem					X		Audit resolved finding.	Continued monitoring
Equipment					X		Audit resolved finding.	Continue to monitor.

ACCOUNTING PRACTICES								
Noted by: PWC HEK RLD/SD REDW								
Focus Area	Current status open-----complete					Continued Challenges	Successes	Next Steps
	1	2	3	4	5			
Bank Reconciliations timeliness -cutoffs					X		All reconciliation up to date as of October 31, 2014.	Continue to automate system to maximize efficiencies and ensure accuracy.
Invoice documentation/ Credit Card usage					X		Resolved.	Continue to monitor.
Journal Entry support					X		Resolved.	
Treatment for extraordinary items					X		Resolved-item referred to the treatment of reversions. Item was reclassified.	Continue to monitor.
Fringe Benefits reporting to IRS					X		IRS audit in progress	Continued issues through calendar year 2013.
Lack of up-to-date Procedures				X		Procedures for certain transactions will change as system automation continues	Procedures for current process flow are in progress.	Update as new system is implemented.

LOAN SERVICING								
Noted by: PWC HEK RLD/SD REDW								
Focus Area	Current status open-----complete					Continued Challenges	Successes	Next Steps
	1	2	3	4	5			
System Implementation for Loan Origination (SILO) Implementation								