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BILL

53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017

INTRODUCED BY

DISCUSSION DRAFT

ENDORSED BY THE INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE

AN ACT

RELATING TO PUBLIC AUDITS; REQUIRING THE EDUCATIONAL RETIREMENT BOARD, THE OFFICE OF THE STATE TREASURER, THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION AND THE STATE INVESTMENT COUNCIL TO SUBMIT ADDITIONAL FINANCIAL INFORMATION TO THE STATE AUDITOR IN CONJUNCTION WITH THOSE AGENCIES' ANNUAL FINANCIAL AUDITS.

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

SECTION 1. [NEW MATERIAL] ADDITIONAL REPORTS AND DISCLOSURES TO STATE AUDITOR.--Each of the educational retirement board, the office of the state treasurer, the public employees retirement association and the state investment council shall submit, in conjunction with the annual financial audit report each of those agencies is required to submit to the state auditor, the following information for the time period examined in the agency's audit:

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1 A. a discussion and analysis of the agency's
2 audited financial statements;

3 B. a statement of the changes in the agency's
4 fiduciary net position that discloses:

5 (1) the net appreciation or depreciation in
6 fair value of agency investments;

7 (2) interest and dividends earned on agency
8 investments;

9 (3) income from swaps on agency investments;

10 (4) any other income resulting from the
11 agency's investment activity; and

12 (5) all expenses related to the agency's
13 investment activity, including management fees, custody fees,
14 consultant fees, performance-measurement fees and internal
15 investment activity expenses;

16 C. a schedule of internal investment activity that
17 shows all expenses related to the agency's internal investment
18 activity, including expenses for:

19 (1) salaries and fringe benefits paid or given
20 to agency personnel;

21 (2) professional services, including
22 actuarial, legal, auditing, banking and consulting services;

23 (3) communication, including telephones and
24 other communication devices, the maintenance and operation of
25 those devices, printing, postage and mailing supplies;

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1 (4) facilities and the maintenance and
2 operation of facilities, including leases, utilities and
3 depreciation of facilities; and vehicles and the maintenance
4 and operation of vehicles;

5 (5) computer equipment, software and supplies,
6 including depreciation of computer equipment, maintenance
7 agreements, equipment rental and loss on the sale of equipment;

8 (6) education, meetings and travel, including
9 tuition reimbursement, professional development, travel for the
10 professional development of agency staff and board members and
11 travel for conducting due diligence on potential investments;
12 and

13 (7) general administration, including
14 advertising, research and information services, insurance,
15 membership dues, business continuity, office supplies and
16 subscriptions to periodicals and publications;

17 D. a schedule of administrative expenses that shows
18 all expenses related to general administration of the agency,
19 including expenses for:

20 (1) salaries and fringe benefits paid or given
21 to agency personnel;

22 (2) professional services, including
23 actuarial, legal, auditing, banking and consulting services;

24 (3) communication, including telephones and
25 other communication devices and the maintenance and operation

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underscoring material = new
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1 of those devices, printing, postage and mailing supplies;

2 (4) facilities and the maintenance and
3 operation of facilities, including leases, utilities and
4 depreciation of facilities; and vehicles and the maintenance
5 and operation of vehicles;

6 (5) computer equipment, software and supplies,
7 including depreciation of computer equipment, maintenance
8 agreements, equipment rental and loss on the sale of equipment;

9 (6) education, meetings and travel, including
10 tuition reimbursement, professional development, travel for the
11 professional development of agency staff and board members and
12 travel for conducting due diligence on potential investments;
13 and

14 (7) general administration, including
15 advertising, research and information services, insurance,
16 membership dues, business continuity, office supplies and
17 subscriptions to periodicals and publications;

18 E. a schedule of professional and consultant fees
19 that shows all investment-related services used by the agency
20 and, for each service, the nature of the service and the amount
21 paid for the service;

22 F. a schedule of investment advisors that shows all
23 investment advisors used by the agency and, for each advisor,
24 the advisor's style and the amount paid to the advisor;

25 G. a schedule of base management fees and

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1 performance fees that shows:

2 (1) base management fees and performance fees
3 for each asset class of investments on budget;

4 (2) base management fees and performance fees
5 for each asset class of investments off budget;

6 (3) overall investment performance gross of
7 fees;

8 (4) overall investment performance net of
9 fees;

10 (5) investment performance gross of fees for
11 each asset class;

12 (6) investment performance net of fees for
13 each asset class; and

14 (7) unfunded commitments for each asset class;

15 H. information on investment performance, including
16 gross investment performance and investment performance net of
17 fees; and

18 I. a schedule of commissions paid that shows all
19 agency-paid commissions equal to or greater than five percent
20 of the total amount of commissions paid by the agency and that
21 shows, for each commission, the name of the firm that received,
22 and the amount of, the commission.