

TITLE 2 PUBLIC FINANCE
CHAPTER 20 ACCOUNTING BY GOVERNMENTAL ENTITIES
PART 6 AUTHORITY TO ISSUE WARRANTS

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

2.20.6.2 SCOPE: Applies to all state agencies, as defined by section 6-5-1 NMSA 1978, as amended, seeking authorization to issue warrants or exception from the requirement of prior submission of proposed vouchers, purchase orders or contracts to the division as provided in section 6-5-3 NMSA 1978, as amended.
[2.20.6.2 NMAC - N, 08-29-03]

2.20.6.3 STATUTORY AUTHORITY: Section 6-5-9 NMSA 1978, as amended, requires the secretary of the department to annually issue a written order granting authorization to a particular state agency to issue warrants or exception from the requirement of prior submission of proposed vouchers, purchase documents, purchase orders or contracts to the division as provided in section 6-5-3 NMSA 1978, as amended when efficiency or economy so requires. 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.
[2.20.6.3 NMAC - N, 08-29-03]

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

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

2.20.6.6 OBJECTIVE: The object of this rule is to provide the conditions state agencies shall fulfill prior to applying to obtain an authorization to issue warrants or exception from the requirement of prior submission of proposed vouchers, purchase documents, purchase orders or contracts to the division. Also, the object of this rule is to ensure that a state agency that is applying to obtain such authorization or exception is recording and reporting its financial transactions timely, completely, and accurately and that its accounting system follows all the division's current policies and procedures. Reporting includes, but is not limited to: the reporting in audited financial statements; managerial reporting; reporting to oversight agencies including commissions, committees, and the legislature; and detailed transaction reporting to the division.
[2.20.6.6 NMAC - N, 08-29-03]

2.20.6.7 DEFINITIONS:

- A. "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.
- B. "Department" means the department of finance and administration.
- C. "Division" means the financial control division of the department of finance and administration.
- D. "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.
- E. "Warrant" means a written instrument issued by the division authorizing payment of a specified amount to a designated payee out of the state treasurer's funds.
- F. "Timely" means in substantial compliance with the due dates established by the division.

[2.20.6.7 NMAC - N, 08-29-03]

2.20.6.8 APPLICATION PROCEDURES AND CONDITIONS OF APPROVAL OF AUTHORIZATION OR EXCEPTION:

- A. Each and every December 31, a state agency that wishes to issue warrants or exception from the requirement of prior submission of proposed vouchers, purchase orders, or contracts to the division for the following fiscal year (July 1 through June 30) shall apply for authorization or exception by submitting a written request to the secretary of the department explaining in detail the reasons why efficiency or economy will be better achieved by

the state agency issuing warrants or waiving the prior submission requirements. As part of this annual request, the state agency shall include a detailed report outlining how it has complied during the past calendar year (January through December) with the following conditions and standards:

(1) A well-documented internal control structure shall exist within the state agency and functioning properly.

(2) All transactions shall be recorded daily in the state agency's accounting records.

(3) All transactions shall be properly classified in the state agency's records.

(4) The state agency's cash account records shall be reconciled timely each month to the division's reports and to the state treasurer's reports. If the agency maintains an account directly with a financial institution instead of with the state treasurer, the agency's cash account shall be reconciled timely to the financial institution's statement of account.

(5) All transactions shall comply with federal and state law.

(6) All expenditures shall be for a public benefit or purpose, be necessary, and be consistent with the related appropriation (expenditure authority from the legislature).

(7) All accounting systems, including subsidiary systems, shall record transactions timely, completely, and accurately.

(8) All payments to vendors shall be accurate and timely and be for services already rendered or goods received and accepted by the state agency as complying with the contract or purchase order.

(9) All information requested by the division must be provided to the division timely and accurately, and in compliance with the division's current policies and procedures, including, but not limited to, transaction data.

(10) All reporting of financial information to the state agency's management and to oversight agencies and entities must be timely, complete, and accurate.

(11) The audit of the state agency's financial statements shall be completed by the deadline established by the state auditor and the audit report shall include an unqualified opinion.

B. Failure to meet any of the standards and conditions above is grounds for the secretary to deny approval to the agency to issue warrants or deny an exception to the prior submission requirements.

C. The secretary may request the division's office of the state controller to verify the maintenance of the above standards and conditions during the annual period for which the authorization is granted. The state agency shall cooperate in providing the division's office of the state controller with the information it requests.

D. If the secretary does grant approval to the state agency for the authorization to issue warrants or exception to the prior submission requirements, that approval is only for the fiscal year beginning July 1 following the request.

E. If the state agency is issuing warrants or is waived from the prior submission requirements at the time it makes the application and the secretary denies the request for the subsequent fiscal year, the agency shall not issue warrants after the June 30th following the denied request.

F. By March 1 following the denied request, the state agency shall make arrangements with the division for the division to issue the warrants for the state agency beginning the July 1 following the denied request. As allowed by law, this shall include the transfer of financial resources to the division to cover the cost of issuing the warrants and administering the prior submission of proposed vouchers, purchase orders and contracts.

[2.20.6.8 NMAC - N, 08-29-03]

HISTORY OF 2.20.6 NMAC: [RESERVED]