CHAPTER II

APPROPRIATION AUTHORITY

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PURPOSE:

The purpose of this chapter is to provide guidance for state agencies in the following areas related to controlled maintenance/capital construction projects:

- Record appropriations made in the annual appropriations act (Long Bill);
- Record appropriations made or adjusted in supplemental bills;
- Record appropriations made or adjusted in special bills;
- Provide guidance for state agencies regarding the capital construction "Six Months

- Record project appropriation continuations;
- Record transfers between controlled maintenance and/or emergency maintenance projects;
- Record appropriations for the Americans with Disabilities Act; and
- Establish appropriate appropriation codes.

These areas apply to both capital construction and controlled maintenance projects.

Please refer to Volume 2, Section 2, Chapters 1 through 5 of the COFRS User Reference Manual for detailed instructions on the COFRS Budgetary Module including a system overview, how to prepare and complete appropriation transactions, and budgetary reports.

DEFINITIONS:

See Chapter 1, Section 2.

SECTION 1
RECORDING THE LONG BILL

ACCOUNTING/FISCAL ADMINISTRATIVE REQUIREMENTS:

The capital construction portion of the Long Bill is effective upon passage by the General Assembly and approval of the Governor. Project appropriations are available on that date unless otherwise specified in the bill. The individual project appropriations are available until the completion of the project or for a period of three years, whichever comes first. For the purposes of monitoring the three year time limitation, the time starts on the first day the appropriation becomes available. For example, if the Governor approves the Long Bill on May 2, 2001, the calculation for the three year period begins May 2, 2001, and the project appropriations would expire on May 2, 2004. For administrative purposes only, reversions of uncommitted funds on expiring projects are not required until the fiscal year end close of the year the project expires.

Capital Construction/Controlled Maintenance projects (projects) are either appropriated in legislation (Long Bill, Supplemental Bill, or Special Bill) or come from non-appropriated funds (i.e. cash or federal funds). Projects are identified in the legislation and the Capital Development Committee (CDC) report as either capital construction or controlled maintenance. When legislation is introduced, the Field Accounting Services Team (FAST) of the SCO will get a draft copy. The FAST also obtains a copy of the CDC Report to the Colorado General Assembly containing funding recommendations. This report is published once a year during the normal legislative session and contains a brief summary of the projects (including any prior appropriations and future requests). The FAST also obtains a copy of the Prioritized Funding Recommendations report for controlled maintenance requests from the State Buildings Program (SBP) personnel. The FAST keep records of all active projects detailing project numbers, COFRS coding, original legislation authorizing the project, and the most recent legislation.

Using the CDC report, the SBP report, and the internal records, FAST reviews the legislation to determine which are new projects and which are continuing projects. Project numbers are assigned accordingly. Capital construction project numbers begin with a “P” plus four digits; controlled maintenance project numbers begin with a “M” plus five digits (three digits prior to FY98-99). All project numbers are smart coded based on the year of the original legislation.

If FAST cannot determine if a project is new or continuing they may contact the state agency for assistance. Copies of the coded draft legislation is then forwarded to state agencies. If the state agency disagrees with the assigned project numbers, they should contact FAST.

This process is followed for projects in the Long Bill. Those projects in Supplemental or Special Bills are handled differently. In those cases, verification of new and continuing projects is usually done directly with the state agency involved. Special bills normally do not identify the projects as

capital construction or controlled maintenance. Draft copies are usually not sent out due to the lower volume of projects.

When a state agency receives non-appropriated funds for a project they may call FAST directly for appropriate COFRS coding information.

The COFRS hierarchy coding is controlled by FAST and is subject to change. If you wish more information regarding this, please call your accounting specialist within FAST. The following budgetary coding, which is necessary to record a project appropriation, is determined and entered into COFRS by FAST:

- Long Bill Accumulator;
- Long Bill Group;
- Funding Source Code;
- Long Bill Line Item; and
- Project Number.

All other budgetary coding necessary or desired by a state agency is defined and entered by the state agency. These codes include:

- Appropriation code (required);
- Organization code (optional); and
- Sub-codes such as sub-object, sub-revenue, sub-organization, and/or reporting category (optional).

In order for the State Controller's Office to monitor compliance with certain statutes, all state funded capital construction projects must have an all numeric appropriation code. All other capital construction projects accounted for in the capital construction fund should have an appropriation code that begins with an alpha character.

Most new project appropriations are 100 percent restricted when initially recorded into COFRS. A Capital Construction Project Application (SC 4.1) must be completed, approved, and submitted to FAST with a state agency approved appropriation document (AP) to have the restriction released and have the funds available to expend. Information technology (IT) type projects do not require a SC4.1 and therefore do not have to be restricted when initially recorded.

Appropriation transactions require both a Level 3 (state agency) and Level 5 (FAST) approval.

PROCEDURAL FOCUS:

The SC 4.1 form is used as a support document for the following transactions:

- An initial request to release a restriction and record spending authority.
- Subsequent project spending authority requests.
- A transfer of appropriation from one project to another.

- Changes within a project not associated with appropriations.
- Requests for emergency maintenance projects.
- Any appropriation changes to projects (increases or decreases).

An AP or TA document is used as the mechanism for the following actions:

- Record an initial project appropriation.
- Release an appropriation restriction.
- Record subsequent project appropriation adjustments.
- Record a transfer between projects.
- Reduce an uncommitted appropriation to zero.

PROCEDURAL STEPS:

There are two approaches that can be followed for recording appropriations made in the Long Bill. One approach is if the state agency needs the appropriation in the year that the appropriation becomes law (signed by the Governor); and the other approach is when the appropriation is not needed by the state agency until the subsequent year.

APPROACH 1: *Appropriation Needed in Year of Approval*

Step 1: The state agency contacts FAST within two weeks of the Governor signing the Long Bill to receive the appropriate budgetary coding to create the appropriation code and record the appropriation in the current fiscal year.

Step 2: The state agency creates an appropriation code in the COFRS APP2 table and state agency requests FAST to approve the code.

Step 3: The state agency prepares an AP transaction to record the appropriation. Spending authority indicator (SAI) code "01" must be used for this action. Appropriations for other than IT projects must be 100 percent restricted.

Step 4: The state agency completes SC 4.1, when required, and obtains necessary state agency approvals. If the state agency has delegated signature authority from SBP Program (SBP) on the SC 4.1, they forward the approved SC 4.1 and AP document directly to FAST. If the state agency does not have delegated authority, they forward the completed and approved SC 4.1 and AP document to SBP. SBP approves the SC 4.1 and forwards both SC 4.1 and AP to FAST.

If SC 4.1 is submitted with the initial AP transaction in Step 3 above, the appropriation does not need to be restricted. If the SC 4.1 is completed after the initial recording in Step 3, an AP transaction to release restriction in an amount equal to the amount on the SC 4.1 must be completed, approved and submitted with the SC 4.1.

APPROACH 2: Appropriation Not Needed in the Year of Approval

Step 1: FAST totals entire capital construction Long Bill appropriations for each state agency and subtracts any project appropriations recorded under Approach 1 above. Remainder is recorded by FAST in each state agency's YYY appropriation code as a lump-sum amount detailed according to the columns in the Long Bill in the year the appropriation becomes available. SAI "01" will be used on this action.

Step 2: The state agency creates the appropriation code in the COFRS APP2 table in the new year if a new appropriation code is needed for a new project. The state agency requests FAST to approve the code.

Step 3: The state agency prepares AP transaction to record the appropriation as a carry forward in the new year using SAI code "08."

Step 4: State agency completes SC 4.1 when required and obtains necessary state agency approvals. If state agency has delegated signature authority for SBPP on the SC 4.1, they forward the approved SC 4.1 and AP document directly to FAST. If state agency does not have delegated authority, they forward the completed and approved SC 4.1 and AP document to SBP. SBP approves the SC 4.1 and forwards both SC 4.1 and AP to FAST.

If SC 4.1 is submitted with the initial transaction in Step 3 above, the appropriation does not need to be restricted. If the SC 4.1 is completed after the initial recording in Step 3, an AP transaction to release restriction in an amount equal to the amount on the SC 4.1 must be completed, approved and submitted with the SC 4.1.

SECTION 2
RECORDING SUPPLEMENTAL BILLS

ACCOUNTING/FISCAL ADMINISTRATIVE REQUIREMENTS:

Project appropriations made in supplemental bills are available at the time specified in the bill. Please refer to the ACCOUNTING/FISCAL ADMINISTRATIVE REQUIREMENTS section of Chapter 2, Section 1 for further information in this area.

PROCEDURAL STEPS:

Capital construction supplemental bills may include increases or decreases to existing projects, or it may include new project appropriations. The processes to record each of these actions are described separately.

Recording Increases to Existing Project Appropriations:

Step 1: The state agency prepares AP transaction to record the appropriation increase. Appropriation increase must be 100 percent restricted except for IT projects. SAI "03" must be used on this action.

Step 2: The state agency completes a revised SC 4.1, when required, and obtains necessary state agency approvals. If the state agency has delegated signature authority for SBP on the SC 4.1, they forward the approved SC 4.1 and AP document directly to FAST. If state agency does not have delegated authority, they forward the completed and approved SC 4.1 and AP document to SBP. SBP approves the SC 4.1 and forwards both SC 4.1 and AP to FAST.

If SC 4.1 is submitted with the initial transaction in Step 1 above, the appropriation does not need to be restricted. If the SC 4.1 is completed after the initial recording in Step 1, an AP transaction to release restriction in an amount equal to the amount on the SC 4.1 must be completed, approved and submitted with the SC 4.1.

Recording Decreases to Existing Project Appropriations:

Step 1: The state agency prepares AP transaction to record the appropriation decrease. SAI "03" must be used on this action. If the project appropriation is restricted, the restriction must be released in an amount equal to the project decrease and then the decrease can be processed.

If the appropriation is not restricted and an SC 4.1 has been processed for the full spending authority, a new SC 4.1 must be completed to reflect the decreased amount

available for the project. The SC 4.1 must be approved by the state agency and forwarded with the AP to SBP. SBP will approve the SC 4.1 and forward both the SC 4.1 and AP to the FAST.

Recording a New Project Appropriation:

Step 1: The state agency contacts FAST to receive the appropriate budgetary coding to create the appropriation code and record the appropriation in the current fiscal year.

Step 2: The state agency creates an appropriation code in the COFRS APP2 table and requests FAST to approve code.

Step 3: The state agency prepares AP transaction to record the appropriation. Appropriation must be 100 percent restricted except for IT projects. SAI "03" must be used on this action.

Step 4: The state agency completes SC 4.1, when required, and obtains necessary state agency approvals. If state agency has delegated signature authority for SBP on the SC 4.1, they forward the approved SC 4.1 and AP document directly to FAST. If state agency does not have delegated authority, they forward the completed and approved SC 4.1 and AP document to SBP. SBP approves the SC 4.1 and forwards both SC 4.1 and AP to FAST.

If SC 4.1 is submitted with the initial transaction in Step 3 above, the appropriation does not need to be restricted. If the SC 4.1 is completed after the initial recording in Step 3, an AP transaction to release restriction in an amount equal to the amount on the SC 4.1 must be completed, approved and submitted with the SC 4.1.

SECTION 3
RECORDING SPECIAL BILLS

ACCOUNTING/FISCAL ADMINISTRATIVE REQUIREMENTS:

Project appropriations made in special bills are available at the time specified in the bill. Please refer to the ACCOUNTING/FISCAL ADMINISTRATIVE REQUIREMENTS section of Chapter 2, Section 1 for further information in this area.

PROCEDURAL STEPS:

Capital construction special bills may include increases or decreases to existing projects, or it may include new project appropriations. The processes to record each of these actions is described separately.

Recording Increases to Existing Project Appropriations:

Step 1: The state agency prepares AP transaction to record the appropriation increase. Appropriation increase must be 100 percent restricted except for IT projects. SAI "02" must be used on this action.

Step 2: The state agency completes SC 4.1 when required and obtains necessary state agency approvals. If state agency has delegated signature authority for SBP on the SC 4.1, they forward the approved SC 4.1 and AP document directly to FAST. If state agency does not have delegated authority, they forward the completed and approved SC 4.1 and AP document to SBP. SBP approves the SC 4.1 and forwards both SC 4.1 and AP to FAST.

If SC 4.1 is submitted with the initial transaction in Step 1 above, the appropriation does not need to be restricted. If the SC 4.1 is completed after the initial recording in Step 1, an AP transaction to release restriction in an amount equal to the amount on the SC 4.1 must be completed, approved and submitted with the SC 4.1.

Recording Decreases to Existing Project Appropriations:

Step 1: The state agency prepares AP transaction to record the appropriation decrease. SAI "02" must be used on this action. If the project appropriation is restricted, the restriction must be released in an amount equal to the project decrease and then the decrease can be processed.

If the appropriation is not restricted and an SC 4.1 has been processed for the full spending authority, an new SC 4.1 must be completed to reflect the decreased amount available for the project. The SC 4.1 must be approved by the state agency and forwarded with the AP to SBP. SBP will approve the SC 4.1 and forward both the SC 4.1 and AP to FAST.

Recording a New Project Appropriation:

Step 1: The state agency must contact FAST to receive the appropriate budgetary coding to create the appropriation code and record the appropriation in the current fiscal year.

Step 2: The state agency creates an appropriation code in the COFRS APP2 table and requests FAST to approve code.

Step 3: The state agency prepares AP transaction to record the appropriation. Appropriation must be 100 percent restricted except for IT projects. SAI '02" must be used on this action.

Step 4: The state agency completes SC 4.1, when required, and obtains necessary state agency approvals. If the state agency has delegated signature authority for SBP on the SC 4.1, they forward the approved SC 4.1 and AP document directly to FAST. If state agency does not have delegated authority, they forward the completed and approved SC 4.1 and AP document to SBP. SBP approves the SC 4.1 and forwards both SC 4.1 and AP to FAST.

If SC 4.1 is submitted with the initial transaction in Step 3 above, the appropriation does not need to be restricted. If the SC 4.1 is completed after the initial recording in Step 3, an AP transaction to release restriction in an amount equal to the amount on the SC 4.1 must be completed, approved and submitted with the SC 4.1.

SECTION 4
APPLYING THE CAPITAL CONSTRUCTION SIX MONTHS RULE" (CRS 24-30-1404(7))

ACCOUNTING/FISCAL ADMINISTRATIVE REQUIREMENTS:

Per CRS 24-30-1404(7), professional service contracts shall be executed and encumbered within six months after the date on which the capital construction appropriation becomes law (Governor's signature). Professional services contracts, as defined in CRS 24-30-1402(6), means services within the scope of architecture, engineering, land surveying, landscape architecture or industrial hygiene. In the event that a professional services contract is not required for a particular project, the contract with the contractor for the project shall be entered into within six months of the appropriation being made available.

The statute applies to all capital construction and controlled maintenance projects unless otherwise exempted. The statute provides some defined exceptions such as projects under the supervision of the Department of Transportation, projects funded with net Lottery proceeds (six months starts from the time the proceeds are available), and selected projects for the Department of Natural Resources' Divisions' of Parks and Wildlife. Other administrative exemptions apply if the appropriation is for a phased project or the funds are available on a contingency basis. If a state agency cannot meet the deadline, they need to write a letter to the Capital Development Committee (CDC) stating why they cannot meet the requirement and asking the CDC to request that the State Controller approve a waiver.

PROCEDURAL STEPS:

Step 1: Governor signs and dates bill (Long Bill, supplemental, or special).

Step 2: FAST determines the six month deadline date. (Six months is counted from the date the bill is signed by the Governor.)

Step 3: The state agency creates an appropriation code in the COFRS APP2 table. The end date on the appropriation code in the COFRS APP2 table should be the six month date determined by FAST. The state agency requests FAST approval of the appropriation code.

Step 4: If state agency complies with the six month encumbrance requirement during the period, they should contact FAST so that the COFRS APP2 end date can be extended to the fiscal year end.

Step 5: FAST contacts each state agency at least one month before the deadline date reminding them of the approaching six month cut-off date.

Step 6: On the APP2 expiration date, the appropriation code will no longer be available for any accounting or budget transactions. In addition, the SCO will no longer approve contracts for projects that did not meet the deadline.

Step 7: If the state agency did not meet the deadline, or does not feel they will meet the deadline before it occurs, they need to contact the staff of the CDC and explain why they cannot meet the deadline and request that the Committee recommend that the State Controller approve a waiver.

Step 8: If written waiver is granted, FAST will notify the state agency and the APP2 expiration date will be extended. If waiver is not approved, appropriation remains unavailable and will revert at the close of the fiscal year.

SECTION 5
RECORDING CAPITAL CONSTRUCTION PROJECT APPROPRIATION CONTINUATIONS

ACCOUNTING/FISCAL ADMINISTRATIVE REQUIREMENTS:

Project appropriations are available until the completion of the project or for a period of three years, whichever comes first in accordance with the headnotes to the capital construction section of the Long Bill. For the purposes of counting the three year period, year one begins on the first day the appropriation becomes available. For example, if the Governor approves a special bill with a capital construction appropriation on May 2, 2001, the three year calculation begins May 2, 2001. As long as a project is active and the appropriation is available, the appropriation may be carried into the subsequent fiscal year.

In the spring of each fiscal year, FAST will distribute to each state agency, with any projects, a Capital Construction Continuing Appropriations Status Form (CCCAS). This form is intended as a turn-around form to be used by state agencies to support their request for project appropriation continuation. There will be two parts of the form. One part is for projects that are at the end of their three year life and should be reverted at the end of the current fiscal year, and the other part of the form is for projects still within their three year life.

The CCCAS form for continuing projects lists each appropriation by name and short name (which includes the project number), Long Bill Line Item number, state agency, fund, appropriation code, funding code, the fiscal year the project expires, the project's original legislation, and the project's last legislation (if different from the original). Project continuation requests are done on a project-by-project basis at the state agency initiation. The state agency may request continuation of all of their projects on a single form, may request each project continuation separately by submitting a form with each request at different times, or may use some combination of the two methods. Due dates for CCCAS forms will be published annually in the SCO Open and Close Instructions.

Projects appropriated in the most recent Legislative session will not be included on the CCCAS form. This includes Long Bill, special bills, and new projects in supplemental bills. However, this process applies to those projects, with the exception of not completing the CCCAS form.

Please refer to the ACCOUNTING/FISCAL ADMINISTRATIVE REQUIREMENTS section of Chapter 2, Section 1 for further information in this area.

PROCEDURAL STEPS:

There are four actions that can take place based on the CCCAS form. The request can be to:

- Continue a project appropriation;
- Revert the excess amount of a completed project*;
- Revert an expired project*; or
- Continue an expired project.*

* The discussion on these items can be found in Chapter X.

Continuing a Project Appropriation:

Step 1: FAST distributes the CCCAS forms to the state agencies.

Step 2: The state agency completes CCCAS turn-around form by justifying the carry forward, indicating that it is in fact a request for a carry forward, entering the beginning budget, entering the remaining budget, listing the Fiscal Year AP transaction for the carry forward, and obtaining the appropriate signatures.

Step 3: The state agency prepares and approves an error free AP transaction. The amount to be carried forward is the unexpended amount at the close of the previous fiscal year. AP used to complete this action must use SAI "08".

Step 4: The state agency submits the AP and CCCAS form to FAST.

SC 4.1's are not required where the full appropriation has been supported by a previous SC 4.1 and is recorded as available spending authority. If there is any amount restricted at the end of a fiscal year and the amount needs to be carried forward, it must be carried forward as restricted. The state agency must complete an SC 4.1 and forward it to SBP for approval if they wish to have the amount unrestricted in the new year.

Step 5: If the continuation takes place prior to the close of the previous fiscal year, the appropriation code for the ending year will be de-activated at the time the appropriation for the new year is approved. This is done to prevent simultaneous spending in two fiscal years.

NOTE: It is advisable not to submit capital construction project continuations until after the purchase order roll-over process is completed. The appropriation code should be activated in the new year with a $0 AP transaction (see below), but the actual carry forward should not take place until all encumbrances have been established in the new year and cleared from the old year.

Appropriation Code Activation Prior to Carry-forward:

A $0 AP may be processed in the new fiscal year if it is necessary to record a transaction against a project's appropriation code prior to the carry-forward of the project's appropriation. As a reminder, if the state agency is using COFRS Extended Purchasing System (EPS), the appropriation code for the upcoming year must be activated by the close of Period 12 of the current year to accommodate the purchase order roll-over process. This situation is a good example of the need for $0 AP.

Step 1: The state agency prepares and approves an error free AP transaction that activates an appropriation code with a $0 amount. AP used to complete this action should use SAI "08".

Step 2: The state agency submits AP transaction to FAST with a narrative justification of why code needs to be activated prior to the carry-forward.

SECTION 6
RECORDING TRANSFERS BETWEEN CONTROLLED MAINTENANCE AND/OR EMERGENCY MAINTENANCE PROJECT APPROPRIATIONS

ACCOUNTING/FISCAL ADMINISTRATIVE REQUIREMENTS:

Per CRS 24-30-1303.7, the Executive Director of General Support Services (GSS) may approve a transfer from one controlled maintenance project appropriation to another controlled maintenance project appropriation or to an emergency maintenance project. Requests for transfers of this type must be directed to SBP. Upon approval, an SC 4.1 accompanied by completed and approved AP documents must be submitted to FAST.

Please refer to the ACCOUNTING/FISCAL ADMINISTRATIVE REQUIREMENTS section of Chapter 2, Section 1 for further information in this area.

PROCEDURAL STEPS:

The focus of the steps in this section is to discuss the processing of transactions after SBP has approved the state agency's emergency or transfer request. There are three potential transfer types:

- Transfers from a state agency to GSS;
- Transfers from one state agency to another - not GSS; and
- Transfers within a state agency between projects.

Transfers from a state agency to GSS

Step 1: SBP forwards appropriate paperwork and SC 4.1 to GSS Administrative Services Section. Please see Chapter III, Emergency Maintenance Projects, for additional discussion in the area of transferring controlled maintenance funds to GSS for emergency purposes.

Step 2: GSS Administrative Services, if necessary, creates an appropriation code in the COFRS APP2 table and requests FAST approval .

Step 3: GSS Administrative Services prepares and approves an AP or TA document, and forwards transaction, SC 4.1, and related paperwork to FAST for approval. SAI code "07" must be used on APs for this action.

Transfers from one state agency to another - not GSS

Step 1: SBP forwards appropriate paperwork and SC 4.1 to FAST .

Step 2: Impacted state agencies create AP transactions using an SAI code of "07", and forwards those APs to FAST.

Step 3: When FAST has received all required information; SC 4.1, SBP approval, and APs, they will approve the transactions and SC 4.1.

Transfers within an state agency between projects

Step 1: SBP forwards appropriate paperwork and SC 4.1 to FAST.

Step 2: Impacted state agency creates AP transaction to decrease one project and increase the other. SAI code "07" must be used on APs for this action. State agency forwards APs to FAST for approval.

Step 3: When FAST has received all required information; SC 4.1, SBP approval, and APs, they will approve the transactions and SC 4.1.

SECTION 7
RECORDING APPROPRIATIONS OF THE AMERICAN'S WITH DISABILITIES ACT

ACCOUNTING/FISCAL ADMINISTRATIVE REQUIREMENTS:

In order for state facilities to be in compliance with the federally mandated American's with Disabilities Act (ADA), the State Legislature has appropriated money to the Governor's Office to complete retrofit projects to make state buildings accessible to individuals with disabilities. The Governor's Office has allocated these funds to various state agencies where the construction and accounting takes place. However, all budgetary activity related to these projects takes place in the Governor's Office, COFRS agency ECB.

Please refer to the ACCOUNTING/FISCAL ADMINISTRATIVE REQUIREMENTS section of Chapter 2, Section 1 for further information in this area.

PROCEDURAL STEPS:

The focus of the steps in this section is to discuss the processing of transactions after an agreement between OSPB and a state agency has been reached.

Step 1: The state agency submits request to the Governor's Office of State Planning and Budgeting (OSPB) for an allocation of ADA moneys for a project.

Step 2: If approved, the state agency and OSPB negotiate an agreement.

Step 3: Governor's Office prepares an AP transaction to record the approved allocation of funds. NOTE: six months rule applies to ADA allocations with the time period beginning on the date of allocation.

Step 4: The state agency gets COFRS security access to COFRS agency code ECB.

Step 5: The state agency processes appropriate accounting activity against the appropriation.

Step 6: The Governor's Office will process opening budget entries to carry-forward projects for as long as they are active and available.