



NM GSD-RMD Special Audit Summary

On May 24, 2019 State Auditor, Brian S. Colón, designated the State of New Mexico’s Risk Management Division (RMD) of the General Services Department (GSD) for a special audit to examine state settlements. A final report was issued on November 18, 2019.

The objective of our engagement was to provide GSD’s RMD with insight into compliance with policies and procedures regarding certain settlement transactions that occurred during fiscal years 2015, 2018, and 2019 and to make recommendations for improvements to the claim settlement process.

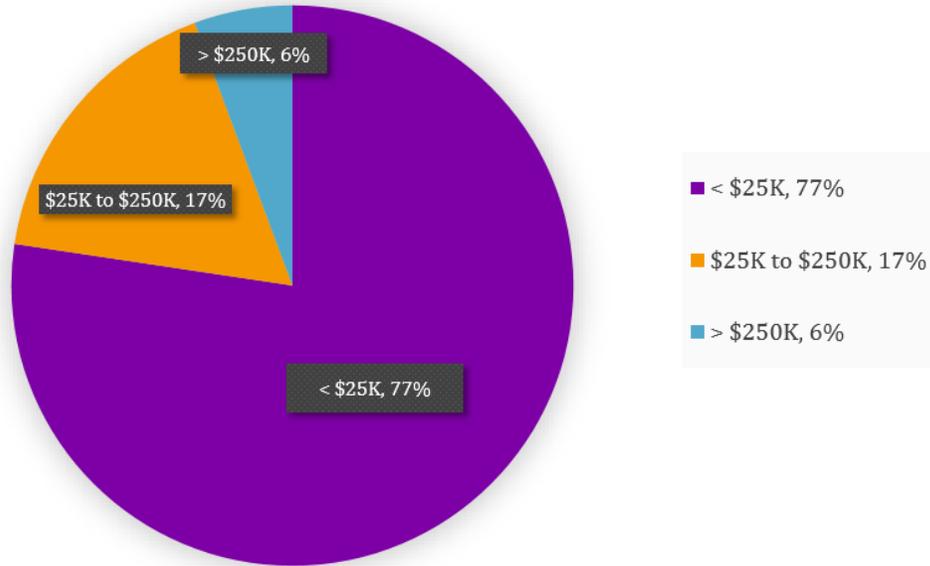
The engagement, which reviewed a total of eighteen (18) specific claims settled by GSD’s RMD during fiscal years 2015, 2018, and 2019, amounting to a total of \$5,025,000 disbursed by GSD’s RMD, to determine if settlements complied with statutes, regulations and policies and procedures, resulted in a total of three (3) findings and twelve (12) observations.

The findings include lack of documentation, excessive confidentiality periods, and unusual liquidated damages provisions. The observations included as opportunities, reveal checks issued prior to execution of settlement agreements, a clause requiring settlement funds to be used to repay personal debt, settlements paid prior to finalization of investigative report, lack of support for settlement amounts, and other important process recommendations.

The following table summarizes the findings:

Finding #:	Description:	Dollar Amount of Related Settlements:
CS 2019-001	Lack of Documentation in Settled Case Files	\$2,775,000
CS 2019-002	Extensions of Confidentiality Periods	\$2,100,000
CS 2019-003	Excessive Liquidated Damages Provisions	\$875,000

Range of Individual Settlement Amounts (FY 2019)

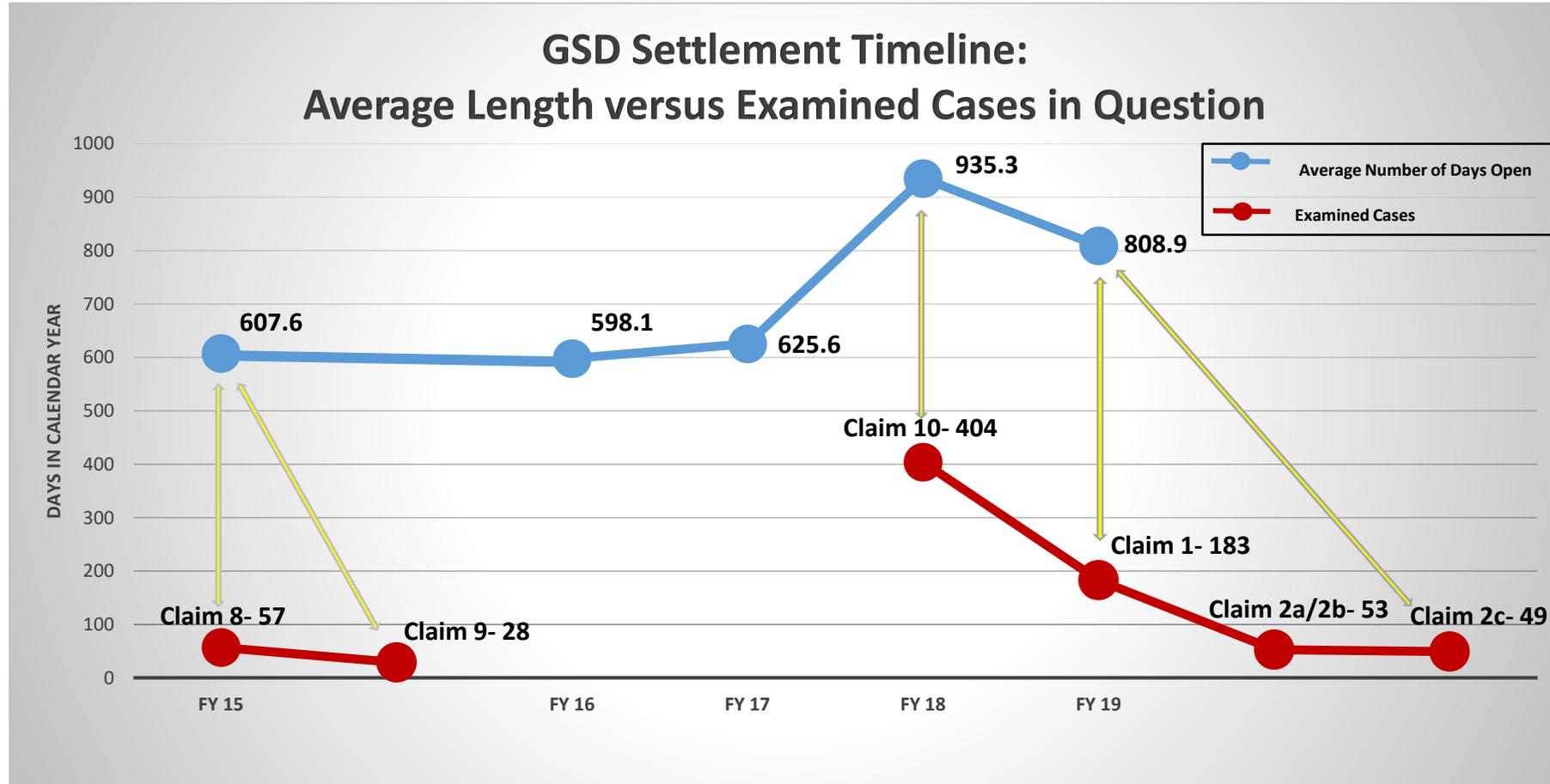


This chart reflects the range of settlement amounts for fiscal year 2019 based upon the three established ranges of settlement amounts:

- Less than \$25,000
- \$25,000 to \$250,000
- Greater than \$250,000



Quantitative Comparison of GSD's RMD Settlement Timelines



The chart provides a comparison of the average timeline by GSD's RMD on the settlement process versus the time spent by GSD's RMD on other cases in the same fiscal year. The comparison highlights the average number of days to settlement of total civil rights claims compared to the number of days to settlement of civil rights claims examined during this engagement.