

# Office of the State Controller

## Alert # 181



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

FROM: David J. McDermott, State Controller *DJM.*

DATE: November 10, 2008

SUBJECT: 2008 Reporting for the Financial Responsibility and Accountability Act  
External Bank Account Reminder  
FAST Assignments  
Management Representation Letters  
Six-Month Rule for Delayed Capital Construction Projects  
Fiscal Rule 5-1 Filing  
Use of Bank Cards for Travel  
Temporary Work Location

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### 2008 Reporting for the Financial Responsibility and Accountability Act

The annual compliance statements related to the Financial Responsibility and Accountability Act will soon be distributed via email to the Executive Directors and/or Presidents of Institutions of Higher Education required to report under the act. The statements with original signature (paper copy) are due to the Office of the State Controller (OSC) and the Office of the State Auditor by December 31<sup>st</sup>. Any questions should be addressed to your FAST representative.

### External Bank Account Reminder

Per the requirements of CRS 24-36-103, 24-36-104 and 24-75-202, departments, institutions or agencies must obtain prior approval from the State Controller and the State Treasurer to open an external bank account. See the Fiscal Procedures Manual, chapter 7 for detailed instructions for obtaining approval for external bank accounts. In addition, please notify both offices prior to changing banking institutions for existing external bank accounts. Contact Sandy Tan, the cash manager at Treasury (303-866-3253), or your FAST representative with questions.

### FAST Assignments

FAST has shifted some agency assignments effective November 1, 2008. Agencies have already been notified if their primary FAST representative has changed. However, back-up assignments have also changed in some situations. Please review the attached FAST assignment list and contact your FAST representative with questions.

### Management Representation Letters

As audits near completion, please remember that a copy of the signed management representation letter must be submitted to the OSC. Any questions should be addressed to your FAST representative.

### Six-month Rule for Delayed Capital Construction Projects

Per statute (C.R.S. 24-30-1404 (7)) capital construction projects need to be encumbered within 6 months of authorization in order to meet the six-month rule. The six-month rule deadline for capital construction projects authorized in the Long Bill (HB08-1375) was October 28, 2008, however some of these projects were delayed by the Governor effective September 25, 2008. Section 7(e) of the above statute requires that the running of the six-month deadline be "tolled" during the delay. As a result, an agency will add the number of tolled days onto the original six-month deadline or the end date of the delay, whichever is later. The number of added days will be the lesser of the time from the delay start date to the delay end date or the time from the delay start date to the deadline end date. In any instance, the cumulative number of days available to encumber the project shall not exceed six-months whether or not the time periods are consecutive. If the agency/institution cannot meet this new deadline, they should request a six-month rule waiver from the Capital Development Committee.

### Fiscal Rule 5-1 Filing

The proposed changes to Fiscal Rule 5-1 were filed with the Secretary of the State on October 31, 2008. For more information, please go to the OSC website at: <http://www.colorado.gov/dpa/dfp/sco/FiscalRules/fiscalrulesfiling.htm>. Any comments must be submitted through the formal hearing process. Please contact Bob Jaros with questions at [bob.jaros@state.co.us](mailto:bob.jaros@state.co.us) or 303-866-3765.

### Use of Bank Cards for Travel

Along with other changes included in Fiscal Rule 5-1, the filing clarifies the State Controller's position on the use of state bank cards for travel purposes. Specifically, it mandates the use of the state issued Travel Card by individual travelers and prohibits the use of the Central Travel Card (Event Card) by individual travelers. This clarification is being included in the travel fiscal rule because of the unique attributes of each card. The State Travel Card carries individual liability and taxable treatment of expenditures while the Event Card carries corporate (state) liability and tax exempt treatment of expenditures. The Central Travel Card also carries a credit limit up to \$7,500 that if issued to a state employee would effectively allow that employee to commit the state without approval for amounts in excess of the commitment voucher requirements in Fiscal Rule 2-2. Please review your agency's travel policy in light of this proposed fiscal rule clarification, and provide your input to the fiscal rule hearing process.

## Temporary Work Location

A significant change is being proposed in the area of commuting to a temporary work location. Recent IRS updates to revenue ruling 99-7 have occurred related to the taxability of reimbursements for commuting mileage. These updates require different treatment of reimbursements made to employees for mileage traveled to temporary work locations within the same "metropolitan area." The proposed change to this section of Fiscal Rule 5-1 follows:

### **11.1 Travel to a temporary work location**

**11.2.1 Reimbursement not resulting in W2 income** - A traveler may be reimbursed for transportation expenses to a temporary work location as an IRS qualified reimbursable nontaxable travel expense only if:

11.2.1.1 The temporary work location is outside the metropolitan area of both the traveler's residence and traveler's regular work location, and

11.2.1.2 The traveler normally lives and works in the same metropolitan area. If the traveler normally lives in one metropolitan area and commutes to his or her normal work location that is outside that metropolitan area, then the traveler cannot be reimbursed for transportation expenses to a temporary work location.

**11.2.2 Reimbursement resulting in W2 income** – The maximum miles that a State Agency or Institution of Higher Education may reimburse a traveler is the positive number of miles between the traveler's residence and the temporary work location less the normal commuting miles from the traveler's residence to the traveler's normal work location. Such reimbursement constitutes taxable income to that traveler and must be reported to the Agency's or Institution of Higher Education's payroll office for the required tax withholding to occur.

Section 11.2.1 reflects language consistent with current IRS requirements for non-taxable commuting mileage reimbursement. Section 11.2.2 is not a requirement under current IRS regulations but is proposed in this filing to allow agencies/institutions of higher education to reimburse employees for the positive incremental commuting mileage difference an employee may incur when traveling to a temporary work location. If you have any questions or concerns, contact Bob Jaros or your FAST representative.

**Field Accounting Services Team (FAST) Agency Assignments**  
Effective 11/01/08

LYNN GABENSKI			303-866-2626
<a href="mailto:lynn.gabenski@state.co.us">lynn.gabenski@state.co.us</a>			
PUBLIC HEALTH & ENV	Tom	FAA-FMA	
COMM. COLLEGES	Trinka	GJA-GJT	
LABOR & EMPLOYMENT	Tom	CAA	
LAW	Susan	LAA	
LEGISLATIVE BRANCH	Susan	MAA-MEA	
LOCAL AFFAIRS	Tammy	NAA	
SECRETARY OF STATE	Tammy	VAA	

TAMMY NELSON			303-866-3891
<a href="mailto:tammy.nelson@state.co.us">tammy.nelson@state.co.us</a>			
HISTORICAL SOCIETY	Susan	GCA	
UNC	Lynn	GKA	
AHEC	Susan	GMA	
METRO STATE COLLEGE	Lynn	GTA	
HUMAN SERVICES	Trinka	IHA-ILF	
HEALTH CARE POLICY & FIN	Trinka	UHA	
TREASURY	Trinka	WAA-WCA	
CONTROLLER		999	

TOM GAMACHE			303-866-3890
<a href="mailto:tom.gamache@state.co.us">tom.gamache@state.co.us</a>			
FT LEWIS COLLEGE	Lynn	GSA	
WESTERN STATE COLLEGE	Susan	GWA	
ADAMS STATE COLLEGE	Susan	GYA	
MESA STATE COLLEGE	Susan	GZA	
JUDICIAL	Trinka	JXX	
MILITARY AFFAIRS	Lynn	OAA-OCA	
REGULATORY AGENCIES	Lynn	SXX	
REVENUE	Trinka	TAA-TGA	

TRINKA MULLIN			303-866-4162
<a href="mailto:trinka.mullin@state.co.us">trinka.mullin@state.co.us</a>			
AGRICULTURE	Tom	BAA	
CORRECTIONS	Tammy	CAA-CIA	
DHE/PRIV OCC ED	Susan	GAA/GPA	
CU SYSTEM	Tammy	GFA-GFE	
MINES	Tammy	GLA	
PUBLIC SAFETY	Tammy	RAA	
NATURAL RESOURCES	Susan	PXX	

SUSAN MEADE			303-866-4161
<a href="mailto:susan.meade@state.co.us">susan.meade@state.co.us</a>			
EDUCATION/CSI/CSDB	Trinka	DAA-DAC,DBA	
COLLEGE ASSIST	Tom	GDA	
CSU SYSTEM	Trinka	GGA-GGJ	
COLLEGE INVEST	Tom	GRA	
TRANSPORTATION	Trinka	HAA	
PERSONNEL	Tammy	AAA-ARA	
GOVERNOR'S OFFICE	Tammy	EAA-ESA	

FIELD ACCOUNTING SERVICES ACCOUNTANT		
BRENDA SHELINBARGER		
<a href="mailto:brenda.shelinbarger@state.co.us">brenda.shelinbarger@state.co.us</a>		
303-866-4165		

Back up persons are noted by the name in the column to the right of the agency name.