

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

SENATE BILL 204

**52ND LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2015**

INTRODUCED BY

John M. Sapien

AN ACT

RELATING TO STATE GOVERNMENT; ENACTING THE STATE INSPECTORS  
GENERAL ACT; REQUIRING CERTAIN DEPARTMENTS TO HAVE OFFICES OF  
INSPECTORS GENERAL; PROVIDING POWERS AND DUTIES; CREATING THE  
GOVERNMENT ACCOUNTABILITY COORDINATING COUNCIL; TRANSFERRING  
FUNCTIONS, MONEY, RECORDS, PERSONNEL, PROPERTY AND CONTRACTS  
PERTAINING TO AUDIT AND COMPLIANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**SECTION 1.** ~~[NEW MATERIAL]~~ SHORT TITLE.--Sections 1  
through 6 of this act may be cited as the "State Inspectors  
General Act".

**SECTION 2.** ~~[NEW MATERIAL]~~ PURPOSE OF OFFICES OF INSPECTOR  
GENERAL.--The purpose of the State Inspectors General Act is to  
create independent and objective units of each department  
enumerated in Section 4 of that act to:

.198929.1

underscored material = new  
~~[bracketed material] = delete~~

underscored material = new  
[bracketed material] = delete

1           A. conduct and supervise internal audits,  
2 compliance audits and investigations relating to the programs  
3 and operations of the department and state-funded entities;

4           B. provide coordination and recommendations  
5 designed to promote economy, efficiency and effectiveness and  
6 to prevent and detect fraud and abuse in the department and  
7 state-funded entities; and

8           C. provide a means for keeping the cabinet  
9 secretary, the governor, the state auditor and the legislature  
10 informed about problems and deficiencies relating to the  
11 administration of the department and state-funded entities and  
12 the progress of any corrective actions.

13           **SECTION 3. [NEW MATERIAL] DEFINITIONS.--As used in the**  
14 **State Inspectors General Act:**

15           A. "department" means a cabinet department  
16 enumerated in Section 4 of the State Inspectors General Act;  
17 and

18           B. "state-funded entity" means a school district;  
19 charter school; public post-secondary educational institution;  
20 and any person who receives grants from or who contracts with a  
21 department.

22           **SECTION 4. [NEW MATERIAL] OFFICES OF INSPECTOR**  
23 **GENERAL--DUTIES--ORGANIZATION--CONFIDENTIALITY.--**

24           A. Each of the following departments shall  
25 establish and maintain an office of inspector general:

.198929.1

- 1 (1) children, youth and families department;
- 2 (2) corrections department;
- 3 (3) department of health;
- 4 (4) higher education department;
- 5 (5) human services department;
- 6 (6) public education department;
- 7 (7) department of finance and administration;

8 and

- 9 (8) department of transportation.

10 B. Each office of inspector general shall:

11 (1) have the authority to perform internal and  
12 compliance audits and investigate its department and related  
13 state-funded entities to ensure efficient and effective  
14 operations; the proper use of public funding; and the detection  
15 and prevention of fraud, waste and abuse;

16 (2) have unrestricted access to records, data,  
17 reports, contracts, memoranda, correspondence and any other  
18 information necessary to carry out the duties of the office;

19 (3) coordinate activities with the state  
20 auditor; the medicaid fraud and elder abuse division of the  
21 attorney general's office, as applicable; and the legislative  
22 finance committee;

23 (4) recommend changes or corrective action and  
24 report on progress made to improve operations and to recover  
25 misspent public funding;

.198929.1

underscored material = new  
~~[bracketed material] = delete~~

1 (5) refer potential criminal matters to the  
2 attorney general or a district attorney and report violations  
3 to the state auditor;

4 (6) as requested by the governor or an interim  
5 legislative committee, gather department and state-funded  
6 entity information and analyze and validate the information;  
7 provided, however, that this duty does not affect the duty of a  
8 department or state-funded entity to otherwise provide  
9 information in a timely manner upon request of an interim  
10 legislative committee;

11 (7) review and report on the progress of the  
12 department and the progress of related state-funded entities to  
13 resolve financial post-audit findings and validate performance  
14 measures reported in accordance with the Accountability in  
15 Government Act;

16 (8) contract for professional services as  
17 necessary to carry out the duties of the office;

18 (9) have the authority to accept federal funds  
19 to perform duties consistent with the State Inspectors General  
20 Act; and

21 (10) adopt professional standards to carry out  
22 the provisions of the State Inspectors General Act.

23 C. The offices of inspector general shall not:

24 (1) perform audits of department financial  
25 statements; or

.198929.1

1 (2) publicly disclose information or records  
2 made confidential by law or exempt from the Inspection of  
3 Public Records Act.

4 SECTION 5. [NEW MATERIAL] OFFICES OF INSPECTOR GENERAL--  
5 REPORTS.--

6 A. Each office of inspector general shall submit an  
7 annual work plan on planned reports and reports in progress to  
8 its department secretary, the government accountability  
9 coordinating council and the legislative finance committee.

10 B. An office of inspector general shall issue  
11 reports on the results of audits and investigations to the  
12 department secretary, the government accountability  
13 coordinating council, the legislative finance committee and the  
14 governor; provided that information in reports containing  
15 information made confidential by law or exempt from the  
16 Inspection of Public Records Act shall not be disclosed by the  
17 office, the department, the government accountability  
18 coordinating council, the legislative finance committee or the  
19 governor.

20 C. Each inspector general shall issue an annual  
21 report not later than September 1 to the governor and the  
22 legislative finance committee summarizing the work of the  
23 office during the preceding fiscal year, including reports  
24 issued; findings and cost savings identified and  
25 recommendations made to the department and its related state-

.198929.1

underscored material = new  
~~[bracketed material]~~ = delete

1 funded entities; and the progress of the department and  
2 state-funded entities to resolve findings, save or recover  
3 public money or implement recommendations.

4 D. Reports issued pursuant to Subsections B and C  
5 of this section shall be made public by posting on the  
6 departments' web sites and other means. Confidential  
7 information shall not be included in public reports.

8 SECTION 6. [NEW MATERIAL] APPOINTMENT--ORGANIZATION.--

9 A. The secretary of a department shall appoint an  
10 inspector general without regard to political affiliation and  
11 solely on the basis of integrity and demonstrated ability in  
12 accounting, auditing, financial analysis, law, management  
13 analysis, public administration or investigations, and any  
14 action taken to hire, remove or suspend the inspector general  
15 shall be reported to the legislative finance committee within  
16 fifteen days. An inspector general and employees in the  
17 department's office of inspector general shall be classified  
18 employees as provided by the Personnel Act.

19 B. The office of inspector general shall be  
20 operationally separate from other divisions of the department  
21 and shall report directly to the secretary. The department  
22 shall not prevent, impair or prohibit its inspector general  
23 from initiating, carrying out or completing an audit, including  
24 an internal audit or a compliance audit, or an investigation.

25 SECTION 7. A new section of Chapter 2, Article 5 NMSA

.198929.1

underscored material = new  
[bracketed material] = delete

1 1978 is enacted to read:

2 "[NEW MATERIAL] GOVERNMENT ACCOUNTABILITY COORDINATING  
3 COUNCIL--REPORTS OF INSPECTORS GENERAL.--

4 A. The "government accountability coordinating  
5 council" is created, consisting of the state auditor, the  
6 attorney general, inspectors general of departments and the  
7 director of the legislative finance committee or the director's  
8 designee. The council shall select a chair and vice chair for  
9 a term of two years.

10 B. The council shall receive and review from  
11 offices of inspector general:

12 (1) annual work plans and quarterly updates of  
13 investigations and planned audits;

14 (2) annual reports;

15 (3) reports on the results of investigations  
16 and individual audits; and

17 (4) other reports and information as a result  
18 of coordination with offices and agencies of the council.

19 C. Information and reports containing information  
20 made confidential by law or exempt from the Inspection of  
21 Public Records Act shall not be disclosed by the council or its  
22 member agencies."

23 SECTION 8. TRANSFER OF FUNCTIONS, APPROPRIATIONS, MONEY,  
24 PERSONNEL AND PROPERTY.--On the effective date of this act,  
25 each department enumerated in Section 4 of the State Inspectors

.198929.1

underscored material = new  
~~[bracketed material]~~ = delete

1 General Act shall transfer all functions, appropriations,  
2 money, personnel, records, equipment, furniture and other  
3 property of the department pertaining to the department's audit  
4 and compliance to the department's newly created office of  
5 inspector general.

6 SECTION 9. EFFECTIVE DATE.--The effective date of the  
7 provisions of this act is July 1, 2015.

8 - 8 -

9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25