



**State of New Mexico  
OFFICE OF THE STATE AUDITOR**

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**State Auditor Wayne Johnson relies on subpoena power to  
find REDI Net's missing records**

**Santa Fe, NM** – State Auditor Wayne Johnson released a follow-up report today that sheds light on how nearly \$1 million were spent and unknots the mystery of 12 miles of missing fiber optic cable. The report, a follow up to the Office of the State Auditor's (OSA) investigation into REDI Net spending, relied on subpoenas and reconstructed \$778,952 of the expenditures unaccounted for in the special audit that took nearly 2 years to complete.

After extensive review and reconstruction of invoices and inventory reports, including building detailed maps, the OSA also concluded that there is more than likely no missing fiber optic cable. The report also concluded that the OSA needs to provide additional oversight to certain entities that have skirted full annual audits in years past.

Johnson's office says the process never should have been this difficult and was forced to resort to subpoenas to produce records and recreate much of REDI Net's expenses after their fiscal agent, North Central New Mexico Economic Development District (NCNMEDD), was unable or refused to produce complete records throughout the special audit.

"We can't allow an entity that is spending taxpayer dollars to stonewall, delay or evade annual audits by "losing" or "misplacing" the public records, or by refusing to provide them," said Auditor Wayne Johnson. "I will follow state statute and issue subpoenas whenever records on how public money is spent are kept in the dark."

The OSA obtained invoices from three key REDI Net vendors for comparison to the list of missing documentation. Of the \$955,000 in undocumented expenses, the OSA was able to obtain documentation that appears to adequately support the expenditures for \$407,007 through subpoenas, as well as \$371,945 in invoices from Wesco that appear to be supported as well, although not yet confirmed. There remains \$178,007 in expenditures for which the OSA has not yet issued subpoenas to multiple additional vendors of smaller invoices. The OSA did find one invoice from Broadband Planning Group that did not match the amount of the payment, with an apparent overpayment of \$30,358 in 2011.

The report also says the OSA itself failed over the years in its mission to account for public dollars spent by public entities formed by joint powers agreement like the REDI Net Board. . Since Johnson took office last December, he has been working to identify JPA entities and other public programs that have escaped full annual audits and public scrutiny throughout the years.

The REDI Net Board, as an entity formed by a joint powers agreement, lacked sufficient oversight from the OSA from the time it was formed in Fiscal Year 2011 until December 2017. Despite receiving and expending \$10 Million in federal grant funding, the first and only audit of REDI Net as a stand-alone entity is the Special Audit released March 28, 2018 by Johnson. That audit did not provide the REDI Net Board or its independent public accountant with sufficient information to establish an accurate physical inventory of the REDI Net system and assets for the completion of the FY2016 and FY2017 audits, currently past due to the OSA.

The audit, the subpoenas, and this follow-up report are intended to provide the REDI Net Board with key information to complete those past due audits.

The entire report can be found here: [https://www.saonm.org/media/uploads/RediNet\\_Report - Follow up to Special Audit.pdf](https://www.saonm.org/media/uploads/RediNet_Report_-_Follow_up_to_Special_Audit.pdf)

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