

DEPARTMENT OF FINANCE AND ADMINISTRATION



FY19

STRATEGIC PLAN

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CABINET SECRETARY

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EXECUTIVE SUMMARY

The Department of Finance and Administration (“DFA”) provides support for state and local governments in New Mexico, covering an array of responsibilities including drafting the executive budget, reviewing and processing contracts and payments, and providing oversight for local government budgets.

DFA provides staff to the State Board of Finance, advises agencies on capital funding projects, and manages the payroll system for some 22,000 state employees.

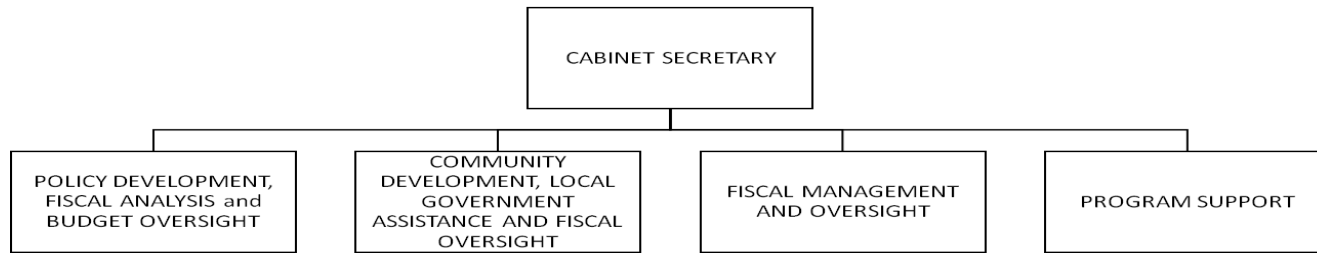
VISION

To promote fiscal responsibility, efficiency, transparency, accountability, and effectiveness throughout state and local governments.

MISSION STATEMENT

The Department of Finance and Administration will provide sound fiscal advice and problem solving support to the Governor, provide budget direction and fiscal oversight to state agencies and local governments, plan and manage resources for capital projects, and help to ensure every tax dollar is spent wisely.

ORGANIZATIONAL CHART



PROGRAMS

The Department of Finance and Administration has four programs that are used for strategic planning and budgeting purposes. These programs are:

1. Policy Development, Fiscal Analysis, and Budget Oversight

2. Community Development, Local Government Assistance and Fiscal Oversight

3. Fiscal Management and Oversight (including IT)

4. Program Support

1. Policy Development, Fiscal Analysis, and Budget Oversight

The purpose of the Policy Development, Fiscal Analysis, and Budget Oversight program is to provide professional and coordinated policy development, analysis, and oversight to the Governor, the Legislature, and state agencies to advance the Executive's policies and initiatives using appropriate and accurate data to make informed decisions for the prudent use of the public's tax dollars.

The Policy Development, Fiscal Analysis and Budget Oversight program consists of the following:

A. Office of the Secretary

The Office of the Secretary oversees approximately \$152,004.7 for DFA operations with a total of 147 FTE. The Office of the Secretary currently has eight FTE with an operating budget of \$899.2.

B. State Budget Division

The State Budget Division oversees and administers the state budget, and currently has 16 FTE with an operating budget of \$1,532.6.

C. Board of Finance Division

The Board of Finance provides staff support to the State Board of Finance and currently has seven FTE with an operating budget of \$703.9.

Statutory Authority:

- Section 9-6-1 through 9-6-15 NMSA 1978
- Section 6-3-1 through 6-3-25 NMSA 1978, State Budget Act; Section 6-3A-1 through 6-3A-8 NMSA 1978, Accountability in Government Act
- Section 6-4-1 NMSA 1978, Capital Programs
- Section 7 & 8 of Article 1, State Constitution/General Obligation Bonds
- Section 1-9-17 NMSA 1978, Voting Machine Purchases
- Section 3-27-6 NMSA 1978, Emergency Water Fund
- Section 5-15-15 NMSA 1978 Dedication of Gross Receipts Tax Increment
- Section 6-1-1 NMSA 1978, SBOF Enabling Legislation
- Section 6-1-2 NMSA 1978, Emergency Fund
- Section 6-10-1.2 NMSA 1978, Credit Card Acceptance
- Section 6-10-30 NMSA 1978, Interest Rate Policy
- Section 6-10-35 NMSA 1978, Fiscal Agent and Custody Bank
- Section 6-12A-5 NMSA 1978, Tax and Revenue Anticipation Notes
- Section 6-13-17 NMSA 1978, State Institution Bonds
- Section 6-18-8.1 NMSA 1978, Interest Rate Exchange Agreements
- Section 6-20-3 NMSA 1978, Private Activity Bond Cap Allocation
- Section 7-27-9 NMSA 1978, Severance Tax Bonds
- Section 13-6-2.1 NMSA 1978, Public Property Dispositions
- Section 15-3B-6 NMSA 1978, State Construction Project Approvals
- Section 15-3B-8 NMSA 1978, State Property Acquisitions
- Section 15-3B-17 NMSA 1978, Capitol Buildings Repair Fund
- Section 15-7-11 NMSA 1978, Risk Management Division Fund Transfers
- Section 16-2-9 NMSA 1978, State Park Concession Contracts

- Section 21-1-21 NMSA 1978, Capital Expenditures of State Educational Institutions
- Section 21-1-24 NMSA 1978, Graduate Program Approvals

Users/Clients:

- Governor
- Lieutenant Governor
- State agencies and Institutions
- Legislature
- Judiciary
- Public
- Media
- Bondholders
- Bond rating agencies
- Local governments seeking financial information of the State of New Mexico
- Other states and national organizations
- Local Governments
- Tax Increment Development Districts
- State Board of Finance members

Activities:

- Contribute to consensus revenue estimating group, prepare revenue estimates for use in budget preparation, track and report general fund revenues and cash balances
- Review and approve contracts, joint powers agreements, and bond refunding's
- Represent the Executive branch on a variety of boards and commissions

- Assist agencies and policy makers in the planning, development, and preparation of budget requests, and approval of operating budgets
- Prepare the Executive Budget Recommendation and Capital Budget
- Provide information and recommendations on policy, legislative and budgetary issues
- Monitor agency budget and program activities throughout the year to assure compliance with statutes and Executive policies and regulations
- Coordinate with agencies regarding strategic planning, program identification, and establishing relevant performance measures under the Accountability in Government Act
- Develop and implement the Governor's Performance Review recommendations
- Ensure compliance with the State Budget and Accountability in Government Acts
- Review submissions for State Board of Finance meetings for legal and policy considerations, and brief members in preparation for meetings
- Manage the State's General Obligation and Severance Tax Bonding programs, including capacity calculation, State mill levy analysis, bond issuance, assessing project readiness, bond proceed accounting, providing guidance on use of proceeds, and maintaining bond records
- Manage State contractual relationships for fiscal agent banking services, custody banking, bond counsel, disclosure counsel, arbitrage calculation, and financial advisor
- Track and reconcile State Board of Finance emergency loan and private activity bond activity
- Exercise State Board of Finance oversight of the State Treasurer's Office through State Treasurer's Investment Committee, regular reporting, and approval of Investment Policy and Broker/Dealers

- Record, edit, audit, report and archive all financial transactions for DFA, in compliance with all applicable state and federal laws and regulations and with generally accepted accounting principles.
- Prepare budget requests, operating budgets, and budget adjustment requests for DFA
- Administer the Governor Exempt Salary Plan

Benefits to New Mexicans:

- Sound fiscal data and advice to the Executive Branch and Legislature
- A budget that is developed with sound revenue estimates
- Efficient allocation and use of state resources toward needed public projects
- Increased transparency and public confidence with deposits and investments of state money
- Timely access to public project funds at low interest cost for the State
- Greater legal protections for local governments, school districts, and higher educational institutions in real property transactions
- Provide New Mexicans with greater accountability for capital projects and streamline the processes to increase efficiency
- Responsive and sound legal counsel for DFA divisions and other agencies
- Timely responses to news media and public requests
- Compliance with Inspection of Public Record Act requests

| <i>Goal Provide timely sound and credible analysis and make budget and policy recommendations that are useful for decision makers</i> | | |
|--|--|---------------------------|
| <i>Objective</i> | <i>Measure</i> | <i>FY19 Target</i> |
| 1.1 Under the Secretary’s guidance, work with State Budget Division to provide a timely and balanced Executive budget. | General Fund reserves as a percent of recurring appropriations | 10% |
| 1.2 Provide accurate consensus revenue estimates | Error rate for the 18 month General Fund revenue forecast, non-oil and gas revenue and corporate income taxes | 3%(+/-) |
| | Error rate for the 18 month General Fund revenue forecast, oil and gas revenue and corporate income taxes | 3%(+/-) |
| 1.3 Produce a timely and balanced Executive budget document | Number of formal and informal trainings conducted by the state budget division | 3 - 5 |
| 1.4 Review and monitor capital outlay projects | Percent of capital outlay appropriations reviewed by the capital outlay bureau per Executive Order 2013-006 by the deadline established by the state board of finance for the upcoming bond sale | 100% |
| <i>Strategic Actions</i> | | |
| <ul style="list-style-type: none"> • Establish Executive budget guidelines to be used in recommendations to the Governor. • Prepare timely updated revenue consensus estimates. • Monitor the appropriate level of fund balances to be held at the fiscal agent subject to earnings credits to ensure State balances earn as much as possible when risks are equal. • Assist with the capital fund allocation process by providing information on best practices with respect to use of bond proceeds. | | |

2. COMMUNITY DEVELOPMENT, LOCAL GOVERNMENT ASSISTANCE AND FISCAL OVERSIGHT

The purpose of the Community Development, Local Government Assistance and Fiscal Oversight program is to assist local government entities, local representatives, and citizens with the appropriate use of public funds and strengthen their ability to better serve New Mexico communities to improve their quality of life.

The Local Government Division (LGD) provides administrative and technical support to local entities throughout the State of New Mexico. LGD currently has 41 FTE with a total budget of \$50,694.7, which includes other state and federal funding sources in addition to general fund revenue.

Statutory Authority:

- Section 3-56-1 through 3-56-9 NMSA 1978 (Regional Planning Act)
- Section 3-7-11 through 3-7-12 NMSA 1978 (Municipal Boundary Commission)
- Section 4-58-1 through 4-58-6 NMSA 1978 (Planning District Act)
- Section 6-6-1 through 6-6-12 NMSA 1978 (Budget and Finance Bureau)
- Section 9-6-5.1 NMSA 1978 (DFA Planning Duties)
- Section 11-6-1 through 11-6-9 NMSA 1978 (New Mexico Community Assistance)
- Section 11-6A-1 through 11-6A-6 NMSA 1978 (DWI Grant Program)
- Section 63-9D-1 through 63-9D-20 NMSA 1978 (Enhanced 911)
- Section 66-8-116.3 NMSA 1978 (Juvenile Adjudication Fund)
- U.S. Housing and Community Development Act of 1974 (CDBG Grant Program)
- Section 34-14-1 NMSA 1978 (Civil Legal Services Fund)
- Laws 2008, Chapter 83 and Chapter 92 (Capital Outlay)
- Laws 2009, Chapter 5, Chapter 125, and Chapter 128 (Capital Outlay)
- Laws 2010, Chapter 4 and Chapter 105 (Capital Outlay)

- Laws 2011, Chapter 183 (Capital Outlay)
- Section 4-61-1 through 4-61-3 NMSA 1978 (Small Counties Assistance Fund)
- Section 29-13-1 through 29-13-9 NMSA 1978 (LEPF)
- Section 7-37-1 through 7-37-8 NMSA 1978 (Property Tax and Yield Control)
- Section 6-15-2 NMSA 1978 (General Obligation Debt)
- Section 6-4-1 NMSA 1978 (Capital Programs)

Clients/Users:

- Governor
- Lieutenant Governor
- Legislature
- Local governments, tribes, and pueblos
- State Agencies
- Public
- Councils and Commissions
- Non-Profit and For Profit Organizations

Activities:

- Provide budget and fiscal oversight of local public bodies, and technical support to entities experiencing issues with audits and financial reporting
- Certify property tax rates statewide
- Administer federal Community Development Block Grant program and staff the Community Development Council
- Administer local capital outlay projects authorized by the legislature
- Administer E911 Program benefitting state and local public safety answering points
- Administer LDWI Grant Program and staff the LDWI Council

- Oversee funding for teen courts from the Juvenile Adjudication Fund
- Manage local Infrastructure Capital Improvement Plan (ICIP) process
- Manage contracts for Civil Legal Services and staff the Civil Legal Services Commission
- Assist the administratively-attached Acequia Commission and Land Grant Council
- Manage the Tribal Infrastructure Fund
- Oversee funding of the Acequia & Community Ditch Education Program

Benefits to New Mexicans:

- Strong fiscal accountability in local governments
- Allow better planning around capital infrastructure needs
- Grantees/contractors receive reimbursements on a timely basis
- Appropriate E911 equipment to operate effective and efficient emergency response systems
- Provide funding for infrastructure needs statewide
- Improve health and safety of communities through the DWI and E911 programs

GOALS, OBJECTIVES, STRATEGIC ACTIONS AND PERFORMANCE MEASURES

| <i>Goal 1. Provide effective assistance to local entities and grantees</i> | | |
|--|---|----------------------------|
| <i>Objective</i> | <i>Measure</i> | <i>FY 18 Target</i> |
| 1.1 Enhance the quality of local entity budgets and financial reports by providing on-site visits or training to counties, municipalities, and special districts | Number of counties and municipalities LGD assisted during the fiscal year to resolve audit findings and diminish poor audit opinions | 5 |
| | Percent of county, municipal, and special districts financial reports submitted timely and complete that are reviewed by LGD budget analysts within 45 days | 95% |

Goal 2. Make funds available on a timely basis and provide timely and accurate processing of pay requests

| <i>Objective</i> | <i>Measure</i> | <i>FY19 Target</i> |
|---|--|--------------------|
| 2.1 Make grant awards in a timely manner for special appropriation programs, capital projects, and Community Development Block Grant allocations | Percent of complete and accurate grantee payment requests processed by both the program managers and fiscal services staff within ten working days from date stamp of receipt in LGD | 97% |
| | Percent of county and municipality budgets approved by the local government division of budgets submitted timely | 90% |
| 2.2 Ensure capital projects are fully planned, having addressed operating and maintenance costs, corresponding revenue sources and which are ready to begin | Percent of capital grant agreements, not restricted by state board of finance special conditions, issued within sixty days from availability of funds | 95% |
| | Percent of capital outlay appropriations, assigned to LGD and required to submit annual audits to the state auditor reviewed within 60 days | 95% |

3. FISCAL MANAGEMENT AND OVERSIGHT

The purpose of the Fiscal Management and Oversight Program is to provide for and promote financial accountability for public funds throughout state government and provides state agencies and the citizens of New Mexico with timely, accurate, and comprehensive information on the financial status and expenditures of the state. This is accomplished by clearly communicating required fiscal management practices, providing processes and instruction, training and coaching agencies when needed, and ensuring agencies have the skills and resources to provide necessary financial accountability.

FCD currently has 64 FTE and a budget of \$77,786.1, which includes other state sources as well as general fund.

Fiscal Management and Oversight Program consists of the following division:

Statutory Authority:

- Section 6-5-1 through 6-5-11 NMSA 1978, as amended
- Section 9-6-3(A) NMSA 1978, as amended

Clients/users:

- State agencies
- New Mexico citizens
- Legislature
- Vendors doing business with the State
- Bond holders
- Bond rating agencies

- Any other individual interested in financial information on the State

Activities:

- Fiscal oversight, including pre-auditing, post-auditing, supervising, monitoring and controlling the financial activities of the State's agencies
- Processing, recording, summarizing, and reporting financial transaction information
- Central processing of payroll for all state employees
- Central disbursement of cash to vendors
- Central budgetary control
- Accounting for cash receipts
- Allocation of appropriations from the State General Fund
- Producing interim financial reports for funds
- Monthly reconciliation of cash to the State Treasurer's financial reports
- Annual production and audit of the State of New Mexico Comprehensive Annual Financial Report (CAFR)
- Filing information returns with the Internal Revenue Service and the Social Security Administration
- Review and approve professional services contracts for all state agencies

Benefits to New Mexicans:

- Accurate and timely financial reports
- Quality information for management decisions
- Greater efficiency in professional services contracting for all state agencies

GOALS, OBJECTIVES, STRATEGIC ACTIONS AND PERFORMANCE MEASURES

| Goal 1. Improve financial control outputs and outcomes by creating a culture of getting things done | | |
|---|---|---------------------|
| <i>Objective</i> | <i>Measure</i> | <i>FY 18 Target</i> |
| 1.1 Provide reliable tools to the end-users of SHARE, including well engineered and linked processes that produce desirable, predictable results. | Percent of bank accounts reconciled that were error free | <i>90%</i> |
| | Percent of bank accounts reconciled on an annual basis | <i>100%</i> |
| | Percent of payroll payments to employees made by the scheduled payday | <i>100%</i> |
| | Percent of vouchered vendor payments processed within five working days | <i>95%</i> |
| | Date of submitting the annual statewide cost-allocation plan for federal approval | <i>Explanatory</i> |
| | Percent of contracts rejected due to lack of all required elements for a complete contract | <i>Explanatory</i> |
| 1.2 Implement processes to effectively and efficiently operate SHARE. | Length of time to issue the comprehensive annual financial report after the end of the fiscal year, in months | <i>Explanatory</i> |
| <i>Strategic Actions</i> | | |
| <ul style="list-style-type: none"> • Train agencies on how to verify the data they enter into SHARE. • Cross train key employees and retain key employees. • Monitor cash reconciliations to determine agencies' data entry errors, communicate the errors to the agencies, and ensure that the agencies correct the errors. • For the purpose of effectuating process reengineering and enhancements to SHARE, provide project support staff to agencies. • Complete cash reconciliations. • Process payroll. • Process vendor and employee payments. • Image all financial documents generated by the state agencies. • Administer (monitor and operate) the SHARE system. | | |

Clients/users:

- DFA employees
- All State Agencies
- Local Governments
- Public

Activities:

- Technical assistance to all users of the State’s SHARE system through the SHARE help desk
- Assistance with DFA’s internal databases, IT hardware and software, and internet and intranet

Benefits to New Mexicans:

- Support DFA in all of DFA’s missions.

GOALS, OBJECTIVES, STRATEGIC ACTIONS AND PERFORMANCE MEASURES

| <i>Goal 1. Provide Technical Support and Training</i> | | |
|--|--|------------------------------------|
| <i>Objective</i> | <i>Measure</i> | <i>FY19 Target/Internal</i> |
| 1.1 Provide Infrastructure, Server, Desktop, and Application Support to DFA employees and its customers. | Completion of Helpdesk tickets | 80% |
| | Timely manner Helpdesk tickets are closed. | 80% |

| | | |
|---|---|--|
| 1.2 Provide Technical Guidance Support and Training to all DFA Employees | Working with DFA employees on understanding and fully utilizing their equipment and applications to the best of their ability. | 95% |
| | Work with DFA Divisions on development of project plans and implementation of items relevant to the DFA Strategic Plan on a case by case basis in coordination with appropriate funding | <i>Successful implementation of valid contractual projects</i> |
| 1.2 Provide Application support and Training to all users in Share Financial and HCM | Completion of Helpdesk tickets | 90% |
| | Timely manner Helpdesk tickets are closed. | 90% |
| | | |
| <i>Strategic Actions</i> | | |
| <ul style="list-style-type: none"> • Respond to employee helpdesk tickets • Assist employees in making their work more efficient and quicker • Train IT Employees in necessary areas • Provide training to DFA and state employees. | | |

| | | |
|--|--|------------------------------------|
| <i>Goal 2. Modernize applications.</i> | | |
| <i>Objective</i> | <i>Measure</i> | <i>FY19 Target/Internal</i> |
| 1.1 Make sure applications (developed and purchased) that are being used are compatible with the latest technology and security. | Verify all servers have the appropriate patches and are secure based upon latest recommendations from vendors. This accomplished based upon our scheduled process and vendor recommendations. | 98% |
| | Verify all software have the appropriate patches and are secure based upon latest recommendations from vendors. This accomplished based upon our scheduled process and vendor recommendations. | 98% |

Strategic Actions

- Determine which applications need to be updated.
- Create an online application for Capital Projects, ICIP, Board of Finance Bond Tracking, and existing ORACLE database in LGD
- Create an online application for the BRS system
- Begin Phase II for LGBMS

4. PROGRAM SUPPORT

The purpose of Program Support is to provide all Department of Finance and Administration programs with central direction to agency management processes to ensure consistency and financial integrity. Program Support currently has 11 FTE with an operating budget of \$903.0.

Program Support consists of the following division:

Administrative Services Division

Statutory Authority –

- Section 9-6-5 through 9-6-5.1 NMSA 1978

Clients/users:

- DFA managers and employees
- Administratively attached organizations
- State agencies

Activities:

- Record, edit, audit, report, and archive all financial transactions for DFA in compliance with all applicable state and federal laws and regulations and with generally accepted accounting principles
- Prepare budget requests, operating budgets, and budget adjustment requests for DFA

- Implement human resources-related State Personnel Board rules, federal and state laws, and internal policies and procedures
- Process biweekly payroll for DFA
- Administer employee benefits
- Facilitate staff recruitment and retention initiatives for all DFA Divisions
- Consult with managers and employees on human resource matters

Benefits to New Mexicans:

- Increased internal performance, accounting accuracy, and program efficiency

GOALS, OBJECTIVES, STRATEGIC ACTIONS AND PERFORMANCE MEASURES

| <i>Goal 1. Provide exemplary service through accurate and timely processing of fiscal transactions, accurate and timely financial information, and successful recruitment and retention</i> | | |
|--|--|---------------------------|
| <i>Objective</i> | <i>Measure</i> | <i>FY19 Target</i> |
| 1.1 Provide accurate and timely financial information that is used by management to drive results in key areas of operations | Percent of major fund reconciliations completed as an internal control within twenty-one days after the official closing of the books each quarter | 95% |
| | Percent of prior-year audit findings resolved/improved | 80% |
| <i>Strategic Actions</i> | | |
| <ul style="list-style-type: none"> • Develop best financial practices (regarding ledger reconciliation, transaction review and account verification) that maximize SHARE system capabilities and provide current information to management at all times. • Train staff to utilize the full functionality of SHARE and to create unique queries and SQL statements. | | |

- Utilize month-end checklist for all funds.