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HOUSE BILL 87

45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001

INTRODUCED BY

Luciano "Lucky" Varela

FOR THE LEGISLATIVE FINANCE COMMITTEE

AN ACT

RELATING TO PUBLIC MONEY; PRESCRIBING POWERS AND DUTIES OF THE FINANCIAL CONTROL DIVISION; REQUIRING STATE AGENCIES TO DETERMINE AUTHORITY FOR EXPENDITURES; PROVIDING FOR STRATIFIED OR STATISTICAL PRE- AND POST-AUDITS; REQUIRING QUARTERLY REPORTS FROM LOCAL PUBLIC BODIES, SCHOOL DISTRICTS AND CERTAIN INSTITUTIONS OF HIGHER EDUCATION; EXPANDING THE CONDITIONS UNDER WHICH PRIOR YEAR ENCUMBRANCES CAN BE PAID OUT OF CURRENT YEAR BUDGETS; PROVIDING FOR AUDITS OF ORGANIZATIONS THAT RECEIVE MONEY FROM INSTRUMENTALITIES OF THE STATE; PROVIDING FOR ANNUAL CONTRACT FINANCIAL AND COMPLIANCE AUDITS; PROVIDING FOR A PROCUREMENT CARD PILOT PROJECT; PRESCRIBING PENALTIES.

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

Section 1. Section 6-5-1 NMSA 1978 (being Laws 1957, Chapter 252, Section 1) is amended to read:

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1 "6-5-1. DEFINITIONS. -- As used in Chapter 6, Article 5
2 NMSA 1978:

3 A. "division" means the financial control division
4 of the department of finance and administration;

5 B. "central accounting system" means the
6 accounting system used by the division to process and record
7 payments, deposits and other financial transactions for state
8 agencies and departments;

9 C. "electronic" means electric, digital, magnetic,
10 optical, electronic or similar media;

11 D. "local public body" means every political
12 subdivision of the state [~~of New Mexico which~~] that expends
13 public money from whatever source derived, including [~~but not~~
14 limited to] counties, county institutions, boards, bureaus or
15 commissions; incorporated cities, towns or villages; drainage,
16 conservancy, irrigation or other districts; [~~and~~] charitable
17 institutions for which appropriations are made by the
18 legislature; and every office or officer of any of [~~the above~~]
19 them;

20 E. "model accounting practices" means the
21 accounting methods and procedures used by the state;

22 F. "processing document" means a form, including
23 supporting documents, submitted by a state agency to the
24 division that will be used by the division to record a
25 financial transaction or make payment;

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1 G. "state agency" means any department,
2 institution, board, bureau, commission, district or committee
3 of the government of the state [~~of New Mexico~~] and means every
4 office or officer of any of [~~the above~~] them; and

5 H. "statewide accounting system network" means the
6 central accounting system, the central payroll system, the
7 central treasury system and all other financial accounting
8 systems operated by state agencies and departments operating
9 as one system through manual or automated interfaces.

10 Section 2. Section 6-5-2 NMSA 1978 (being Laws 1957,
11 Chapter 252, Section 2, as amended) is amended to read:

12 "6-5-2. FINANCIAL CONTROL DIVISION--CENTRAL SYSTEM OF
13 STATE ACCOUNTS--ACCOUNTING SYSTEMS-- [~~FORMS~~] PROCESSING
14 DOCUMENTS--MODEL ACCOUNTING PRACTICES--INTERNAL ACCOUNTING
15 CONTROLS. --

16 A. The [~~financial control~~] division [~~of the state~~
17 ~~department of finance and administration~~] shall maintain a
18 central system of state accounts and shall, in consultation
19 with the state auditor, devise, formulate, approve [~~and~~],
20 control and set standards for the accounting methods and
21 procedures of all state agencies. The division shall
22 prescribe [~~forms~~] procedures, policies and processing
23 documents for use by state agencies in connection with fiscal
24 matters and may require reports from state agencies as may be
25 necessary to carry out its duties and functions. Procedures

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1 and policies issued by the division are exempt from the
2 uniform standards of style and format promulgated by the state
3 commission of public records.

4 B. After consultation with the state auditor, the
5 division shall issue a manual of model accounting practices.
6 State agencies shall comply with the model accounting
7 practices established by the division, and each cabinet
8 secretary or state agency head shall ensure that the model
9 accounting practices are followed in his state agency.

10 C. State agencies shall implement internal
11 accounting controls designed to prevent accounting errors and
12 violations of state and federal law and rules related to
13 financial matters. In addition, state agencies shall
14 implement controls to prevent the submission of processing
15 documents to the division that contain errors or that are for
16 a purpose not authorized by law. "

17 Section 3. Section 6-5-3 NMSA 1978 (being Laws 1957,
18 Chapter 252, Section 3, as amended) is amended to read:

19 "6-5-3. LEGALITY AND AUTHORITY FOR PROPOSED EXPENDITURES
20 DETERMINED BY ~~[FINANCIAL CONTROL]~~ DIVISION AND STATE AGENCY--
21 ENCUMBERING FUNDS.-- Before any vouchers or purchase orders are
22 issued or contracts are entered into involving the expenditure
23 of public funds by ~~[any]~~ a state agency, the authority for
24 ~~[such]~~ the proposed expenditure shall be determined by the
25 ~~[financial control]~~ division and the state agency. After the

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1 authority for ~~[such]~~ the expenditure is determined, the
2 appropriate fund shall be shown by the division to be
3 encumbered to the extent of ~~[such]~~ the proposed expenditure.
4 The division may request, and the state agency shall provide,
5 such documentation and other information the division deems
6 necessary to justify the state agency's determination of
7 authority. The division may disapprove the proposed
8 expenditure if it determines that the justification is
9 inadequate or is not substantiated by law. The division may
10 perform, on a statistical or stratified basis, internal pre-
11 and post-audit procedures to monitor and enforce compliance
12 with the provisions of this section."

13 Section 4. Section 6-5-4 NMSA 1978 (being Laws 1957,
14 Chapter 252, Section 4, as amended) is amended to read:

15 "6-5-4. ~~[REPORTS TO LEGISLATURE]~~ ANNUAL FINANCIAL
16 REPORT. --The ~~[financial control]~~ division shall ~~[report to the~~
17 ~~legislature at the commencement of each regular session a full~~
18 ~~and detailed statement of the revenue and expenditures for the~~
19 ~~preceding two years and a tabular statement showing separately~~
20 ~~the whole amount of each appropriation of money made by law~~
21 ~~for the two years preceding, the amount paid under the same~~
22 ~~and the balance unexpended]~~ compile a comprehensive annual
23 financial report. To assist in the compilation of the report,
24 each state agency shall compile, in accordance with generally
25 accepted accounting principles, its financial statements on a

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1 schedule established by the division. "

2 Section 5. Section 6-5-6 NMSA 1978 (being Laws 1957,
3 Chapter 252, Section 7, as amended) is amended to read:

4 "6-5-6. DETERMINATIONS TO BE MADE PRIOR TO ISSUANCE OF
5 WARRANTS. --

6 A. No warrant upon the state treasury for the
7 disbursement of funds shall be issued except upon the
8 determination of the [~~financial control~~] division and the
9 state agency making payment that the amount of the
10 expenditure:

11 [~~A.-~~] (1) does not exceed the appropriation
12 made to the state agency; and

13 [~~B.-~~] (2) does not exceed the periodic
14 allotment made to the state agency or the unencumbered balance
15 of funds at its disposal unless the warrant includes federal
16 funds that will be receipted based upon established warrant-
17 clearing patterns [~~and~~

18 ~~C. is for a purpose included within the~~
19 ~~appropriation or otherwise authorized by law].~~

20 B. The division may implement and perform internal
21 pre-audit and post-audit procedures to monitor and enforce
22 compliance with the provisions of this section. The pre-audit
23 and post-audit procedures may be applied on a stratified or
24 statistical basis. The division shall notify the state
25 auditor of any exceptions found as a result of pre-audit or

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1 post-audit procedures.

2 C. A state agency shall determine that an
3 expenditure is for a public benefit and purpose consistent
4 with the related appropriation and is necessary to carry out
5 the statutory mission of the state agency prior to committing
6 the state to the transaction."

7 Section 6. Section 6-5-8 NMSA 1978 (being Laws 1963,
8 Chapter 47, Section 1, as amended) is amended to read:

9 "6-5-8. VOUCHERS. -- Every claim for payment of public
10 money shall be made upon a public voucher. All public
11 vouchers shall be in the form and contain the information
12 required by the [~~secretary of finance and administration~~]
13 division. All purchase vouchers for goods and services, other
14 than personal, shall be accompanied by supporting invoices and
15 documentation required by the division. Vouchers for the
16 reimbursement of public officers and employees [~~must~~] shall
17 have receipts attached for all money claimed, except that
18 travel advance or reimbursement vouchers for claims of mileage
19 and per diem at standard rates need not be accompanied by
20 receipts and documentation. All vouchers [~~must~~] shall be
21 certified as true and correct by the officer or employee
22 designated to approve payments of claims against state
23 agencies and local public bodies, including public schools.
24 The [~~secretary of finance and administration~~] division may
25 require that payroll, travel advance, reimbursement, refund or

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1 other vouchers be sworn to by the certifying officer or payee.
2 Certification may be in writing or accomplished
3 electronically. "

4 Section 7. Section 6-5-10 NMSA 1978 (being Laws 1994,
5 Chapter 11, Section 1) is amended to read:

6 "6-5-10. STATE AGENCY REVERSIONS-- DIRECTOR
7 POWERS-- COMPLIANCE WITH FEDERAL RULES AND REGULATIONS. --

8 A. All unreserved undesignated fund balances in
9 reverting funds and accounts as reflected in the central
10 financial reporting and accounting system as of June 30, as
11 adjusted, shall revert to the general fund within ten days of
12 release of the audit report for that fiscal year.

13 B. The director of the [~~financial control~~]
14 division [~~of the department of finance and administration~~] may
15 modify a reversion required pursuant to Subsection A of this
16 section if the reversion would violate federal law or rules
17 [~~or regulations~~] pertaining to supplanting of state funds with
18 federal funds or other applicable federal provisions. [~~For~~
19 ~~the eighty-third fiscal year, the director of the financial~~
20 ~~control division may modify a reversion pursuant to this~~
21 ~~section if the reversion would result in a financial hardship~~
22 ~~to the state.] "~~

23 Section 8. A new section of Chapter 6, Article 5 NMSA
24 1978 is enacted to read:

25 " [NEW MATERIAL] DIVISION-- ADDITIONAL DUTIES. -- The

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1 division shall:

2 A. coordinate all procedures for financial
3 administration and financial control and integrate them into
4 an adequate and unified system, including the devising,
5 prescribing and installing of processing documents, records
6 and procedures for state agencies;

7 B. collect and maintain the necessary information
8 to produce ledgers, journals, registers and other supporting
9 records and analyses;

10 C. maintain information that adequately supports
11 all entries in the state general ledger;

12 D. verify and control agency compliance with
13 allotments;

14 E. conduct all central accounting and fiscal
15 reporting for the state as a whole and produce interim
16 statewide financial reports and the state's comprehensive
17 annual financial statements;

18 F. prescribe, develop, operate and maintain a
19 uniform statewide accounting system network;

20 G. prescribe and supervise the installation of any
21 changes in the state accounting system network as necessary to
22 secure and maintain internal control and facilitate the
23 recording of accounting data in order to prepare reliable and
24 meaningful statements and reports;

25 H. prescribe the uniform classification of

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1 accounts to be used by state agencies;

2 I. operate a central payroll system;

3 J. perform monthly reconciliations with the
4 balances and accounts kept by the state treasurer and adopt
5 and promulgate rules regarding reconciliation for state
6 agencies;

7 K. prescribe and revise procedures, techniques and
8 formats for electronic data transmission to improve the flow
9 of data between state agencies;

10 L. ensure reversion of unexpended general fund
11 balances by September 15 of each year;

12 M. promulgate rules relating to the acceptance of
13 credit, charge and debit cards for the payment of fees, taxes
14 and other charges assessed by state agencies;

15 N. store and maintain records electronically;

16 O. establish, with the attorney general's
17 approval, a procedure for electronic signatures;

18 P. maintain accounts and information as necessary
19 to show the sources of state revenues and the purposes for
20 which expenditures are made and provide proper accounting
21 controls to protect state finances;

22 Q. make improvements in the state's model
23 accounting practices, systems and procedures;

24 R. assist state agencies in resolving financial
25 questions or problems;

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1 S. have access to and authority to examine books,
2 accounts, reports, vouchers, correspondence files and other
3 records, bank accounts, money and other property of a state
4 agency; and

5 T. consult with the state auditor to promote
6 better financial statement reporting."

7 Section 9. A new section of Chapter 6, Article 5 NMSA
8 1978 is enacted to read:

9 "[NEW MATERIAL] PROCUREMENT CARD PILOT PROJECT. --The
10 division shall design and implement a procurement card pilot
11 project that allows state agencies to pay for purchases by
12 using procurement cards. To implement the pilot project, the
13 division may enter into an agreement with a procurement card
14 issuer. The division shall determine the limits of the pilot
15 project, including the number of state agencies that
16 participate and limitations on types of goods and services
17 that may be eligible for purchase through procurement cards.
18 The pilot project shall operate in fiscal years 2002 and 2003.
19 The division shall report its findings and recommendations to
20 the legislative finance committee, the state purchasing agent
21 and the governor on the efficacy of the project. "

22 Section 10. Section 6-6-2 NMSA 1978 (being Laws 1957,
23 Chapter 250, Section 2, as amended) is amended to read:

24 "6-6-2. LOCAL GOVERNMENT DIVISION-- POWERS AND DUTIES. --
25 The local government division of the department of finance and

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1 administration has the power and duty in relation to local
2 public bodies to:

3 A. require each local public body to furnish and
4 file with the division, on or before June 1 of each year, a
5 proposed budget for the next fiscal year;

6 B. examine each proposed budget and, on or before
7 July 1 of each year, approve and certify to each local public
8 body an operating budget for use pending approval of a final
9 budget;

10 C. hold public hearings on proposed budgets;

11 D. make corrections, revisions and amendments to
12 the proposed budgets as may be necessary to meet the
13 requirements of law;

14 E. certify a final budget for each local public
15 body to the appropriate governing body prior to the first
16 Monday in September of each year. The budgets, when approved,
17 are binding upon all tax officials of the state;

18 F. require periodic, at least quarterly, financial
19 reports of local public bodies. The financial reports shall
20 contain the pertinent details regarding applications for
21 federal money or federal grants-in-aid or regarding federal
22 money or federal grants-in-aid received, including [~~but not~~
23 ~~limited to~~] details of programs, matching funds, personnel
24 requirements, salary provisions and program numbers, as
25 indicated in the catalog of federal domestic assistance, of

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1 the federal funds applied for and of those received;

2 G. upon the approval of the secretary of finance
3 and administration, authorize the transfer of funds from one
4 budget item to another when the transfer is requested and a
5 need exists meriting the transfer and the transfer is not
6 prohibited by law. In case of a need necessitating the
7 expenditure for an item not provided for in the budget, upon
8 approval of the secretary of finance and administration, the
9 budget may be revised to authorize the expenditures;

10 H. with written approval of the secretary of
11 finance and administration, increase the total budget of any
12 local public body in the event the local public body
13 undertakes an activity, service, project or construction
14 program [~~which~~] that was not contemplated at the time the
15 final budget was adopted and approved and which activity,
16 service, project or construction program will produce
17 sufficient revenue to cover the increase in the budget or the
18 local public body has surplus funds on hand not necessary to
19 meet the expenditures provided for in the budget with which to
20 cover the increase in the budget; provided, however, that the
21 attorney general shall review legal questions identified by
22 the secretary arising in connection with such budget increase
23 requests;

24 I. supervise the disbursement of funds to the end
25 that expenditures [~~will~~] shall not be made in excess of

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1 budgeted items or for items not budgeted and [~~that~~] there will
2 not be illegal expenditures;

3 J. prescribe the form for all budgets, books,
4 records and accounts for local public bodies; and

5 K. with the approval of the secretary of finance
6 and administration, make rules [~~and regulations~~] relating to
7 budgets, records, reports, handling and disbursement of public
8 funds or in any manner relating to the financial affairs of
9 the local public bodies. "

10 Section 11. Section 6-10-1.1. NMSA 1978 (being Laws
11 1987, Chapter 79, Section 3) is amended to read:

12 "6-10-1.1. [~~DEFINITION~~] DEFINITIONS. --As used in Chapter
13 6, Article 10:

14 A. "deposit" includes share, share certificate and
15 share draft;

16 B. "department" means the department of finance
17 and administration;

18 C. "division" means the financial control division
19 of the department; and

20 D. "secretary" means the secretary of finance and
21 administration. "

22 Section 12. Section 6-10-2 NMSA 1978 (being Laws 1923,
23 Chapter 76, Section 1) is amended to read:

24 "6-10-2. PUBLIC MONEY--CASH RECORD--DAILY BALANCE--
25 PUBLIC RECORD. --It [~~shall be~~] is the duty of every public

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1 official or agency of this state [~~who~~] that receives or
2 disburses public [~~monies to keep in his office a cash book~~
3 ~~wherein shall be~~] money to maintain a cash record in which is
4 entered daily, in detail, all items of receipts and
5 disbursements of public [~~monies~~] money and [~~which~~] that shall
6 be balanced daily so as to show the balance of public [~~monies~~]
7 money on hand at the close of each day's business [~~and such~~].
8 The cash [~~book shall be~~] record is a public record and [~~shall~~
9 ~~be~~] is open to public inspection. "

10 Section 13. Section 6-10-4 NMSA 1978 (being Laws 1963,
11 Chapter 35, Section 1, as amended) is amended to read:

12 "6-10-4. PAYMENT OF OBLIGATIONS OF PRIOR YEARS FROM
13 CURRENT [~~GENERAL FUND~~] YEAR APPROPRIATIONS. - - [~~General fund~~]
14 Appropriations made for a specific fiscal year may not be used
15 for paying obligations of any prior fiscal year except upon
16 approval of the department [~~of finance and administration~~].
17 As a condition to [~~such~~] the approval, the department [~~of~~
18 ~~finance and administration~~] shall certify that there existed
19 in the affected state agency's budget at the end of the fiscal
20 year sufficient funds, including uncollected earned revenue,
21 to pay the obligation had the bill been presented prior to the
22 end of that fiscal year. The department [~~of finance and~~
23 ~~administration~~] shall make quarterly reports to the
24 legislative finance committee concerning all such
25 authorizations of payment. "

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1 Section 14. Section 6-10-46 NMSA 1978 (being Laws 1923,
2 Chapter 76, Section 24, as amended) is amended to read:

3 "6-10-46. DISBURSEMENT OF STATE FUNDS--VOUCHERS AND
4 WARRANTS.--All payments and disbursements of public funds of
5 the state [~~of New Mexico~~] shall be made upon warrants drawn by
6 the secretary [~~of finance and administration~~] upon the
7 treasury of the state [~~of New Mexico~~] based upon itemized
8 vouchers [~~as provided by law~~] in a form approved by the
9 secretary. "

10 Section 15. Section 8-6-7 NMSA 1978 (being Laws 1987,
11 Chapter 183, Section 1, as amended) is amended to read:

12 "8-6-7. WRONGFUL DRAWING OR PAYMENT OF WARRANT BY
13 SECRETARY OR TREASURER--PENALTY.--

14 A. If the secretary of finance and administration
15 draws any warrant on the state treasurer when he knows or,
16 with the use of available accounting information, should
17 reasonably know there is an insufficient unexpended and
18 unencumbered balance available for the purpose for which the
19 warrant is drawn, he shall be in violation of this section
20 unless the warrant is for federal funds that will be receipted
21 based on established warrant-clearing patterns.

22 B. If the state treasurer pays any warrant when he
23 knows or, with the use of available accounting information,
24 should reasonably know there are insufficient funds available
25 in the treasury for the purpose to pay the warrant, he shall

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1 be in violation of this section unless the warrant includes
2 federal funds that will be receipted based upon established
3 warrant-clearing patterns.

4 C. A violation of this section [~~shall be~~] is
5 punishable by a fine of not more than one thousand dollars
6 (\$1,000) or by imprisonment for not more than one year or [by]
7 both [~~such fine and imprisonment in the discretion of the~~
8 ~~judge~~]. "

9 Section 16. Section 12-6-2 NMSA 1978 (being Laws 1969,
10 Chapter 68, Section 2) is amended to read:

11 "12-6-2. DEFINITION. -- As used in the Audit Act, "agency"
12 means:

13 A. any department, institution, board, bureau,
14 court, commission, district or committee of the government of
15 the state, including district courts, magistrate and
16 metropolitan courts, district attorneys and charitable
17 institutions for which appropriations are made by the
18 legislature;

19 B. every political subdivision of the state,
20 created under either general or special act, [~~which~~] that
21 receives or expends public money from whatever source derived,
22 including [~~but not limited to~~] counties, county institutions,
23 boards, bureaus or commissions; municipalities; drainage,
24 conservancy, irrigation or other special districts; school
25 districts; [~~and~~]

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1 C. any organization that is a recipient of state
2 or federal grants awarded by an instrumentality of the state,
3 including the New Mexico educational assistance foundation,
4 New Mexico finance authority, New Mexico mortgage finance
5 authority, New Mexico lottery commission and New Mexico
6 student loan guarantee corporation; and

7 D. every office or officer of any [of the above]
8 entity listed in Subsections A through C of this section. "

9 Section 17. Section 12-6-3 NMSA 1978 (being Laws 1969,
10 Chapter 68, Section 3) is amended to read:

11 "12-6-3. ANNUAL AND SPECIAL AUDITS. --

12 A. The financial affairs of every agency shall be
13 thoroughly examined and audited each year by the state
14 auditor, personnel of his office designated by him or by
15 independent auditors approved by him. The comprehensive
16 annual financial report for the state shall be thoroughly
17 examined and audited each year by the state auditor, personnel
18 of his office designated by him or by independent auditors
19 selected by him. The state auditor may use contract auditors
20 to jointly conduct an audit. The audits shall be conducted in
21 accordance with generally accepted auditing standards and
22 rules issued by the state auditor.

23 B. In addition to the annual audit, the state
24 auditor may cause the financial affairs and transactions of an
25 agency to be audited in whole or in part.

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1 C. Annual financial and compliance audits of
2 agencies under the control of the financial control division
3 of the department of finance and administration shall be
4 completed no later than sixty days after the state auditor
5 receives certifications from the financial control division to
6 the effect that an agency has prepared its financial
7 statements in accordance with generally accepted accounting
8 principles and is ready for an annual financial and compliance
9 audit. "

10 Section 18. Section 12-6-6 NMSA 1978 (being Laws 1969,
11 Chapter 68, Section 6) is amended to read:

12 "12-6-6. CRIMINAL VIOLATIONS. --Immediately upon
13 discovery of any violation of a criminal statute in connection
14 with financial affairs, the state auditor shall report the
15 violation to the proper prosecuting officer and furnish the
16 officer with all data and information in his possession
17 relative to the violation. [~~Any~~] An agency or independent
18 auditor shall report [~~a violation~~] a known or suspected loss
19 of public funds or other illegal activity immediately to the
20 state auditor. "

21 Section 19. Section 12-6-14 NMSA 1978 (being Laws 1969,
22 Chapter 68, Section 14) is amended to read:

23 "12-6-14. CONTRACT AUDITS. --

24 ~~[B.]~~ A. The state auditor shall notify each agency
25 designated for audit by an independent auditor, and the agency

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1 shall enter into a contract with an independent auditor of its
2 choice in accordance with procedures prescribed by
3 ~~[regulations]~~ rules of the state auditor; provided, however,
4 that agencies subject to oversight by the local government
5 division of the department of finance and administration, the
6 state department of public education or the commission on
7 higher education shall receive approval from their oversight
8 agency prior to submitting a recommendation for an independent
9 auditor of its choice. The state auditor may select the
10 auditor for an agency that has not submitted a recommendation
11 within sixty days of notification by the state auditor to
12 contract for the year being audited. Each contract for
13 auditing entered into between an agency and an independent
14 auditor shall be approved in writing by the state auditor. No
15 payment of public funds may be made to an independent auditor
16 unless a contract is entered into and approved as provided in
17 this section.

18 ~~[D-]~~ B. The state auditor or personnel of his
19 office designated by him shall examine all reports of audits
20 of agencies made pursuant to contract. Based upon
21 demonstration of work in progress, the state auditor may
22 authorize progress payments to the independent auditor by the
23 agency being audited under contract. Final payment for
24 services rendered by an independent auditor shall not be made
25 until a determination and written finding that the audit has

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1 been made in a competent manner in accordance with the
2 provisions of the contract and applicable [~~regulations~~] rules
3 by the state auditor."

4 Section 20. Section 21-1-33 NMSA 1978 (being Laws 1974,
5 Chapter 30, Section 2) is amended to read:

6 "21-1-33. SYSTEM OF ACCOUNTING AND REPORTING--MANUAL.--

7 A. The [~~board of educational finance~~] commission
8 on higher education, in consultation with the state auditor,
9 shall compile a manual prescribing a uniform classification of
10 accounts and a uniform system for budgeting and reporting
11 [~~which~~] that includes the reporting of all funds available.
12 [~~Such~~] The manual shall apply to all institutions enumerated
13 in Article 12, Section 11 of the constitution of New Mexico
14 and all their branches [~~thereof~~] except the New Mexico school
15 for the visually handicapped and the New Mexico school for the
16 deaf. The manual shall also apply to the New Mexico junior
17 college. The uniform system for budgeting and reporting shall
18 be implemented no later than July 1, 1974. The uniform
19 classification of accounts required by this section shall be
20 implemented no later than July 1, 1975.

21 B. The uniform system for budgeting and reporting
22 shall require the submission of at least quarterly financial
23 reports compiled in accordance with generally accepted
24 accounting principles.

25 [~~B.~~] C. Following approval by the legislative

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1 finance committee, the manual shall be reproduced by the
2 [~~board of educational finance~~] commission on higher education
3 and filed as required by the State [~~Records~~] Rules Act. Upon
4 such filing, the requirements set forth in the manual shall
5 constitute [~~regulations~~] rules of the [~~board of educational~~
6 ~~finance~~] commission and have the force of law. The [~~board of~~
7 ~~educational finance~~] commission shall review the manual
8 annually. Sections of the manual may be revised or amended
9 from time to time by the [~~board of educational finance~~]
10 commission, and [~~such~~] revisions or amendments shall become
11 effective upon approval by the legislative finance committee,
12 reproduction and filing as provided in this section.

13 [~~C-~~] D. All institutions to which this [~~act~~
14 ~~applies~~] section and Section 21-1-32 NMSA 1978 apply shall
15 comply with all of the requirements in the manual, submit
16 reports to the [~~board of educational finance~~] commission on
17 higher education as requested and furnish such additional
18 information as the [~~board of educational finance~~] commission
19 deems necessary. "

20 Section 21. Section 22-8-5 NMSA 1978 (being Laws 1967,
21 Chapter 16, Section 59, as amended) is amended to read:

22 "22-8-5. RULES--PROCEDURES. --

23 A. The department, in consultation with the state
24 auditor, shall establish rules and procedures for a uniform
25 system of accounting and budgeting of funds for all public

underscored material = new
[bracketed material] = delete

1 schools and school districts of the state. The rules,
2 including revisions or amendments, shall become effective only
3 upon approval by the state board [~~and the legislative finance~~
4 ~~committee~~] and filing with the state records center and
5 publication. A copy shall also be filed with the department
6 of finance and administration.

7 B. All public schools and school districts shall
8 comply with the rules and procedures prescribed and shall,
9 upon request, submit additional reports concerning finances to
10 the department. In addition, upon request, all public schools
11 and school districts shall file reports with the department
12 containing pertinent details regarding applications for
13 federal money or federal grants-in-aid or regarding federal
14 money or federal grants-in-aid received, including details of
15 programs, matching funds, personnel requirements, salary
16 provisions and program numbers, as indicated in the catalog of
17 federal domestic assistance, of the federal funds applied for
18 and of those received.

19 C. Upon request by the department of finance and
20 administration, the legislative finance committee or the
21 legislative education study committee, the department shall
22 timely furnish information and data obtained from public
23 schools and school districts pursuant to Subsection B of this
24 section. "