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THURSDAY, OCTOBER 28, 2010

## Co-op Audit Reveals Policy Issues

*By Rebecca Rose*

The Socorro Electric Co-op Board of Trustees met on Monday, Oct 25 and revealed the results of two separate audits.

The audits, conducted by two individual firms, BKD and Bolinger, Segars, Gilbert and Moss, exposed numerous issues concerning internal financial policies, but did not find any loss of funds as a result. Jeff Roberts, the auditor from BKD, gave a report to the Board.

In his presentation, Roberts said that since 2008, 28 employees received between \$1000 and \$7000 loans, borrowed against their 401Ks. The practice of borrowing against one's retirement plan is a common one in many corporations and organizations. "If an employee wants to get a loan from their 401K account, they're entitled to that," Roberts said. "At some point, the Co-op decided they were going to go ahead and advance the money, using Cooperative funds until that 401K money came in from the NRECA." All of the loans were known to the Board, and were part of regular financial reports they signed off on.

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“We even found a policy that was not in the current policy manual, that looks like [the CoOp] had a policy of allowing this.” Roberts said. The policy was so old, it had been discovered on old paper pre-dating computer print-outs.

Roberts said he believed at some point the policy had been rescinded, but was still in practice until very recently. “That’s what brought some of the problems.” he said. The policy is not in the current Co-op policy manual, and it is unsure if it was removed with or without the Board’s oversight.

But Roberts noted that there were issues beyond the out dated policy. The Co-op was not adhering to its guidelines. allowing employees to take out loans that exceeded set limitations, or take out multiple loans beyond what the policy . “If [the Co-op] were to decide that the policy were still valid, it wasn’t even followed.”

Despite the irregularities, Roberts’ report stated clearly that Co-op members did not suffer a financial loss because of them. “There [were] a lot of advances on these 401Ks,” Roberts said. “But we didn’t see any damage in the end to the finances of the cooperative.”

The BKD audit also addressed the issue of employee and trustee per diems for travel. He pointed out that the Co-op’s rates for daily travel (\$120 out of state, \$80 in state) were higher than comparable rates set by the Federal government. The Co-op’s current policy is to provide a flat rate per day. Roberts pointed out that the Co-op could consider offering to pay back employees and trustees for actual travel expenses incurred.

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POSTED BY MOUNTAIN MAIL NEWSPAPER AT 10:42 AM 

## 2 COMMENTS:



**Anonymous** [October 29, 2010 at 11:19 AM](#)

WHAT?! NO FRAUD OR THEFT WAS UNCOVERED?! IT ONLY COST MEMBERS HOW MANY THOSANDS OF DOLLARS FOR THIS WITCH HUNT? PRICELESS.

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**Anonymous** [October 30, 2010 at 3:33 PM](#)

The reason the auditors did not return any missing money is as simple as this. They didn't find anything because what they were looking for was covered up

“Marching On In New Guinea”

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by certain individuals. The girls that provided all information to the auditors were the same girls that were part of Kathy and Polo’s crew we can refer to them all as crooks who miss used money that belonged to US the member owners. Also, auditors were limited to what information they were allowed to review! Sounds a little fishy to me?

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Magdalena Ridge Observatory

New Mexico Activities  
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New Mexico Cattle Growers  
Association

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New Mexico Tech Golf Course

NRAO Very Large Array

Save Our Bosque Task Force

SCOPE (Socorro County  
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Sevilleta National Wildlife  
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