



COLORADO
Office of the State Controller
Department of Personnel
& Administration

Office of the State Controller Alert #205

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

FROM: Robert Jaros, State Controller 

DATE: June 20, 2014

SUBJECT: CORE Update
Fiscal Rule and State Controller Policy Waiver related to Commitment Vouchers
Compensated Absences Liability – Percentages of Employees Expected to Retire Under PERA
CORE Project Capitalization
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CORE Update

We are nearing the implementation of CORE on July 1, 2014! This is only possible due to the efforts and support of staff throughout the State. To all of you, we offer our sincere thanks!

We have completed the training of thousands of users throughout the state from April through June. Testing started in April and is continuing until completed. Users will access CORE for FY2015 activity on July 7 at 8 AM. During the period of July 3 to July 6, limited staff will be verifying conversion data in preparation for statewide use on July 7.



Fiscal Rule and State Controller Policy Waiver related to Commitment Vouchers

In coordination with the implementation of the Colorado Operations Resource Engine ("CORE"), we have determined that there are several State Fiscal Rules and State Controller Policies which require modification. As a result, I am issuing a global waiver to the State Fiscal Rules and State Controller Policies. The waiver letter is attached.

Compensated Absence Liability - Percentage of Employees Expected to Retire Under PERA

In conjunction with PERA's latest actuarial valuation, PERA's actuary, Cavanaugh Macdonald Consulting, LLC has provided the Office of the State Controller (OSC) with the percentage of state employees expected to retire with PERA benefits. Sixty-nine and one-tenth percent (69.1%) of State Troopers and fifty-six and eight-tenths percent (56.8%) of other State Division members are expected to retire with PERA benefits. Please note that these percentages are different than those used in the prior year (Fiscal Year 2012-13), and must be used in computing the sick-leave related portion of the Fiscal Year 2013-14 compensated absences liability. Updated contribution rates are included in the Fiscal Procedures Manual Addendum dated April 2014, and additional information on computing the compensated absence liability accrual (excluding rates) is contained in Chapter 3, Section 3.13 of the March 2013 Fiscal Procedures Manual. If you have any questions, please contact Tammy Nelson at tammy.nelson@state.co.us or 303-866-2659.

CORE Capitalization

Similar to the prior year, it is expected that certain departmental activities related to the CORE implementation will meet the requirements for capitalization as outlined in GASB Statement No. 51 – *Accounting and Financial Reporting for Intangible Assets*, in addition to the applicable portion of vendor costs determined by the Governor's Office of Information Technology (OIT). Please review the guidance in Alert #102 for a summary of the anticipated classification of costs by project phase. As a reminder, each department shall exclude its capitalized costs in the preparation of its Indirect Cost Rate Proposal or Public Assistance Allocation Plan. The departmental capitalized costs will be recovered through subsequent amortization of charges through the Cost Recovery Plan. If you have any questions, please contact Tammy Nelson at tammy.nelson@state.co.us or 303-866-2659.



Adams State University TABOR Disqualification

For Fiscal Year 2013-14, Adams State University (ASU) is expected to partially disqualify as a TABOR enterprise. As a result, payments received by the auxiliary portion of the university that continues to qualify as a TABOR enterprise should be recorded as exempt TABOR revenue by non-TABOR enterprises, and payments received by the disqualified portion should be recorded as nonexempt TABOR revenue by non-TABOR enterprises. Please review revenue received from ASU, determine whether it is from ASU's TABOR qualifying or disqualifying funds, and record revenue adjustments as necessary. Any changes or additional updates will be communicated via Alert. If you have questions, please contact Karoline Clark at karoline.clark@state.co.us or 303-866-3811.

Pay Date Shift

House Bill 12-1246, effective beginning in FY2012-13, eliminated the June pay date shift requirement for state employees paid on a bi-weekly basis. Accordingly, agencies that are converting Type 22 expenditures to Type 24 expenditures for General-funded June payroll should exclude the June bi-weekly expenditures from the calculation. Using a similar methodology as in prior years, the June bi-weekly payrolls will be excluded from the automated pay date shift cash/liability entry. The OSC has calculated allocation percentages between the monthly and bi-weekly payrolls based on prior year actual data. The calculation for the automated entry will factor in percentages applicable to the June monthly payroll (excluding June bi-weekly payrolls) and will be applied to payroll object codes posted in COFRS by July 9, 2014. In the Financial Data Warehouse (FDW), two reports will assist the agencies in reviewing the pay date shifted amounts. In FDW, go to the 'Other Reports' link, select your agency or department, accounting period 12 (one month only), and the following reports:

Report ID: PAYS1: Summarized Payroll Amounts (all payroll amounts by object code)

Report ID: PAYS2: Summarized Payroll Amounts to be Rolled (with percentages used).

If you have questions related to pay date shift issues, please contact Karoline Clark at karoline.clark@state.co.us or 303-866-3811.

COFRS 1099 Corrections

We will be issuing 1099's out of COFRS for January 2014 through June 30, 2014. Therefore, we need to ensure all 1099 vendor payments are classified and corrected appropriately, similar to the cleanup effort that is typically done in December of each year. To accomplish this task, the 1099 Reports (T9902RY, T9902RN, and T9903) are available on Document Direct as of



Monday, June 16 and access provided to the 1099 and 99TX tables for those with this in their security profile. Please refer to the 2013 Training Packet on the OSC Authoritative Guidance website (<http://coloradoc2.prod.acquia-sites.com/osc/1099>) for directions on how to make these corrections.

By the end of the day June 27th, all vendor correction requests need to be sent to the central approval email box state_centralapproval@state.co.us at the Office of the State Controller.

During the week of July 7, the final 1099 Reports will be available for review and any final corrections need to be completed before period 13 close.

Expired Warrants

There have been three notices sent out regarding the State warrants issued between 01/01/13 and 06/30/13 that are expiring the night of 06/27/14. All expiring payments must be researched by the issuing agency to determine if the payment is still valid. If it is a valid payment, the vendor should be notified and asked to complete an *Affidavit of Lost Warrant*, so that the payment may be reissued. If it has been issued in error, the warrant must be canceled and not allowed to expire.

This year with the implementation of CORE it is even more critical that all expiring warrant or warrants issued in error be corrected. After we have implemented CORE, it will take more time to expire and void the warrants issued out of COFRS. More details on cancel, void and reissue of warrants will be available in July.

Warrant Handling

Beginning July 7, all CORE warrants will be handled by DPA's, Division of Central Services, Integrated Document Solution (IDS) team rather than the Office of the State Controller (OSC). The OSC will continue to handle all COFRS warrants through FY 2014 activity.

There are two new fields that the OSC CORE policy requires be populated in each payment, the Disbursement Category and Handling Code fields. These fields will be the method by which the Department will communicate to IDS on how to handle the warrant and how the Department name and phone number is printed on the warrant. It is critical to note that if these fields are left blank in the payment, the result will be that the warrant is consolidated with other department payments impacting how this payment is applied by the vendor as well as creating a difficult situation if the payment needs to be cancelled and/or reissued by a Department. Therefore,



please ensure that your accounts payable team is prepared in July to populate these fields for each CORE payment.

Fiscal Year 2014-15 Budget Booking

CORE will operate on presence control, similar to COFRS, for a period of time to facilitate the recording of Fiscal Year 2014-15 budget. Presence control requires that a zero-dollar budget line exists. The zero-dollar budget lines will be generated shortly before go-live based on information previously provided to the OSC through the chart of account workbooks, the Long Bill Booking workbooks, and the nonappropriated/capital construction zero-dollar workbook. Actual dollars will need to be added to the zero-dollar budget lines and/or new lines created after CORE goes live.

The upload process for the zero-dollar budget lines will be via a single budget document for each department. While an attempt was made to include as many lines as possible in the zero-dollar document, it is likely that additional zero-dollar lines will be needed to facilitate spending, prior to approval of the actual-dollar documents produced by departments in CORE. To facilitate the data entry necessary to populate dollars associated with the budget lines, the original single zero-dollar document (per department) can be copied, and then the zero-dollar lines can be modified to include the correct dollar amount. Also, in this process budget lines can be added or deleted, if needed. If a new appropriation unit is needed, please send an email request to the DPA_FAST@state.co.us for coding. Information and due dates related to each broad category of budgetary activity area as follows:

Long Bill: Submit a single budget document (BGA90/BGA91) for each major long bill section, and reference the Long Bill Section number (i.e., (1) Management and Administration) in the document description field in the header. Long Bill budget documents are due Monday July 14, 2014, unless an extension is requested and granted.

Special Bills: Submit a single budget document (BGA90) for each special bill. Please remember to include the bill number in the "House Bill Field" in the document. Also, include as an attachment the appropriation section and signature page of the bill. Special bills budget documents are due by Friday August 29, 2014, unless the bill specifies a later due date.

Capital Construction:

Existing/Continuing projects - Prepare a zero-dollar budget document (BGA90/91) to activate the coding to enable spending. After COFRS close, another budget document will need to be prepared to add the unspent funding from FY14 to the appropriation unit. Please attach a copy of the FY14 AFSI COFRS screen and, if applicable, the BDA01 for



encumbrances for projects extended beyond the third year. These capital construction carryforwards are due by Friday August 22, 2014.

New projects - Submit a budget document (BGA90/91) with the dollars and attached to the document the project's SC4.1. As a reminder, several controlled maintenance projects funded in the FY14/15 Long Bill (House Bill 14-1336) are contingent upon estimated available General Fund Surplus as of September 15, 2014. Coding for these projects and their booking in CORE should not be requested until and unless the criteria as of that date has been met.

Nonappropriated: Prepare a zero-dollar budget document to activate the coding to enable spending. As a reminder, federal funds budgeted in the Long Bill will be fully restricted, thus requiring a new budget document with the actual award attached serving as the basis for the spending authority. Again, attach the supporting documentation to the transaction. Dollars will need to be added to nonappropriated lines no later than September 30, 2014.

Historically, a FAST member has been assigned to review and approve budget documents for a single cabinet. In the future, the primary review and approval responsibility for budget documents will reside in the new OSC Financial Support section. During a transition period, a combination of staff and temporaries will assist in this review and approval process. As significant areas are assigned, such as the Long Bill booking, you will be notified of your contact person. If you have any questions in the meantime please contact Tammy Nelson (tammy.nelson@state.co.us or 303-866-2659).

OSC Staff Changes

Renda Bates went from full time to part time in Central Payroll and Central Accounting. Theresa Sanders resigned from her position in Central Payroll in May. Tessa Strasser was promoted to Renda's full time position. Katie Van Horn has joined the Central Payroll team and has assumed Theresa's position.

Welcome Katie!

OSC Organization Change

Over the past year and a half, we have been hard at work building CORE, which will significantly streamline and improve our business processes throughout the State when it launches. These new synergies led DPA leadership to believe it was time to re-integrate the Division of Finance & Procurement and the Office of the State Controller. The two organizations

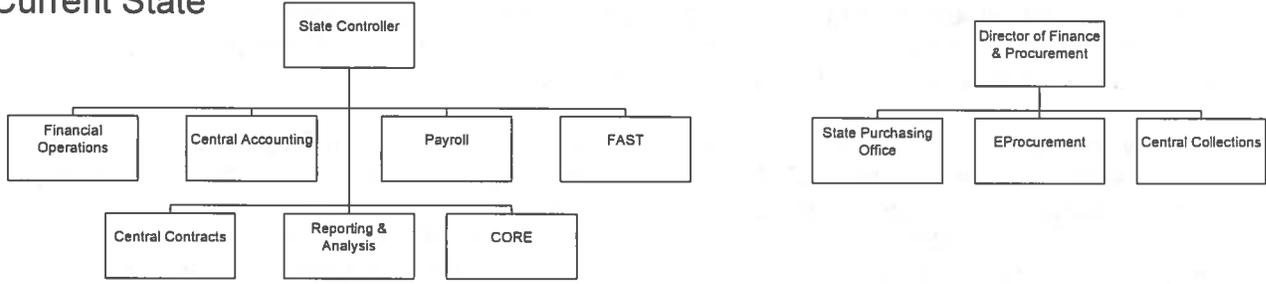


were one historically, so this is a return to a structure similar to what some of you may recall. This new, cohesive team will be better able to align strategy, systems, communications, structure and people for a stronger and more effective organization. These synergies combine to ensure the results are greater than the sum of their parts.

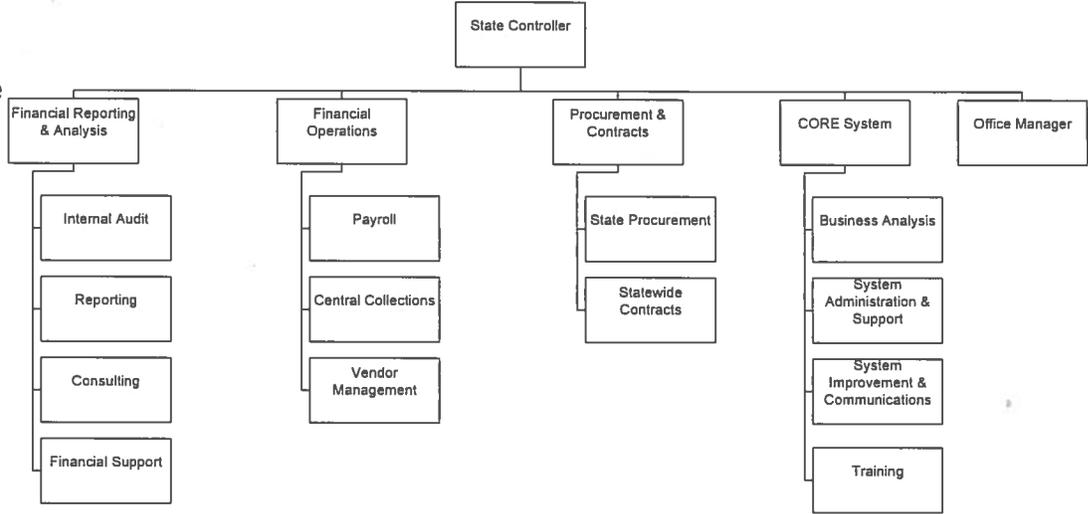
The new structure will all be under the Office of the State Controller, with Bob Jaros at the helm. Carol Pfarr will lead the Contracts & Procurement unit; Kyle Schlenker will lead the CORE team; Tammy Nelson will manage Financial Reporting; and the Financial Operations team lead will soon be determined. (Current & Future Org Charts attached). We look forward to working with everyone in our new roles, which will be official August 1, toward our vision of providing quality services that enhance state government success.



Current State



Future State



Last Updated:
April 9, 2014



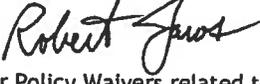


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Department of Personnel
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Central Contracts Unit
1525 Sherman St.
Denver, CO 80203

To: All State of Colorado Agencies and Institutions of Higher Education ("IHE")
From: Robert Jaros, State Controller 
Date: June 16, 2014
Re: Fiscal Rule and State Controller Policy Waivers related to Commitment Vouchers

In coordination with the implementation of the Colorado Operations Resource Engine ("CORE"), we have determined that there are several State Fiscal Rules and State Controller Policies which require modification. As a result, I am issuing this global waiver to the State Fiscal Rules and State Controller Policies as follows:

1. Fiscal Rules 2-2 and 3-1 are waived to allow commitment vouchers for FY 15 to be processed without an encumbrance or an encumbrance document. This waiver is subject to the following limitations:
 - a. As soon as CORE is operational, the Department/IHE must process such commitment vouchers (if they are not dependent upon federal funds which do not become available until August 2014) in CORE.
 - b. If the commitment voucher is dependent upon federal funds that do not become available until August 2014, the Department/IHE must process the commitment voucher in CORE as soon as reasonably possible after federal funds become available.
2. Fiscal Rule 4-1.01 is waived to allow purchase orders for construction not exceeding \$100,000 to be issued unilaterally by the State as of July 1, 2014. After the effective date of this waiver, the contractor's signature on the purchase order is no longer required.
3. Fiscal Rule 3-1, OSC's Policy "*Review and Approval of State Contracts Delegated Agencies*," §2(p), "Automatic High Risk Contracts" and OSC's Policy "*Modification of Contracts - Tools and Forms*," §5, "Approvals" are waived to allow Departments/IHEs delegated with State Controller signature authority to execute low risk master task order contracts ("Master TO Contracts"), amendments to such Master TO Contracts, task orders related to such Master TO Contracts ("TO") and TO amendments relating to such Master TO Contracts, when such contracts would be low risk contracts, but for their being Master TO Contracts. For purposes of this waiver, "low risk Master TO Contracts" are those contracts which do not fall under any additional category of "Automatic High Risk Contracts" listed in OSC's Policy "*Review and Approval of State Contracts Delegated Agencies*," §2.
 - a. For example, Master TO Contracts for information technology or hazardous materials are still high risk and are required to be routed to the OSC for State Controller signature, but Master TO Contracts for temporary secretarial services are low risk and may be signed at the Agency/IHE by Agencies/IHEs delegated with State Controller signature authority
4. State Controller Policy for CORE - During the conversion from COFRS to CORE, Departments/IHEs may issue PO/CT and related documents without using the requisition module.



