

PRESENTATION to THE INDIAN AFFAIRS COMMITTEE

REDI NET Audit Status

November 27, 2017

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History of REDI NET

- July 2010 North Central New Mexico Economic Development District (NCNMEDD) awarded \$10.5 million grant through Broadband Technologies Opportunities Program (BTOP).
- November 2010 Joint Powers Agreement executed to form the REDI Middle-Mile Broadband Network (REDI NET) and designate NCNMEDD as fiscal agent.
- Bylaws enacted by REDI NET require annual audit in compliance with State Audit Act.
- August 2013 grant amended to extend award period to September 30, 2013.
- Early 2015 NCNMEDD is directed by its Board to discontinue fiscal and general management Services for REDI NET.

REDI NET Audit



History of REDI NET (continued)

- Summer 2015 Rio Arriba County indicates a willingness to act as fiscal agent and requests financial information from NCNMEDD in order to access responsibilities and inform the Rio Arriba County Commission.
- October 2015 Rio Arriba County raises questions about REDI NET compliance with Audit Act.
- February 2016 the Office of the State Auditor (OSA) notifies REDI NET of non-compliance with the Audit Act.
- March 2016 Office of the State Auditor formally designates the NCNMEDD for a special audit to “evaluate financial transactions involving REDI NET”.

REDI NET Audit



History of REDI NET (continued)

- April 2017 the REDI NET governing board approves a resolution recognizing that the entire expense of the special audit falls solely to REDI NET.
- May 2017 contract for audit services executed by REDI NET, NCNMEDD and Jaramillo Accounting Group (JAG).
- November 2017 certain audit requests are still outstanding

REDI NET Audit



Scope of Work

The scope of work for the special audit was developed:

- Identify REDI NET assets, inventories, accounts payable, accounts receivable, contracts, agreements, pending litigation.
- Identify and test administrative costs charged to the grant
- Test account balances, valuations and bank reconciliations
- Test compliance with grant agreements as well as federal, state and local laws
- Obtain a close out trial balance for the date of transfer to new fiscal agent
- Provide a draft report to OSA



Audit Challenges

- Availability of records
- Timeliness and challenge with the delivery of records
- Organization of records
- Policies and procedures
- Contracts/Procurement
- Accounts receivable module
- Valuation of assets
- Uniform Commercial Code (UCC) filings
- Contributions by Partners to the Joint Powers Agreement
- Inventory
- Original Fiscal Agent Agreement



Report

- Expected December 2017
- Consulting Report
- Exhibits
- Findings



NEW MEXICO STATE AUDITOR

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