

GUIDANCE ON STATUTORY DEPOSIT REQUIREMENTS



September 2019

WHAT ENTITIES ARE SUBJECT TO THE “24-HOUR DEPOSIT RULE”?



The Office of the State Auditor (OSA) interprets [NMSA 1978, Section 6-10-3](#) commonly referred to as the “24-hour deposit rule” as applicable to all entities in the state who receive public funds and are subject to the Audit Rule.

STATUTORY SUPPORT

In general, the “24-hour deposit rule” requires all public money received by any state official or agency, “unless otherwise specified by statutory exception,” be deposited into the state treasury before the close of the next succeeding business day after the receipt of the money. NMSA 1978, Section 6-10-3.

The OSA’s interpretation concerning applicability of the 24-hour deposit rule is supported by [NMSA 1978, Section 6-10-51](#), which broadly defines public money as, “[a]ll moneys, whether belonging to the state of New Mexico or to any county thereof, or to any city, town, village, municipal school district, union high school district, independent rural school district, rural school district or to any other special or other district, board of [or] institution, when lawfully in the possession or custody or under the control of the state treasurer, or of any county, city, town or village treasurer, or of any person acting as treasurer of any board in control, shall be considered to be moneys of and belonging to the state of New Mexico, or of the county, city, town, village or board in control for which such treasurer or person so in possession lawfully acts.”

LAWFUL EXCEPTIONS

The OSA recognizes the specific and limited exceptions to the 24-hour deposit rule set forth in paragraphs A through D of NMSA 1978, Section 6-10-3 and [Section 6-10-36.1](#), which states “[a] municipality or village having within its boundaries no suitable banking facility in which to deposit collected receipts of public money shall deposit receipts within a period not to exceed five days from the date of collection, except when inclement weather or natural disaster conditions exist, in which case the period is extended to ten days; provided the municipality or village adopts a reasonable administrative policy approved by the local government division of the department of finance and administration establishing procedures for the safeguarding of the public funds prior to deposit.”

RECOMMENDATIONS

The OSA recommends governmental entities of all sizes review their policies and procedures to ensure controls over cash and cash receipts are in place and comply with the OSA’s interpretation of the “24-hour deposit rule” to aid in the prevention of theft and fraud.

It is the opinion of the OSA that, in addition to any statutory violations, failure to make cash deposits within 24 hours presents an

opportunity for risk and recommends the statute be applied to all governmental entities of the state of New Mexico who receive and expend public money and are subject to the Audit Act per its interpretation. Failure to comply may result in an audit finding.

- ⇒ Maintain proper supporting documents of cash receipts
 - ◇ Duplicate deposit slips
 - ◇ Cash register tapes
 - ◇ Cash receipt logs
- ⇒ Develop and enforce segregation of duties in cash handling procedures
- ⇒ Utilize tamper proof bank bags for cash collected