

Summary: Investigation of Contracting Practices at New Mexico Interstate Stream Commission

Report Date: October 27, 2015

OIG investigated an anonymous complaint alleging that the former director of the New Mexico Interstate Stream Commission (ISC) and his staff improperly awarded sole-source contracts using Federal funds to two contractors, selected because they would provide false and misleading study results to validate ISC's plans for a water diversion project on the Gila River.

The Federal funds in question are distributed annually to New Mexico and administered by ISC, per the Arizona Water Settlements Act (Pub. L. No. 108-451). Congress enacted this legislation in 2004 to settle numerous water rights claims and promote water development in Arizona and southwestern New Mexico. Since 2012, New Mexico has received \$9 million annually from the Bureau of Reclamation (USBR) for water conservation and development purposes.

We reviewed ISC's acquisition paperwork, which indicated that the contractors were hired to conduct a range of studies that examined hydrology, the interconnectedness of surface and ground water, and the biology and morphology of the river. Although the complainant alleged that these were sole-source contracts, a review of the procurement documents revealed that they were competitively awarded: ISC issued requests for proposals and evaluated the subsequent bids before making the awards.

While we do not have the technical expertise to assess the accuracy of the science detailed in the contractors' reports, our investigation found no evidence of procurement manipulation, irregularities, or malfeasance regarding ISC's selection of the two contractors, and no evidence that any contract was awarded to obtain false or misleading study results. Moreover, commission members denied any illegal or inappropriate contracting practices at ISC. We also found that USBR has no authority, responsibility, control, or oversight of New Mexico's use of the Federal funds beyond transferring the funds to the State, per the authorizing legislation.

We provided our report to the Principal Deputy Assistant Secretary for Water and Science, with a copy to the Chief of Staff, Office of the Secretary, for information only. We did not require a response.

This is a summary of an investigative report that was issued internally to the U.S. Department of the Interior. This summary was posted to the web on December 15, 2015.

