

LFC Requester:

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

AgencyAnalysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:
Original **Amendment**
Correction **Substitute**

Date 1/30/2024
Bill No: HB 271

Sponsor: L. Serrato
Short Title: Public Finance Accountability Act

Agency Name and Code DFA - 34100
Number: _____
Person Writing Tonantzin Lucero-Roybal
Phone: 505-470-4673 **Email** Tonantzin.Roybal@dfa.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
	1,000	Nonrecurring	Public Finance Accountability

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: This legislation codifies Executive Order (EO) 2013-006 which establishes uniform funding criteria and grant management oversight requirements for grants of state capital outlay appropriations by state agencies to other entities enumerating duties of the Department of Finance and administration (DFA) and creates the Public Finance Accountability Fund. The Office of the State Auditor shall administer the fund to assist grantees in complying with the Audit Act. The bill also appropriates \$1m from the general fund to the public accountability fund for the purpose of assisting capital outlay grantees in complying with the Audit Act.

FISCAL IMPLICATIONS

The appropriation of \$1 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY25 shall revert to the general fund.

SIGNIFICANT ISSUES

DFA has been implementing EO 2013-006 for over 10 years now and the procedures in which the department has implemented the order have improved throughout the year. DFA reviews the audits of the 33 counties in addition to all towns, villages and cities that have received capital outlay appropriations. This number varies year to year but over 100 audits are reviewed by DFA.

The State Auditor has provided assistance to small public bodies in reaching audit compliance for years, though funding to the program has fluctuated. In FY24, the auditor received a \$500 thousand special appropriation to support the program. The State Auditor reports approximately \$2.4 million in capital outlay funding has been released as a result of the FY24 appropriation.

PERFORMANCE IMPLICATIONS

The review of audits by DFA occurs over the course of the year with most audits being reviewed between the months of March and June, prior to the first bond sale of budget upload. With the volume of audits needing review and the uncertainty of when audits are submitted, sometimes audit reviews are missed which can lead to entities waiting to receive their grants until the next bond sale or budget upload.

ADMINISTRATIVE IMPLICATIONS

DFA has been implementing EO 2013-006 for the past 10 years but it may be beneficial to have separate and additional staff that only review audits. This would require an additional FTE.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This legislation relates to EO 2013-006.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS