



Timothy M. Keller
State Auditor

Sanjay Bhakta, CPA, CGFM, CFE, CGMA
Deputy State Auditor

State of New Mexico
OFFICE OF THE STATE AUDITOR

November 13, 2017

Christopher Ruskowski, Secretary-designate
New Mexico Public Education Department
300 Don Gaspar Avenue
Santa Fe, NM 87501

Re: Contracting

Dear Mr. Ruskowski:

The Office of the State Auditor (“OSA”) has received various concerns related to contracts entered into by the New Mexico Public Education Department (“PED”).

Specifically, the concerns indicate that the PED has circumvented the Procurement Code by contracting with the Region IX Educational Cooperative (“REC IX”) through intergovernmental agreements that require the REC IX to utilize specific subcontractors, such as the Southern Regional Education Board (“SREB”) and Teach for America (“TFA”), without the use of a competitive procurement method or allowable Procurement Code exemption. There is also evidence that SREB has utilized former PED employees as subcontractors on the REC IX contracts, billed high hourly rates for them, and added a ten percent indirect fee for managing the subcontracted work.

Other concerns relate to billings by contractors Miles Consulting and Lexi Miles to both REC IX and PED that have overlapping dates and times indicating the contractors may have been reimbursed by both agencies for the same services. The amounts paid annually to REC IX from 2010 through 2016 have also increased substantially from two million dollars to just under twelve million dollars when compared by calendar year.

The OSA is concerned with the amount of money that appears to be being funneled through REC IX by PED. For this reason the OSA has requested that the Independent Public Accounting firms for PED and REC IX review these contracts as part of their fiscal year 2017 financial and compliance audits.

We also strongly encourage PED to evaluate the use of the contractors and subcontractors to determine the most cost effective and beneficial use of public education funding, in a manner consistent with the Procurement Code, as we move forward.

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Thank you for your attention to these matters. If you have additional information or questions, please do not hesitate to contact Special Investigations Director Kevin Sourisseau, CPA at Kevin.Sourisseau@osa.state.nm.us, phone 505-476-3820.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin Sourisseau', with a long horizontal flourish extending to the right.

Kevin Sourisseau, CPA
Director of Special Investigations

cc: Bryan Dooley, Executive Director, Region IX Education Cooperative