

1 SENATE BILL 107

2 **53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

3 INTRODUCED BY

4 Sander Rue

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10 AN ACT

11 RELATING TO AUDITS; REQUIRING POST-CONTRACT AUDITS OF STATE
12 AGENCY CONTRACTS WITH PAYMENTS OF TEN MILLION DOLLARS
13 (\$10,000,000) OR MORE.

14
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

16 SECTION 1. Section 13-1-160 NMSA 1978 (being Laws 1984,
17 Chapter 65, Section 133) is amended to read:

18 "13-1-160. AUDIT OF COST OR PRICING DATA--POST-CONTRACT
19 AUDITS OF STATE AGENCY CONTRACTS.--

20 A. A state agency or a local public body may, at
21 reasonable times and places, audit the books and records of any
22 person who has submitted cost or pricing data, to the extent
23 that [~~such~~] the books and records relate to [~~such~~] the cost or
24 pricing data. Any person who receives a contract, change order
25 or contract modification for which cost or pricing data [~~is~~]

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1 are required shall maintain books and records that relate to
2 [~~such~~] the cost or pricing data for three years from the date
3 of final payment under the contract unless a shorter period is
4 otherwise authorized in writing.

5 B. When a state agency has paid a single contractor
6 ten million dollars (\$10,000,000) or more in contract payments,
7 at the termination of the contract or contracts pursuant to
8 which the payments were made, a post-contract audit shall be
9 performed. The post-contract audit shall be:

10 (1) of the books and records of the contractor
11 and state agency that relate to the contract payments;

12 (2) for the purpose of ensuring that the scope
13 of services, work plan or other deliverable under the contract
14 or contracts was properly performed and that the payments for
15 that performance were appropriate and within the terms of the
16 contract or contracts and the laws and rules governing the
17 state agency;

18 (3) paid by the audited contractor; provided
19 that the cost of the post-contract audit is reasonable for the
20 scope of the audit;

21 (4) performed by the state auditor, personnel
22 of the state auditor's office designated by the state auditor
23 or independent auditors approved by the state auditor; and

24 (5) conducted in accordance with generally
25 accepted auditing standards and rules issued by the state

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auditor."

SECTION 2. APPLICABILITY.--The provisions of this act apply to contracts made or entered into on and after July 1, 2017.

SECTION 3. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2017.