



Cabinet Secretary Designate Wayne Propst
Deputy Cabinet Secretary Renee Ward

Governor Michelle Lujan Grisham

Department of Finance and Administration Settlement Agreement Approval Procedures (MAPs PR 2.6)

1. Any agreement by a state representative requiring payment through the payroll system must first be approved by the parties to the dispute.
 - a. If the represented agency is part of the Executive Branch, the approval of the SPO Director is also necessary.
2. After the document is approved as outlined above, the designated agency should contact PERA to determine whether any necessary contributions need to be withheld from the settlement amount. Should a PERA interest be assessed, the deductions must be made prior to submission to payroll.
3. After a PERA contribution determination is established, the agency concerned must contact its State Budget Analyst to verify the budget's ability to support the settlement amount.
4. Once the agency receives a PERA determination and budget capacity approval from the State Budget Division, it may submit the settlement agreement to the Office of General Counsel at the Department of Finance and Administration for review. The Office of General Counsel will check for the necessary approvals and assist in facilitating the Secretary of Finance and Administration's execution of the Settlement Agreement.
 - a. For releases of liability that are not executed by the representative State Agency, the Secretary of Finance and Administration will provide approval via electronic mail transmission.
5. Following approval by the Secretary of Finance and Administration, the agency may submit the settlement agreement payroll for payment of the agreement. Please note that these payments are made only after the payroll has completed the regular payroll cycle. Agencies must submit the following documents to the Central Payroll Bureau for payment of the settlement amount:
 - a. A redacted version of the settlement agreement with all approval signatures or transmissions.
 - b. A statement from PERA regarding the contributions due based on the agreement.
 - c. A letter addressed to the Chief of the Central Payroll Bureau, signed by the agency's Human Resource (HR) manager and Chief Financial Officer (CFO), requesting the Department of Finance and Administration (DFA) to process the payment. This letter should contain:
 - i. A summary of the amounts to be paid in the settlement through payroll;
 - ii. Effective pay period start and end dates;



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- iii. Gross pay deductions, such as unemployment insurance collected and amounts earned at other employment by pay period, as stated in the settlement agreement, along with all documentation for any gross pay deductions;
 - iv. Identification of what deductions to withhold in addition to applicable taxes;
 - v. Any deductions for PERA and Retiree Health Care that should be withheld; and
 - vi. If the settlement is subject to PERA deductions with interest, the memo should state that arrangements have been made to pay all amounts due directly to PERA.
- d. Authorization for DFA to approve on your agency's behalf anytime your agency does not have access to approve in the Time and Labor module of HCM.
- e. An Excel spreadsheet displaying gross pay due by pay period, along with applicable benefit deductions.
6. Completed settlement packets must be submitted through the FSS.
7. CPB will process the settlement and notify the agency when the warrant is ready for pickup or distribution.