



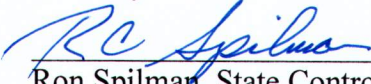
STATE OF NEW MEXICO
DEPARTMENT OF FINANCE AND ADMINISTRATION
FINANCIAL CONTROL DIVISION
407 GALISTEO STREET
BATAAN MEMORIAL BUILDING, ROOM 166
SANTA FE, NEW MEXICO 87501
(505) 827-3682 FAX (505) 827-3692

Susana Martinez
Governor

Thomas Clifford, PhD
Cabinet Secretary

Ronald C. Spilman
State Controller
Director

MEMORANDUM

DATE: February 24, 2016
FROM: 
Ron Spilman, State Controller
TO: All State Agency Payroll and Personnel Administrators and Chief Financial Officers
SUBJECT: Adequacy of the Time Approval Review and Deadline Compliance;
Revisions to the Manual Payroll Request and Additional Pay Processes

Accurate Time Reporting and the Importance of Thorough and Thoughtful Supervisor Review

Employees are accountable for accurately recording and punctually submitting their time statements. Managers and supervisors must approve employees' time by the established Department of Finance & Administration (DFA) deadline; failure to do so may result in delayed state-wide payroll disbursement. Under statute (NMSA 10-9-17), "no person shall make or approve payment for personnel services to any person unless the payroll voucher or account of the pay is certified by the director that the person being paid was employed in accordance with the Personnel Act." Time approval, which is described in greater detail in the state's Model Accounting Practices (HR 4.1), is the means to certify employee payment. Time approval by the Manager is a fundamental control; the act of approval documents that the transaction has been thoroughly and thoughtfully reviewed and certified as accurate. Unfortunately, the frequency and types of errors being encountered place the validity of this assumption in doubt. Therefore, we seek agency and time approver assistance to ensure all time is approved by the deadline and approved time is accurate.

Close Schedule

We continue to struggle securing approval of time and exceptions by the close of business on Monday. A contributing factor in missing the deadline is that some agencies are waiting until Monday to initiate the time approval process. We remind agencies that time should be approved by the close of business on Friday and that Monday should be reserved to address exceptions that occurred on Friday and any other required adjustments. Limiting Monday approval actions to this activity will enable all agencies to meet the close deadline. While we currently do not plan to accelerate the time close schedule, this remains an option if we encounter recurring problems meeting the deadline to transmit payroll files to the bank.

Time Corrections and Manual Payroll Requests

The increased frequency and quantity of manual payroll warrant requests is diverting Central Payroll resources from necessary systems monitoring and maintenance activities. A review of the requests suggest

that most corrections could be avoided, and should have been identified and addressed during the approval process. Diverting Central Payroll's limited staff to address corrections jeopardizes the health of the payroll process and will not be supportable once we are fully engaged with the SHARE 9.2 upgrade. Therefore, the following changes shall be implemented immediately:

- Manual payroll requests should only be submitted and shall only be processed if the employee did not get paid for actual hours worked up to 80 hours. All other corrections should be held and processed during the next bi-weekly payroll cycle.
- As a prerequisite to be considered for processing, agencies will be required to identify and document the cause of the error, how it could have been avoided, and steps to be taken to prevent future occurrences.

Since ultimate responsibility for implementing internal controls designed to prevent accounting errors and violations of law rests with the Agency Head, frequent errors and corrections will be brought to the attention of the Department Head to ensure awareness, and to solicit additional proactive attention.

Request Form Submission Deadline Revision (Additional Pay, Deductions, Refunds, TLV)

Due to the increasing number of submitted Additional Pay Requests at the processing deadline, and to ensure all requests are thoroughly reviewed and processed in the next payroll, we are revising the timing for submission from Friday at 12:00PM on Pay Period End Date to **Thursday at the close of business on the Pay Period End Date**. Agencies can further assist Central Payroll by submitting Additional Pay Requests throughout the processing period in lieu of submitting the entire batch at or near the deadline.

Please contact me if you have questions related to this memorandum.

Thank you.

xc: Cassandra Hayne, SHARE Deputy Director
Duffy Rodriguez, DFA Deputy Cabinet Secretary