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SENATE BILL 201

56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023

INTRODUCED BY

George K. Muñoz and Bill Tallman

FOR THE LEGISLATIVE FINANCE COMMITTEE

AN ACT

RELATING TO STATE GOVERNMENT; ENACTING THE STATE INSPECTORS
GENERAL ACT; REQUIRING CERTAIN DEPARTMENTS TO HAVE OFFICES OF
INSPECTORS GENERAL; PROVIDING POWERS AND DUTIES; CREATING THE
GOVERNMENT ACCOUNTABILITY COORDINATING COUNCIL; TRANSFERRING
FUNCTIONS, MONEY, RECORDS, PERSONNEL, PROPERTY AND CONTRACTS
PERTAINING TO AUDIT AND COMPLIANCE.

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

SECTION 1. [NEW MATERIAL] SHORT TITLE.--Sections 1
through 6 of this act may be cited as the "State Inspectors
General Act".

SECTION 2. [NEW MATERIAL] PURPOSE OF OFFICES OF INSPECTOR
GENERAL.--The purpose of the State Inspectors General Act is to
create independent and objective units of each department
enumerated in Section 4 of that act to:

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1 A. conduct and supervise internal audits,
2 compliance audits and investigations relating to the programs
3 and operations of the department and state-funded entities;

4 B. provide coordination and recommendations
5 designed to promote economy, efficiency and effectiveness and
6 to prevent and detect fraud and abuse in the department and
7 state-funded entities; and

8 C. provide a means for keeping the cabinet
9 secretary, the governor, the state auditor and the legislature
10 informed about problems and deficiencies relating to the
11 administration of the department and state-funded entities and
12 the progress of any corrective actions.

13 SECTION 3. [NEW MATERIAL] DEFINITIONS.--As used in the
14 State Inspectors General Act:

15 A. "department" means a cabinet department
16 enumerated in Section 4 of the State Inspectors General Act;
17 and

18 B. "state-funded entity" means a school district, a
19 charter school, a public post-secondary educational institution
20 and a person who receives grants from or who contracts with a
21 department.

22 SECTION 4. [NEW MATERIAL] OFFICES OF INSPECTOR
23 GENERAL--DUTIES--ORGANIZATION--CONFIDENTIALITY.--

24 A. Each of the following departments shall
25 establish and maintain an office of inspector general:

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- 1 (1) children, youth and families department;
- 2 (2) corrections department;
- 3 (3) department of health;
- 4 (4) higher education department;
- 5 (5) human services department;
- 6 (6) public education department;
- 7 (7) department of finance and administration;
- 8 (8) department of transportation;
- 9 (9) early childhood education and care
- 10 department; and
- 11 (10) taxation and revenue department.

12 B. Each office of inspector general shall:

13 (1) have the authority to perform internal and
14 compliance audits and investigate its department and related
15 state-funded entities to ensure efficient and effective
16 operations; the proper use of public funding; and the detection
17 and prevention of fraud, waste and abuse;

18 (2) have unrestricted access to its
19 department's records, data, reports, contracts, memoranda,
20 correspondence and any other information necessary to carry out
21 the duties of the office;

22 (3) coordinate activities with the state
23 auditor; the medicaid fraud and elder abuse division of the
24 attorney general's office, as applicable; and the legislative
25 finance committee;

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1 (4) recommend changes or corrective action and
2 report on progress made to improve operations and to recover
3 misspent public funding;

4 (5) refer potential criminal matters to the
5 attorney general or a district attorney and report violations
6 to the state auditor;

7 (6) as requested by the governor or an interim
8 legislative committee, gather department and state-funded
9 entity information and analyze and validate the information;
10 provided, however, that this duty does not affect the duty of a
11 department or state-funded entity to otherwise provide
12 information in a timely manner upon request of an interim
13 legislative committee;

14 (7) review and report on the progress of the
15 department and the progress of related state-funded entities to
16 resolve financial post-audit findings and validate performance
17 measures reported in accordance with the Accountability in
18 Government Act;

19 (8) contract for professional services as
20 necessary to carry out the duties of the office;

21 (9) have the authority to accept federal funds
22 to perform duties consistent with the State Inspectors General
23 Act; and

24 (10) adopt professional standards in
25 accordance with generally accepted government auditing

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1 standards to carry out the provisions of the State Inspectors
2 General Act.

3 C. The offices of inspector general shall not:

4 (1) perform audits of department financial
5 statements; or

6 (2) publicly disclose information or records
7 made confidential by law or exempt from the Inspection of
8 Public Records Act.

9 SECTION 5. [NEW MATERIAL] OFFICES OF INSPECTOR GENERAL--
10 REPORTS.--

11 A. Each office of inspector general shall submit an
12 annual work plan on planned reports and reports in progress to
13 its department secretary, the state auditor, the government
14 accountability coordinating council and the legislative finance
15 committee.

16 B. An office of inspector general shall issue
17 reports on the results of audits and investigations to the
18 department secretary, the state auditor, the government
19 accountability coordinating council, the legislative finance
20 committee and the governor; provided that information in
21 reports containing information made confidential by law or
22 exempt from the Inspection of Public Records Act shall not be
23 disclosed by the office, the department, the state auditor, the
24 government accountability coordinating council, the legislative
25 finance committee or the governor.

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1 C. Each office of inspector general shall issue an
2 annual report not later than September 1 to the governor, the
3 state auditor, the government accountability coordinating
4 council and the legislative finance committee summarizing the
5 work of the office during the preceding fiscal year, including
6 reports issued; findings and cost savings identified and
7 recommendations made to the department and its related
8 state-funded entities; and the progress of the department and
9 state-funded entities to resolve findings, save or recover
10 public money or implement recommendations.

11 D. Reports issued pursuant to Subsections B and C
12 of this section shall be made public by posting on the
13 departments' websites and other means. Confidential
14 information shall not be included in public reports.

15 SECTION 6. [NEW MATERIAL] APPOINTMENT--ORGANIZATION.--

16 A. The secretary of a department shall appoint an
17 inspector general without regard to political affiliation and
18 solely on the basis of integrity and demonstrated ability in
19 accounting, auditing, financial analysis, law, management
20 analysis, public administration or investigations, and any
21 action taken to hire, remove or suspend the inspector general
22 shall be reported to the state auditor and the legislative
23 finance committee within fifteen days. An inspector general
24 and employees in the department's office of inspector general
25 shall be classified employees as provided by the Personnel Act.

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1 B. The office of inspector general shall be
2 operationally separate from other divisions of the department
3 and shall report directly to the secretary. The department
4 shall not prevent, impair or prohibit its inspector general
5 from initiating, carrying out or completing an audit, including
6 an internal audit or a compliance audit, or an investigation.

7 SECTION 7. A new section of Chapter 2, Article 5 NMSA
8 1978 is enacted to read:

9 "[NEW MATERIAL] GOVERNMENT ACCOUNTABILITY COORDINATING
10 COUNCIL--REPORTS OF INSPECTORS GENERAL.--

11 A. The "government accountability coordinating
12 council" is created, consisting of the state auditor or the
13 state auditor's designee, the attorney general or the attorney
14 general's designee, inspectors general of departments and the
15 director of the legislative finance committee or the director's
16 designee. The council shall select a chair and vice chair for
17 a term of two years.

18 B. The council shall receive and review from
19 offices of inspector general:

20 (1) annual work plans and quarterly updates of
21 investigations and planned audits;

22 (2) annual reports;

23 (3) reports on the results of investigations
24 and individual audits; and

25 (4) other reports and information as a result

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1 of coordination with offices and agencies of the council.

2 C. Information and reports containing information
3 made confidential by law or exempt from the Inspection of
4 Public Records Act shall not be disclosed by the council or its
5 member agencies."

6 SECTION 8. TRANSFER OF FUNCTIONS, APPROPRIATIONS, MONEY,
7 PERSONNEL AND PROPERTY.--On the effective date of this act,
8 each department enumerated in Section 4 of the State Inspectors
9 General Act shall transfer all functions, appropriations,
10 money, personnel, records, equipment, furniture and other
11 property of the department pertaining to the department's audit
12 and compliance functions to the department's newly created
13 office of inspector general.

14 SECTION 9. EFFECTIVE DATE.--The effective date of the
15 provisions of this act is July 1, 2023.