



State of New Mexico
OFFICE OF THE STATE AUDITOR

Hector H. Balderas, State Auditor

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**State Auditor Balderas Releases Audit that Finds the Public Regulation
Commission Broke Both State and Federal Law**

*Certain PRC Commissioners and Employees Violated Federal Tax Law; Over \$30,000 in
Unauthorized Purchases May Have Been Made with PRC-Issued Gas Credit Cards*

(Santa Fe, NM)—Today, State Auditor Hector Balderas announced the results of a financial audit that found certain Commissioners and employees of the Public Regulation Commission (PRC) broke federal tax laws related to personal use of state vehicles, violated state regulations for state-issued gas cards, and failed to properly report criminal conduct that occurred in the agency. The independent audit, performed by Atkinson and Co., Ltd. and overseen by the State Auditor, was conducted in the wake of allegations of gas card fraud and state vehicle abuse by former PRC Commissioner Jerome Block.

“The independent audit finds serious violations of federal tax law by both Commissioners and employees at the Public Regulation Commission,” Balderas said. “I’m also very concerned that certain Commissioners and employees made over \$30,000 in potentially unauthorized purchases of gas and other products with state-issued gas credit cards.”

Highlights of the independent audit include:

- In violation of federal tax regulations, the PRC did not keep records that track the business and personal use of government vehicles used by PRC Commissioners and employees. The independent auditor found that the PRC is underreporting fringe benefit income to Commissioners and employees who are commuting in a state vehicle;
- Over \$30,000 in unauthorized gas purchases and other products may have been made with PRC-issued gas credit cards in fiscal year 2011;
- The independent auditor found the PRC violated state law by failing to properly report information to the State Auditor about potential fraudulent gas card charges

by former Commissioner Block, which may have unreasonably delayed investigations of wrongful activity at the agency;

- 20 persons at the PRC made hundreds of prohibited purchases of premium gas in violation of state regulations;
- One Commissioner's use of a state-owned Ford F-250 truck resulted in questioned costs and was in noncompliance with a federal program. The Commissioner drove the truck for a period approximating 30 days; and
- State vehicles were taken out of state in violation of state regulations.

In addition to the financial audit, Balderas has designated the PRC for a special audit which will cover an expanded period of the agency's state vehicle use and travel practices. Balderas said that violations of federal and state law identified by both audits will be referred to appropriate oversight agencies.

The entire 2011 financial audit report for the PRC may be downloaded on the Office of the State Auditor's website at http://osanm.org/audit_reports/detail/7029.

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