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SENATE BILL 543

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

INTRODUCED BY

George K. Munoz

AN ACT

RELATING TO THE STATE FISC; REQUIRING THE STATE TREASURER AND THE DEPARTMENT OF FINANCE AND ADMINISTRATION TO RECONCILE CASH ACCOUNTS DAILY AND TO REPORT AT LEAST QUARTERLY TO THE GOVERNOR AND THE LEGISLATURE ON THE STATE OF THE STATE BUDGET; REQUIRING THIRD-PARTY PAYERS TO CONFORM WITH THE UNIFORM STATEWIDE ACCOUNTING SYSTEM NETWORK.

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

SECTION 1. ~~[NEW MATERIAL]~~ RECONCILING CASH ACCOUNTS--
REPORTS TO GOVERNOR AND LEGISLATURE.--

A. The state shall reconcile its cash accounts each day.

B. The reconciliation shall include a four-tier process as follows:

(1) the state treasurer shall reconcile the

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1 daily bank action to the state's register;

2 (2) the financial control division of the
3 department of finance and administration shall reconcile:

4 (a) the register to the general journal;

5 and

6 (b) the general journal to the general
7 ledger; and

8 (3) the state treasurer shall reconcile
9 balances between the investment banker and the fiscal agent
10 banker.

11 C. The state treasurer and the director of the
12 financial control division shall prepare a quarterly report for
13 the governor and the legislature through the legislative
14 finance committee and the legislative library that includes the
15 condition of the state budget, including:

16 (1) each agency's operating budget as to
17 state, federal and other appropriations, approved budget
18 adjustments, encumbrances, expenditures and remaining budget
19 authority;

20 (2) cash reconciling items that have not been
21 cleared;

22 (3) the number of cash reconciliation errors
23 during the quarter that have been cleared, the reasons for
24 those errors and whether the problems that caused the errors
25 have been rectified;

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1 (4) the amount of the state reserve accounts;
2 and

3 (5) a comparison of the state budget to the
4 latest economic forecast.

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

7 "6-5-2. FINANCIAL CONTROL DIVISION--CENTRAL SYSTEM OF
8 STATE ACCOUNTS--ACCOUNTING SYSTEMS--PROCESSING DOCUMENTS--MODEL
9 ACCOUNTING PRACTICES--INTERNAL ACCOUNTING CONTROLS.--

10 A. The division shall maintain a central system of
11 state accounts and shall devise, formulate, approve, control
12 and set standards for the accounting methods and procedures of
13 all state agencies and third-party payers. The division shall
14 prescribe procedures, policies and processing documents for use
15 by state agencies and third-party payers in connection with
16 fiscal matters and may require reports from state agencies as
17 may be necessary to carry out its duties and functions.
18 Procedures and policies issued by the division are exempt from
19 the uniform standards of style and format promulgated by the
20 state commission of public records.

21 B. The division shall issue a manual of model
22 accounting practices containing the procedures and policies
23 prescribed pursuant to Subsection A of this section and shall
24 annually review and, if necessary, revise and reissue the
25 manual. State agencies and third-party payers shall comply

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1 with the model accounting practices established by the
2 division, and the administrative head of each state agency
3 shall ensure that the model accounting practices are followed.

4 C. State agencies and third-party payers shall
5 implement internal accounting controls designed to prevent
6 accounting errors and violations of state and federal law and
7 rules related to financial matters. In addition, state
8 agencies and third-party payers shall implement controls to
9 prevent the submission of processing documents to the division
10 that contain errors or that are for a purpose not authorized by
11 law."

12 SECTION 3. Section 6-5-2.1 NMSA 1978 (being Laws 2003,
13 Chapter 273, Section 9) is amended to read:

14 "6-5-2.1. DIVISION--ADDITIONAL DUTIES.--The division
15 shall:

16 A. coordinate all procedures for financial
17 administration and financial control and integrate them into an
18 adequate and unified system, including the devising,
19 prescribing and installing of processing documents, records and
20 procedures for state agencies and third-party payers;

21 B. collect and maintain the necessary information
22 to produce ledgers, journals, registers and other supporting
23 records and analyses;

24 C. maintain information that adequately supports
25 all entries in the state general ledger;

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1 D. verify and control state agency compliance with
2 allotments;

3 E. conduct all central accounting and fiscal
4 reporting for the state as a whole and produce interim
5 statewide financial reports and the state's comprehensive
6 annual financial statements;

7 F. prescribe, develop, operate and maintain a
8 uniform statewide accounting system network;

9 G. prescribe and approve the installation of any
10 changes in the statewide accounting system network as necessary
11 to secure and maintain internal control and facilitate the
12 recording of accounting data in order to prepare reliable and
13 meaningful statements and reports;

14 H. prescribe the uniform classification of accounts
15 to be used by state agencies;

16 I. operate a central payroll system;

17 J. perform [~~monthly~~] daily reconciliations with the
18 balances and accounts kept by the state treasurer and adopt and
19 promulgate rules regarding reconciliation for state agencies
20 and third-party payers;

21 K. prescribe and revise procedures, techniques and
22 formats for electronic data transmission to improve the flow of
23 data among state agencies;

24 L. monitor reversion of unexpended general fund
25 balances by September 30 of each year;

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

4 N. store and maintain records electronically;

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

7 P. maintain accounts and information as necessary
8 to show the sources of state revenues and the purposes for
9 which expenditures are made and provide proper accounting
10 controls to protect state finances;

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

13 R. assist state agencies and third-party payers in
14 resolving financial questions or problems;

15 S. have access to and authority to examine books,
16 accounts, reports, vouchers, correspondence files and other
17 records, bank accounts, money and other property of a state
18 agency; and

19 T. consult with the state auditor to promote better
20 financial statement reporting."

21 SECTION 4. Section 8-6-3.1 NMSA 1978 (being Laws 1993,
22 Chapter 105, Section 1) is amended to read:

23 "8-6-3.1. STATE CASH MANAGER--POWERS AND DUTIES.--

24 A. The "office of the state cash manager" is
25 established under the office of the state treasurer. The state
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1 treasurer shall appoint the state cash manager who shall manage
2 efficiently all state cash balances in the custody of the state
3 not otherwise invested or deposited and, in consultation with
4 the state board of finance, perform the duties necessary to
5 carry out that management responsibility.

6 B. The duties of the state cash manager include:

7 (1) issuance of cash management [~~regulations~~]
8 rules, procedures and enforcement policy to assure
9 implementation of and compliance with the federal Cash
10 Management Improvement Act of 1990 and other provisions of law;

11 (2) obtaining from each state agency
12 [~~periodic~~] daily reports of all money from any source in the
13 agency's custody, including detailed information on receipts,
14 disbursements and balances on hand or on deposit in a financial
15 institution;

16 (3) [~~periodic~~] daily review of all deposits
17 made and balances on hand to assure that all money received by
18 each state agency is deposited in a timely manner in the state
19 fiscal agent bank and, if applicable, to the state agency's
20 account in the state treasury;

21 (4) projection of the state's short-term and
22 long-term cash needs to determine the amount available for
23 short-term and long-term investment;

24 (5) determination and periodic update of the
25 warrant clearance pattern to project the time lag between

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1 warrant issuance date and warrant clearance date to facilitate
2 cash management activities; ~~and~~

3 (6) preparation of a monthly written report
4 showing state fund balances in each financial institution and
5 sending the report to the state board of finance, the
6 legislative finance committee, the legislative council service,
7 the state investment council, the educational retirement board
8 and the retirement board of the public employees retirement
9 association; and

10 (7) preparation, with the financial control
11 division of the department of finance and administration, of
12 the quarterly state budget report required by Section 1 of this
13 2015 act.

14 C. In addition to the specific duties in Subsection
15 B of this section, the state cash manager shall ensure that
16 non-income producing state cash balances are kept to a minimum
17 in accordance with established guidelines. The state cash
18 manager shall report any actual or anticipated deviations from
19 such established guidelines to the state board of finance, the
20 investing board or council and the legislative finance
21 committee.

22 D. The state cash manager shall have access to all
23 accounts, files and other records of funds in the custody of
24 the state. Upon approval of the state ~~[board of finance]~~
25 treasurer, the state cash manager may conduct any periodic

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1 investigation [~~he~~] the state cash manager deems necessary to
2 enable [~~him~~] the state cash manager to perform [~~his~~] the duties
3 pursuant to this section.

4 E. As used in this section, "state agency" means
5 the state of New Mexico or any of its branches, agencies,
6 departments, boards, instrumentalities or institutions, other
7 than state educational institutions designated by Article 12,
8 Section 11 of the constitution of New Mexico, and includes the
9 New Mexico mortgage finance authority and the New Mexico
10 finance authority."