

Office of the State Controller

Alert # 172



TO: Controllers and Chief Fiscal Officers of State Departments
 And Higher Education Institutions and Boards

FROM: Leslie M. Shenefelt *Leslie M. Shenefelt*
 State Controller

DATE: September 14, 2007

SUBJECT: Financial Statement Presentation of COF Stipends related to Summer Session
 New Staff in the Office of the State Controller
 Purchase Order Roll/Lapse Problem
 Revised Fiscal Rule 5-1 "Travel" Effective October 1, 2007
 Updated Benchmark Report

Financial Statement Presentation of COF Stipends related to Summer Session

The Office of the State Controller is approving an additional standard presentation entry to those listed in Chapter 3, Section 5 of the Fiscal Procedures Manual (page 164). The deferred revenue and related receivable for College Opportunity Fund (COF) stipends for the FY08 portion of the summer session that students confirmed eligibility for in FY07 may be presented on the Institution's stand-alone financial statements. However, the deferred revenue and related receivable shall be eliminated on the State's financial statements. The presentation adjustment is necessary to properly reflect conflicting statutory requirements under different reporting perspectives. From the institution's reporting perspective, C.R.S. 23-18-202 (5) (a) entitles it to the stipends and validates the receivable. However, from the State's perspective, COF does not have the ability to record the payable under its legal funding mechanism, thus invalidating the receivable at the institutions. In order to facilitate reporting at the State level, prepare a COFRS only entry in fund 399 to eliminate the applicable deferred revenue and associated receivable. On the Exhibit J, display the entry in the presentation column to reconcile the institution's account balances to the State.

This information was previously distributed via e-mail on July 24, 2007. Please contact your FAST member if you have any questions.

New Staff in the Office of the State Controller

Kevin Edwards joins the OSC as its new Contracts Manager. Kevin previously worked at the Division of Wildlife at Department of Natural Resources, and he has also worked at Labor and Employment. Welcome Kevin!

Purchase Order Roll/Lapse Problem

Background:

On July 17, 2007, COFRS staff reported that the COFRS purchase order roll process from Fiscal Year 2006-07 into Fiscal Year 2007-08 did not work as intended. As a result, it appears that some encumbrances at the close of Period 12 (PO documents used by the EAP module and OE, PC, PD, PG, and SC documents used by the EPS module) that had a blank in the Roll Action field of the PORL table were lapsed rather than rolled into the new year. Encumbrances that carried an "R" or an "L" in the Roll Action field on PORL table at the close of Period 12 were appropriately lapsed or rolled according to the agency's directions.

State Financial Statement Effect:

In order to determine the correct fiscal year end reserve for encumbrances in the Capital Projects fund category (FCAT C1) the Office of the State Controller (OSC) compares the encumbrances in funds 461, 462, and 463 immediately prior to the Period 12 close to the matching encumbrance at the close of Period 1 in the following fiscal year. The match is done based on the document ID, and the OSC reports the lesser of the two amounts as the year end reserve for encumbrances. This treatment presumes that any reduction in an encumbrance in Period 1 that was rolled forward from the prior fiscal year should be reported in the financial statements at the new lower encumbrance amount. As a result, the calculation of the ending reserve for encumbrances is dependent on an encumbrance having the same document ID in both years.

Instructions for Re-establishing Encumbrances:

Note that the following instructions are different for PO's than for documents used by the EPS system for encumbrances (under EPS, lapsed encumbrances document IDs are unavailable for re-use in the new fiscal year because whether lapsed or rolled the document remains on the OPPH table). For all POs in funds 461, 462, and 463, all unintentionally lapsed encumbrances must be re-established in Fiscal Year 2007-08 using the same document ID number that they carried at the close of Period 12 in Fiscal Year 2006-07. For all EPS encumbrances (OE, PC, PD, PG, and SC documents) that unintentionally lapsed, agencies should re-establish the encumbrance in Fiscal Year 2007-08 using a different document ID from the ID used in Fiscal Year 2006-07. The OSC will use the Fiscal Year 2006-07 Period 12 ending encumbrance balance to report the reserve for encumbrances related to the limited number of EPS encumbrances that unintentionally lapsed. If an encumbrance in these funds appropriately lapsed and you do not need it re-established then no action is necessary. The OSC expects that agencies will choose to use the same document ID in re-establishing encumbrances of other funds, but it is not requiring that agencies do so. All encumbrances of funds 461, 462, or 463 that are still valid must be re-established by the close of Period 1 in Fiscal Year 2007-08. The OSC is not setting a deadline for re-establishing encumbrances of funds other than those in 461, 462, or 463.

This information was previously distributed via e-mail on July 18, 2007. Please contact your FAST member if you have any questions.

Revised Fiscal Rule 5-1 "Travel" Effective October 1, 2007

The new Fiscal Rule 5-1 "Travel" has completed the adoption process and will be effective October 1, 2007. In addition, Executive Order D 021 07 (attached) has been issued modifying the original Order removing the provision requiring receipts for meal reimbursement. The new Rule can be found on the Office of the State Controller's web site. A Frequently Asked Questions document is included in this Alert to clarify some of the Rule's provisions.

Updated Benchmark Report

The latest benchmark report including the state comparative results has been posted to the OSC's website. It can be accessed at www.colorado.gov/dpa/dfp/sco under the "What's New" button in the lower right corner, or under "Benchmarking" within the "Authoritative Guidance" section.

**Department of Personnel and Administration
Office of the State Controller
New State Travel Rule
Frequently Asked Questions**

What is the Intent of the new Incidental Per Diem?

The intent of the incidental per diem is to cover certain incidental immaterial expenses employees may incur while traveling that are not specifically covered in another part of the Fiscal Rule. This can include such things as personal phone calls, cost of travel to obtain meals, or optional incidental tips such as for bell hop and maid service, snacks, etc. It is not intended to cover items specifically not allowed per Rule. It recognizes that there may be additional expenses a traveler must pay related to taking an overnight trip that would not be incurred if the employee was not traveling and that cannot be itemized as allowable in Rule. These items tend to be small and tracking and itemizing them is not administratively cost effective. Allowing an incidental per diem also brings the state more in line with the Federal per diem rates.

If certain incidental tips are to be included in the Incidental Per Diem, what tips are allowed to be itemized and reimbursed?

The intent of the rule is to allow the itemized reimbursement of reasonable tips associated with obtaining various forms of commercial transportation. It is customary to tip various porters at airports for curbside check in, taxi cab drivers, commercial van drivers, and rental car van drivers for handling luggage. Some airlines now charge travelers for curbside check-in. In some instances, travelers have little choice except to use these services. On out-of-state trips utilizing airline travel, these tips can exceed what could reasonably be called "incidental" and; therefore, are allowed to be itemized and reimbursed as a separate cost. Only tips directly associated with commercial transportation are allowable as separate itemized reimbursable costs. All other types of tips are covered by the incidental per diem or the meal per diem. The State Travel Management Program web site (DPA homepage and then DCS) has a Tip Etiquette page for travelers and accounts payable staff to use as a guideline when determining what constitutes a reasonable tip.

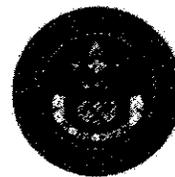
What is the intended use of travel advances and when should one be issued?

The intent of a travel advance is to avoid use of personal funds to pay for official State business travel. Other payment mechanisms provided through the State Travel Management Program are to be utilized whenever possible. It is the expectation that a travel advance is the choice of last resort for a traveler. Departments may establish policies and guidelines on the use of travel advances to meet their specific circumstances. Again, employees traveling on official State business should not be required to initially finance the trip from their personal resources particularly out-of-state trips requiring significant out-of-pocket expenses.

STATE OF COLORADO

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Bill Ritter, Jr.
Governor

D 021 07

EXECUTIVE ORDER

EFFICIENT MANAGEMENT OF STATE EMPLOYEE TRAVEL EXPENSES

Pursuant to the authority vested in the Office of the Governor of the State of Colorado, I, Bill Ritter, Jr. Governor of the State of Colorado, hereby issue this Executive Order amending Executive Order D 005 03, addressing state employee travel expenses.

1. Background and Purpose

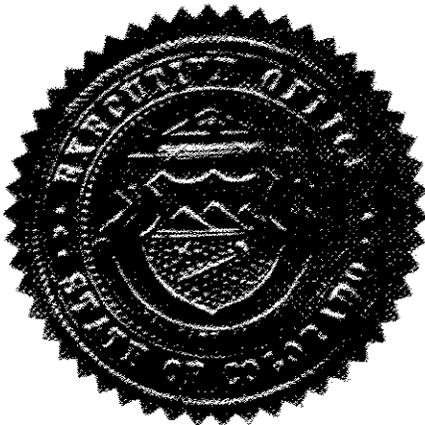
Executive Order D 005 03 ("Concerning State Employee Travel") established policies and procedures intended to reduce expenses for state employee travel. One element of that Order required the Department of Personnel and Administration to develop rules requiring submission of receipts for reimbursement of per diem allowances unless the travel purchases were approved in writing. This policy has caused large administrative cost increases but has produced no demonstrable savings.

2. Directive

I hereby amend Executive Order D 005 03 to eliminate the third paragraph of section 2(A), which required that state employees submit receipts for reimbursement of state travel per diem allowances.

3. Duration

This Executive Order shall remain in force until modified or rescinded by further executive order of the Governor.



GIVEN under my hand and the
Executive Seal of the State of
Colorado, this 28th day of August,
2007.


Bill Ritter, Jr.
Governor