

TITLE 2 PUBLIC FINANCE
CHAPTER 20 ACCOUNTING BY GOVERNMENTAL ENTITIES
PART 5 RESPONSIBILITY FOR ACCOUNTING FUNCTION

2.20.5.1 ISSUING AGENCY: Department of Finance and Administration
[2.20.5.1 NMAC – N, 08-29-03]

2.20.5.2 SCOPE: Establishes accountability for accounting function in all state agencies as defined by section 6-5-1 NMSA 1978, as amended, without exception.
[2.20.5.2 NMAC – N, 08-29-03]

2.20.5.3 STATUTORY AUTHORITY: Section 6-5-2, NMSA 1978, as amended, requires the division to maintain a central system of state accounts and to devise, formulate, approve and control and set standards for the accounting methods and procedures of all state agencies. Section 6-5-2 NMSA 1978, as amended, requires the division prescribe procedures, policies and processing documents for use by state agencies in connection with fiscal matters and may require reports from state agencies as may be necessary to carry out its duties and functions. Section 9-6-5 (E) NMSA 1978, as amended, authorizes the secretary of the department to make and adopt such reasonable and procedural rules and regulations as may be necessary to carry out the duties of the department and its divisions.
[2.20.5.3 NMAC – N, 08-29-03]

2.20.5.4 DURATION: Permanent
[2.20.5.4 NMAC – N, 08-29-03]

2.20.5.5 EFFECTIVE DATE: August 29, 2003
[2.20.5.5 NMAC – N, 08-29-03]

2.20.5.6 OBJECTIVE: To establish accountability for the accounting function by establishing, at the state agency level, standards for the proper recording, summarizing, and reporting of financial transactions and designating one state employee at each state agency to be responsible for maintaining those standards.
[2.20.5.6 NMAC – N, 08-29-03]

2.20.5.7 DEFINITIONS:

A. “Accounting function” means the methods and procedures, be they manual or automated, used by a state agency to record, summarize, and report its financial transactions.

B. “Accounting system” means the total structure of records and procedures used to record, to classify, to summarize, and to report on the financial position of a governmental entity or any of its funds, fund types, or organizational components.

C. “Chief financial officer” is the working title of the state employee assigned the responsibilities set forth in Subsection C of 2.20.5.8 NMAC.

D. “Department” means the department of finance and administration.

E. “Division” means the financial control division of the department of finance and administration.

F. “State agency” means any department, institution, board, bureau, commission, district or committee of the government of the state and means every office or officer of any of the above.

G. “Timely” means in substantial compliance with the due dates established by the division.

[2.20.5.7 NMAC – N, 08-29-03]

2.20.5.8 CHIEF FINANCIAL OFFICER AND ASSIGNMENT OF RESPONSIBILITIES:

A. Statute requires that the administrative head of each agency ensure that the model accounting practices, established by the division, are followed. In order to ensure that model accounting practices are followed, it is incumbent upon the agency head to carryout the responsibilities of the chief financial officer, outlined in Subsection C of 2.20.5.8 NMAC.

B. An agency head may assign the responsibilities outlined in Subsection C of 2.20.5.8 NMAC to any employee within the agency that has the educational background, knowledge, and experience necessary to supervise, monitor, and control the state agency’s accounting function. The delegation must be in writing, must be for a specific fiscal year, and must be approved by the division.

- C. It is the responsibility of the chief financial officer to ensure that:
- (1) an internal control structure exists at the state agency and is functioning properly.
 - (2) all transactions are recorded daily in the agency's accounting records.
 - (3) all transactions are properly classified in the agency's records.
 - (4) cash account records are reconciled timely each month to the division's reports and to the state treasurer's reports.
 - (5) all transactions comply with federal and state law.
 - (6) all expenditures have a public benefit or purpose, are necessary, and are consistent with the appropriation, the expenditure authority from the legislature and comply with Section 6-5-3 NMSA 1978, as amended.
 - (7) all accounting systems, including subsidiary systems, are recording transactions timely, completely, and accurately.
 - (8) all payments to vendors are accurate, timely and the state agency has certified they are for services rendered or goods received in accordance with Section 13-1-158 NMSA 1978, as amended.
 - (9) all information requested by the division from the state agency is provided timely and accurately.
 - (10) all reporting of financial information must be timely, complete and accurate, to the state agency's management and to oversight agencies and entities.
 - (11) the state agency's annual financial statement audit is completed by the deadline established by the state auditor and the audit report includes an unqualified opinion.
 - (12) a budgetary control system, approved by the state budget division of the department of finance and administration, is in place and functioning.

[2.20.5.8 NMAC – N, 08-29-03]

HISTORY OF 2.20.5 NMAC: [RESERVED]