

FISCAL
PROCEDURES
MANUAL ADDENDUM
CLOSING INSTRUCTIONS
FISCAL YEAR 2014

April 2014

Department of Personnel & Administration

Office of the State Controller
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CHAPTER 1: SECTION 1

INTRODUCTION AND AUDIT RISK LETTER

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

FROM: Robert Jaros, CPA, MBA, JD
 State Controller

DATE: April 2014

SUBJECT: Fiscal Year 2014 Closing Procedures

The open/close process continues to be complex, particularly with the implementation of CORE, and success can only be assured when each of us assumes full responsibility for our portion of the process. I know from working with many of you that you take this responsibility seriously. Your continued input has been greatly appreciated as we strive to continuously improve the process and implement a new system. I look forward to a successful opening/closing for this year. This addendum will focus on closing, with opening and conversion activities communicated through CORE Policies and Procedures, the Controller’s Forum, and the Office of the State Controller (OSC) website.

In order for the OSC to meet its statutory deadline for issuing the basic financial statements, it is crucial that each of you complete your close by July 30. The OSC close is August 1 and COFRS Journal Adjustments during this time should not be relied on as a time to record routine year-end activity. This timeframe is needed by the OSC to review the State accounts and make material error corrections. I greatly appreciate your efforts to schedule tasks to meet the agency close deadline.

Agency financial statements, per CRS 24-30-204(1) are due to the State Controller by August 25, 2014. As permitted by the statute, through this letter I am granting an administrative hardship extension of the date for the submittal of departmental financial statements to September 5, 2014. As a result, your financial statements, Exhibit I, and Exhibit J (when applicable) are due to the OSC on September 5. This hardship extension applies to all state Departments and Higher Education Institutions and Boards, but applies only to the Fiscal Year ended June 30, 2014.

The “Highlights” section following this letter summarizes items of importance and changes for closing this fiscal year. I encourage each agency to use the “Agency Planning Guidelines and Checklist” to ensure that each of the tasks required of your agency is specifically assigned and completed. We have included for your reference a copy of this year’s risk letter from the State Auditor.

These procedures are available on our website at: <https://www.colorado.gov/pacific/osc/fiscalprocedures>. In addition to the Fiscal Procedures Manual addendum, many other resources are available on our website. We, at the Office of the State Controller, hope you will find these resources valuable.

In addition to your regular duties, I want to thank you all for your participation in implementing CORE. Without your help, this project would not be possible. I recognize that it is a burden on your busy schedules. Thank you for your continued cooperation and support.

1.1 Audit Risk Letter



Office of the State Auditor

Dianne E. Ray, CPA
State Auditor

To: Agency Controllers

From: Dianne E. Ray, CPA
State Auditor

Topic: Fiscal Year 2014 Statewide Financial and Compliance Audit of the State of Colorado
Identified Risk Areas

Date: March 2014

We have begun our Fiscal Year 2014 Statewide Financial and Compliance Audit of the State of Colorado and have met or will be meeting soon with many of you to hold our individual agency audit entrance conferences.

Based on our initial planning work, we have identified several preliminary overall risk areas for the Fiscal Year 2014 Audit. The purpose of this memorandum is to advise agencies of a portion of those identified areas so you may be aware of them.

Our Fiscal Year 2014 audit will include the performance of audit procedures required by generally accepted auditing standards and *Government Auditing Standards*, reviews of agencies' compliance with selected state and federal laws, and the performance of agency-specific audit procedures to address other key financial areas. We will also follow up on prior-year audit findings and recommendations.

The risk areas identified for our Fiscal Year 2014 audit include, but are not limited to, the following:

- **Internal Controls Over Financial Activities and Financial Reporting.** Internal controls over financial activities should reduce the risk of errors and/or fraud, and provide reasonable assurance that financial reporting is reliable and accurate, operations are performed effectively and efficiently, and that agencies comply with state laws, rules and regulations.
 - Our Fiscal Year 2013 audit identified weaknesses in various internal control areas related to financial activities and reporting. For example, we identified problems with departments' internal controls in areas including overall revenues and expenditures, payroll, capital assets, procurement card transactions, and fiscal year-end accounting functions. We made 17 total audit recommendations in Fiscal Year 2013 for findings related to financial reporting.
- **Internal Controls Over Compliance with Federal Program Requirements and Federal Reporting.** The State's administration of federal grants continues to be a risk area due to the large number and varied requirements of federal grant awards the State receives. Agencies receiving federal funds are responsible for being aware of and complying with the related requirements in the federal Office of Management and Budget's *Circular A-133*.
 - As a result of our Fiscal Year 2013 audit, we identified internal control and/or compliance issues with 18 of 21 individual federal programs or program clusters. In total, we made 60 audit recommendations in Fiscal Year 2013 related to federal program compliance and reporting. Further, the total number of



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Office of the State Auditor
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material weaknesses in internal control over compliance with each major federal program increased from 4 in Fiscal Year 2012 to 16 in Fiscal Year 2013.

- **Review and Oversight.** Review processes should be in place over accounting processes to detect and prevent errors and lessen the chance of potential misstatement or fraud.
 - We have continued to identify a lack of adequate review procedures over basic accounting processes such as reconciliations, exhibit preparation, payment vouchers, journal vouchers, and payroll at several agencies and instances in which reviewers have not been adequately trained. This risk is of particular concern for Fiscal Year 2014 due to the increased workloads related to the upgrade of the State's current financial accounting system, COFRS, to CORE (Colorado Operations Resource Engine) and decreased time available for reviews and oversight of Fiscal Year 2014 accounting processes.
- **Financial Reporting.** Reporting of financial activity should be accurate, timely, and complete. The Office of the State Controller (OSC) establishes standard policies and procedures that must be followed by state agencies and institutions. In order for the State to issue its Comprehensive Annual Financial Report in a timely manner, agencies must complete fiscal year-end closing activities within the timeframe established by the OSC.
 - We identified several agencies that did not meet due dates for submission of exhibits or submitted exhibits with errors for Fiscal Year 2013. We are planning to complete our Fiscal Year 2014 financial audit and issue our opinion on the State's Comprehensive Annual Financial Report on December 12, 2014. Ensuring that OSC deadlines are met is critical for agencies in order to help ensure that the OSC has the necessary information to complete the CAFR timely. In turn, audit staff will be working closely with the OSC and agency personnel to ensure the audit is kept on schedule.
- **Internal Controls over Information Technology Systems.** State agencies are responsible for implementing, maintaining, and adequately securing the state's computer systems.
 - During our Fiscal Year 2013 audit, we determined that some agencies' computer systems did not comply with information technology-related auditing standards and/or the Colorado Information Security Policies.

With the CORE implementation just around the corner, Fiscal Year 2014 is unique and probably a greater challenge than most years for those of you closest to the audit. We also are challenged in wanting to balance your time constraints as well as keep the audit on track. Thank you for the work that you do and for your assistance in completing the State's audit.

If you have questions about the audit process, please feel free to contact the audit staff.

1.2 Fiscal Year 2014 Highlights

The following items are brought to your attention, as they represent new closing policies and procedures, a new area of emphasis, or address problems identified during last year's closing process. Closing policies and procedures contained in the March 2013 Fiscal Procedures Manual continue to remain in effect, except as modified below (or subsequently via Alert). Review of these highlights should not be used as a substitute for a close review of the text of the detailed instructions.

1. The payable/receivable confirmation process will continue for Fiscal Year 2014 in a similar manner as in the prior year, with the exception of the recording of the balances. For confirmed payables/receivables, departments must reclassify the confirmed amount into the appropriate payable/receivable balance sheet account, and reclassify unconfirmed balances as external activity. See Chapter 2, Section 2.1 of this addendum for additional information.
2. For Fiscal Year 2014, the following pronouncements become effective:
 - a. GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities* is effective for Fiscal Year 2014. Please see Chapter 3 Section 6 in the Fiscal Procedures Manual dated March 2013 and Alert # 204 (<https://www.colorado.gov/pacific/osc/alerts>) for implementation instructions.
 - b. GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, is also effective for Fiscal Year 2014. See Chapter 2, Section 2.2 of this addendum for implementation information.
3. For Fiscal Year 2014, it is expected that all Higher Education Institutions, except the Auraria Higher Education Center (AHEC), will fully qualify as TABOR enterprises. (See Chapter 5, Section 5.8 of the Fiscal Procedures Manual dated March 2013.)
4. For most employees, the State PERA contribution percentage from July 1, 2013 through December 31, 2013, is 16.55 percent, and from January 1, 2014 to June 30, 2014, 17.45 percent. Suggested PERA footnote language for stand-alone statements will be distributed to departments in early August.
5. There is one additional exhibit and some minor changes to other exhibits this year:
 - a. Exhibit L2 has been added to capture information for footnote disclosure for nonexchange financial guarantees as required by GASB Statement No. 70. See Chapter 2, Section 2.2 of this addendum.
 - b. Exhibit S has been revised to request additional information about short-term financing for disclosure purposes.
 - c. Exhibit K has been revised to require the identification of loan and loan guarantee programs for the Data Collection Form.
 - d. Exhibits H should be submitted to the `DPA_RAMailbox` and copied to `trevor.borgonah@state.co.us`.
6. House Bill 13-109 requires that excess indirect cost recoveries be transferred to the Indirect Costs Excess Recovery Fund (Fund 27G). In accordance with Alert # 201 (<https://www.colorado.gov/pacific/osc/alerts>), departments are required to transfer the excess prior to Period 13 agency close. Additional information is included in Chapter 2, Section 2.3 of this addendum.
7. As a reminder, agencies and institutions shall continue to review their data as presented on the Transparency Online Project System (TOPS) and provide certification of that review on the Financial Responsibility and Accountability Compliance Act (FRAC) Statement. (See Chapter 5, Section 6.7 of the Fiscal Procedures Manual dated March 2013.)

8. The Chart of Accounts for Fiscal Year 2014 is not being printed in this addendum. There have not been any significant statewide changes since Fiscal Year 2013. The Financial Data Warehouse contains current elements and can be accessed at <https://fdw.state.co.us/default.asp>. To access the chart tables navigate to the Other Reports on the left side of the screen and select Table Listing. Contact Trevor Borgonah with questions (trevor.borgonah@state.co.us or 303-866-3468).
9. The various closing forms have been updated to Fiscal Year 2014 and can be accessed at: <https://www.colorado.gov/pacific/osc/forms-1>.
10. Procedures for the American Recovery and Reinvestment Act of 2009 (ARRA) and the Federal Funds Accountability and Transparency Act (FFATA) have not historically been included in the manual, as they are considered temporary or agency controlled compliance activity, respectively. However, note that Section 1512 ARRA reporting was suspended in February of 2014.

1.3 Agency Planning Guidelines for Fiscal Year 2014 Closing

To ensure a successful close, adequate planning and scheduling of year-end activities are critical to agencies. It is imperative that agencies plan and complete critical tasks early in the year and monitor year-end activities closely. The following information is designed to give agencies helpful suggestions for developing plans to complete both current year closing and new year opening activities.

1. Identify critical dates.
2. Identify critical tasks for year-end closing activities:
 - a. Clear documents off SUSF.
 - b. Clear out invalid encumbrances.
 - c. Record all augmenting revenue and receivables including distribution of indirect cost recoveries.
 - d. Take the fixed asset inventory and record adjustments. Be sure depreciation expense and accumulated depreciation are recorded appropriately.
 - e. Calculate and record the compensated absence liability. Segregate the liability into current and noncurrent portions. The percentage expected to retire will be distributed via Alert if May 2014.
 - f. Clear (pay) outstanding invoices; record payables.
 - g. Review balance sheet accounts for accuracy.
 - h. Confirm intra/interfund payables/receivables in excess of \$1,000. In addition, reclassify amounts to match the confirmation in the appropriate account or reclassify as external if not able to confirm. The reclassification to external is NOT a substitute for the confirmation process, but a means to bring balanced payables and receivables into CORE.
 - i. Record and process all cash receipts by the Treasurer's closing date.
 - j. Ensure that all transfer expenditures and revenues are in balance.
 - k. Review proper classification of revenues for TABOR reporting purposes.
 - l. Review year-end diagnostic reports, which are updated and available on a daily basis on the Financial Data Warehouse.
 - m. Clear all default and clearing accounts.
 - n. Transfer excess indirect cost recoveries to the Indirect Costs Excess Recovery Fund (Fund 27G).
 - o. Prepare all required exhibits and use e-mail or electronic submission.
 - p. Submit department/agency/institution financial statements, if required.
 - q. Submit the management representation letter to the Office of the State Auditor and a copy to the OSC, immediately upon availability.
4. Every task should have an individual assigned the responsibility for its completion.
5. Identify timelines for completion of critical tasks:
 - a. Identify start dates for all tasks to assure that they are completed by the deadlines.
 - b. Identify checkpoints on the status of tasks to assure staying on schedule.
6. Ensure that internal cutoff dates and deadlines are established early enough to allow sufficient

- lead time for meeting statewide deadlines:
- a. Cut off issuance of POs according to the dates established by your departmental purchasing office.
 - b. Cut off acceptance of PV document requests prior to system cutoff date.
 - c. Cut off central services and Correctional Industries orders well before the IT transaction cutoff date; remember that Integrated Document Solutions is using the EPS inventory system for its billings.
7. Establish a regular process for monitoring the status of tasks:
 - a. Schedule regular status meeting to report progress.
 - b. Monitor and review reports and online tables to verify status and progress.
 - c. Use the checklist to record status and completion of tasks and deadlines.
 8. Establish a process to address problems as they arise.
 9. Review your plan and make necessary changes for next year.

1.4 Agency Planning Checklist Fiscal Year 2014 Closing

Due Date	Date Completed	Task
Beginning July 1		<p>The following items are ongoing accounting issues that agencies need to be aware of during the fiscal year to help ensure the year-end closing process goes smoothly. The issues may not apply to every agency. The issues are grouped by topic area:</p> <p>Capital Assets and Infrastructure:</p> <p>_____ <i>Record depreciable assets separately from nondepreciable assets.</i></p> <p>_____ <i>Use account type 23 for capital asset acquisitions by non-higher education proprietary fund types.</i></p> <p>Capital and Operating Debt:</p> <p>_____ <i>Amortize premium/discount and gain/loss on debt refunding (debit/credit account 6730 or 6740 and debit/credit balance sheet 2801, 2806, 2803, 2807, 2809, or 2814). Note: Beginning in Fiscal Year 2014 amortization of the gain/loss on debt refunding impacts deferred inflows/outflows rather than the debt liability. (See Chapter 3, Section 6.12 of the March 2013 Fiscal Procedures Manual.)</i></p> <p>_____ <i>Record capital asset related debt separately from operating debt.</i></p> <p>_____ <i>Record bond premium proceeds in another financing revenue source code (RSRC 7010) separately from bond proceeds (RSRC 7000), and track the premium in a separate balance sheet account (2801 or 2806) for future amortization.</i></p> <p>_____ <i>Code capital grants separately from operating grants. Capital grants should be recorded in revenue source codes 7430, 7530, 7630, 7730, or 7830.</i></p> <p>Assets, Deferred Outflows, Liabilities, and Deferred Inflows:</p> <p>_____ <i>In accordance with GASB Statement No. 65, record unearned revenue separately from deferred inflows of resources. (See Chapter 3, Section 6.12 of the March 2013 Fiscal Procedures Manual and Alert #204.)</i></p> <p>_____ <i>Assess the necessity to record a liability as a guarantor or the recipient of a nonexchange financial guarantee in accordance with GASB Statement No. 70.</i></p> <p>_____ <i>If practical, record restricted assets and related liabilities in a fund separate of the related operating fund for the activity.</i></p>

Due Date	Date Completed	Task
	_____	<i>Record proprietary fund-type assets and liabilities in current and noncurrent accounts to support a classified statement of net position.</i>
	_____	<i>Prepare to segregate year-end current liabilities (due within one year) from noncurrent liabilities (due after one year) for governmental funds. This requirement includes compensated absences.</i>
	_____	<i>Record the principal of permanent funds (nonexpendable portion) in a fund separate from the earnings or expendable portion of the permanent fund.</i>
		<i>Revenues and Expenditures:</i>
	_____	<i>Use intrafund and interfund coding to separate disbursements of pass-through federal grants (object code 5770 and 5771) and state grants and contracts (object codes 5775 and 5776).</i>
	_____	<i>Code additions to permanent funds to RSRC 9525 or 9527.</i>
	_____	<i>Record deferred compensation plan contributions segregated between member contributions (RSRC 9531 or 9533) and employer contributions (RSRC 9532).</i>
	_____	<i>For internal service funds serving primarily governmental activities, record internal service fund charges for services in the accounts that indicate the source of the revenue by program (RSRC 44xx). Also for internal service funds, record all external transactions in the non-program service fee revenue sources codes (revenue source class 440) or in RSRCs outside 44xx. This will allow the OSC to exclude external transactions from the year-end look back adjustment.</i>
July 14		The following items summarize other year-end accounting entries that agencies should review and evaluate to determine if they apply: <i>Assets and Liabilities:</i> _____ <i>Record any current year infrastructure additions.</i>

Due Date	Date Completed	Task
		<i>Review the balances in balance sheet codes 1362/1363 and 1762/1764 to determine if loans receivable are properly classified between current and noncurrent/long-term. Proprietary funds are required to segregate balances into current and noncurrent portions. Governmental funds are not required to segregate the balances between current and noncurrent, but they should record the loans in the accounts that best match the nature of the loans.</i>
		<i>Reclassify a portion of compensated absences as current. For governmental funds this entry is made in Fund 471, and for all other funds, it is made in the fund that will make the payment.</i>
		<i>Governmental funds accrue compensated absence liabilities in the fund only to the extent that they are due and payable at June 30. Do not accrue amounts of known retirements that are due and payable in the following year.</i>
		<i>Reclassify the unspent portion of capital bond, COP proceeds, capital lease proceeds and related premium/discount to unspent proceeds (out of 2800/2801/2808/2809/2820 and into 2813, 2817, and 2823).</i>
		<i>Clear all intragovernmental receivables and payables of agency funds through cash before the close of Period 13.</i>
		<i>Higher education institutions should reclassify restricted cash and restricted investments from the existing cash and investment accounts to 1034 and 1634. This entry should be made in Fund 399. If restricted cash is held by the State Treasurer, the entry in Fund 399 should not be to 1100 cash; instead, it should be made to another 10xx account. This will preserve the balancing of 1100 cash with Fund 995-Treasury Investment Offset. Non-higher education agencies are required to make this entry if they have partially restricted activity within a single fund.</i>

Due Date	Date Completed	Task	2013 Fiscal Procedures Manual Ref. Page #
		<p><i>Accrue state Risk Management claims liabilities according to GASB Interpretation No. 6 in the Risk Management funds, which are to be reported in a Special Purpose General Fund. Since the claims have not matured, only the amounts due and payable at June 30 should be recorded in the Risk Management funds. Therefore no estimate of amounts payable within one year should be recorded in the funds. However, the entire remaining liability (including IBNR) should be recorded in Fund 471 and be segregated between current and noncurrent liability accounts.</i></p>	
		<p><i>Reclassify fund balances, if the balance does not meet the criteria for committed fund balance (either by the OSC for fully restricted fund balances as previously identified in Chapter 3, Section 4, through reporting of updates to fully restricted funds on the Exhibit Q, or manually for partially restricted fund balances). If discretionary fund balance accounts are used for internal purposes, they must be updated.</i></p>	
		<p><i>Higher education institutions need to reclassify fund balance accounts from 3400 to the four accounts set up to report restricted net assets: 3200-Externally Restricted Other, 3220-Restricted for Debt Service, 3230-Permanent Endowment Expendable, and 3240-Permanent Endowment Nonexpendable. This entry is also required for non-Higher Education Institutions proprietary funds.</i></p>	
		<p><i>Expenditures/Expenses:</i></p>	
		<p><i>Record depreciation on all fixed assets for Fiscal Year 2014. This task can be done on a more frequent basis during the fiscal year at the agencies' discretion.</i></p>	
		<p><i>Closing Items:</i></p>	
<p>Determined at departmental level</p>		<p><i>Requisitions for items not on state contract or price agreement must be received by agency purchasing contacts - delivery by June 30.</i></p>	<p>n/a</p>
<p>May 30</p>		<p><i>Expired warrant selection process runs and populates EXPW table for agency review and posting of federal/exempt portion.</i></p>	<p>107</p>

June 9	_____	<i>Bank confirmations sent to confirm all agency bank accounts.</i>	210
June 20	_____	<i>Requests to cancel or reissue aged warrants from the EAP18R report submitted to the OSC for processing prior to the expired warrant purge.</i>	379
June 20	_____	<i>Requests submitted to the OSC for the cancellation of Fiscal Year 2014 warrants. No Fiscal Year 2014 warrants will be canceled after June 20; they will be canceled in Fiscal Year 2015.</i>	108
June 30	_____	<i>Physical inventory of consumable goods completed on or before this date.</i>	91
June 30	_____	<i>Petty cash and change funds counted.</i>	238
June 30	_____	<i>Cash deposited with the State Treasurer's Office prior to the cutoff (walk-in cutoff is 2:00 pm). Wire or electronic transfer deposited in the Treasurer's bank account by close of business.</i>	92
June 30	_____	<i>All inventory module transactions must be cleared by the close of business.</i>	96
July 7	_____	<i>Resolve all intra/interfund receivable/payable issues including those related to Central Services and OIT billings. For contact information see Chapter 3, Section 5.45.</i>	276
July 8	_____	<i>Last Fiscal Year 2014 biweekly payroll posted.</i>	91
July 8	_____	<i>ITs with higher education processed.</i>	88
July 10	_____	<i>CR documents completed and approved by the State Treasurer.</i>	92
July 11	_____	<i>ITs with non-higher education processed.</i>	88
July 11	_____	<i>All balances from balance sheet 2751 cleared.</i>	108
July 11	_____	<i>Clear all default and clearing accounts. These include the following balance sheet accounts: 1583-1599, 2510, 2520, and 2751. (Target date.)</i>	104
July 15	_____	<i>Budget transfer and overexpenditure requests submitted to the OSC. Executive director approval is required upon submission.</i>	74
July 18	_____	<i>Deadline to record and communicate the general-funded Purchased Services budgetary deferral to the OIT.</i>	111
July 21	_____	<i>Last day to confirm intra/interfund receivables/payables, except for the Gaming distribution that has a later due date of July 24.</i>	276

July 18	_____	<i>All Highway Users Tax Fund Certifications submitted to the State Treasurer by noon.</i>	n/a
July 18	_____	<i>Capital Construction CCCAS form for reversions submitted to the OSC with appropriate AP document and supporting documentation.</i>	304
July 30	_____	<i>Compensated absences accruals must be completed by the close of Period 13. For most employees the PERA percent is 16.55% from July 1, 2013 through December 31, 2013, and after January 1, 2013, 17.45%. Medicare is included in the annual leave accrual.</i>	93
July 30	_____	<i>Period 13 of Fiscal Year 2014 closes for agency input.</i>	n/a
August 13	_____	<i>Variance analysis responses submitted to the OSC.</i>	106
August 13	_____	<i>Agency Exhibit Listing and completed exhibits A1, A2, B, C, D1 D2, D3, E1, E2, F1, F2, G, L1, L2, M, N1, N2, N3, N4, N5, N6, O1, O2, P, Q, R, S, T, U1, U2, V1, V2, W1, W2, Y1, Y2, Y3, Y4, and Z submitted to the OSC.</i>	137
August 20	_____	<i>Due date for exhibits H related to deferral activity, the H99 for Medicaid and the OIT revenue entry for the purchased services shift.</i>	n/a
August 29	_____	<i>This is the last day to submit exhibits H for posting to the Basic Financial Statements. Entries received after this date are considered audit adjustments.</i>	170
September 5	_____	<i>Exhibits I, J, and H398 due to the OSC.</i>	176
September 19	_____	<i>Exhibit K1 and K2 (as applicable) due to the OSC.</i>	186
September 19	_____	<i>Management’s Discussion and Analysis due to the OSC for agencies/institutions issuing stand-alone financial statements.</i>	113
October 31	_____	<i>Annual Travel Report turnaround forms due to the OSC.</i>	347
Upon Availability	_____	<i>Copy of management representation letter to the Office of the State Auditor due to the OSC as soon as available.</i>	371
Upon Availability	_____	<i>Final Exhibit J due to the OSC prior to the release of agency/institution separately issued financial statements, if any changes were made to the prior Exhibit J submitted on September 6. This submission is the basis of the OSC’s required approval of the statements.</i>	178

CHAPTER 1: SECTION 2**CLOSING CALENDAR****2.1 Closing Events Calendar**

<u>Date</u>	<u>Event</u>
April 11	Close of Period 9 Fiscal Year 2014.
May 16	Close of Period 10 Fiscal Year 2014.
May 26	STATE HOLIDAY
May 30	Expired Warrants Selection Process runs and populates the EXPW table for agency review and posting of exempt/federal portion. See Chapter 3, Section 3.23 in the March 2014 Fiscal Procedures Manual.
June 9	Bank confirmations sent to confirm bank accounts. See Chapter 3, Section 5.21.1 in the March 2013 Fiscal Procedures Manual for instructions and the bank confirmation form.
June 13	Close of Period 11 Fiscal Year 2014.
June 20	All requests to cancel or reissue aged warrants from the EAP18R report must be submitted to the OSC by this date to ensure processing prior to the expired warrant purge. See Chapter 3, Section 3.22 in the March 2013 Fiscal Procedures Manual.
June 20	Deadline to submit requests to the OSC for the cancellation of Fiscal Year 2014 warrants. All requests submitted by this date will be processed prior to month-end. No Fiscal Year 2014 warrants will be canceled after June 30 in Fiscal Year 2014; they will be canceled in Fiscal Year 2015. See Chapter 3, Section 3.23 in the March 2013 Fiscal Procedures Manual for explanation of Fiscal Year 2014 warrants canceled in Fiscal Year 2015.
June 20	Last recommended day to freeze inventory for year-end adjustment. See Chapter 3, Section 3.14 in the March 2013 Fiscal Procedures Manual.
June 23	Biweekly payroll (062) posted to COFRS (pay period beginning May 31 and ending June 13).
June 26	Last Fiscal Year 2014 (M06) payroll to be posted in nightly cycle to COFRS will be recorded for GAAP purposes in Fiscal Year 2014, and the general-funded portion for budget purposes in Fiscal Year 2015.
June 25	The Labor Data Collection (LDC) module runs for the 062 biweekly payroll.
June 27	Purge of aged warrants.
June 30	Run point-in-time reports. See Chapter 1, Section 3.15 in the March 2013 Fiscal Procedures Manual.
June 30	Physical inventory of consumable goods completed on or before this date. Refer to

- Chapter 3, Section 3.14 in the March 2013 Fiscal Procedures Manual for discussion of this topic.
- June 30 A count of petty cash and change funds should be completed on this date.
- June 30 Treasury cash cutoff. Walk-in deposits must be at the State Treasurer’s Office by 2:00 pm to be recorded in balance sheet account 1100-Operating Cash for Fiscal Year 2014.
- June 30 Wire or electronic fund transfers of depository account balances or federal fund drawdowns must be deposited into the State Treasurer’s operating account at Chase by close of business to have cash included in balance sheet account 1100-Operating Cash. (Amounts not transferred by this date must be in 10xx accounts and included on the agencies’ Exhibit M.)
- June 30 All inventory module transactions must be closed by the close of business. This includes the SR, CI, OC, TI, TR, IA, and SN documents. See Chapter 3, Section 3.14 in the March 2013 Fiscal Procedures Manual for details.
- June 30 All year-end reports (RYE) will begin to run on the revised schedule for the closing period (run nightly, weekly, monthly).
- June 30 All goods and services must be received by this date in order to be accounted for in Fiscal Year 2014.
- June 30 For continuation of expiring capital construction project appropriations, all contracts must be effective on or before this date.
- July 1 Last central payroll Fiscal Year 2014 (schedule 906 payroll adjustments) to be posted in nightly cycle to COFRS.
- July 1 Reports on purge of aged warrants available on Document Direct.
- July 1 BDA01RYE available on Document Direct.
- July 1 Overexpenditure reports will be available.
- July 1 OSC diagnostic reports available on the FDW. See Chapter 5, Section 1 in the March 2013 Fiscal Procedures Manual for details.
- July 1 - 11 FYE02R and INV02R available on Document Direct nightly.
- July 1 – July 30 The document suspense file “SUSF” needs to be cleared daily of all Fiscal Year 2014 rejects and documents that need approval. (See GNL15R weekly.)
- July 1 – July 30 EAP05R Report (Unscheduled Payment Turnaround) and EAP12 Report (EFT Unscheduled Turnaround) need to be reviewed daily for payments being held due to vendors on hold or overspent appropriations. If overspent appropriations cannot be corrected, agency must request overexpenditure or transfer authority under the authority granted to the State Controller in CRS 24-75-105 to 110. See Chapter 3, Section 1 in the March 2013 Fiscal Procedures Manual.
- July 4 STATE HOLIDAY

- July 7 Resolve all intra/interfund receivable/payable issues including any related to Central Services billings by this date.
- July 7 The Labor Data Collection (LDC) module runs for the M06 monthly payroll.
- July 8 Last Fiscal Year 2014 biweekly payroll (071) posted to COFRS (pay period beginning June 14 and ending June 27). With the passage of House Bill 12-1246, this will be recorded for both GAAP and budget purposes in Fiscal Year 2014.
- July 8 Deadline for completing ITs with higher education institutions including direct billing.
- July 9 The Labor Data Collection (LDC) module runs for the 071 biweekly payroll.
- July 9 Last day to process reallocation entries for June payroll expenditures. Payroll corrections for periods prior to Period 12 may be processed after this date. From June 1 – July 9 only payroll corrections related to Period 12 may be processed.
- July 10 COFRS run process to restore cash related to deferred monthly payroll.
- July 10 Deadline to have Fiscal Year 2014 CR documents approved by State Treasury (Treasury email address treasurycashiers@state.co.us).
- July 11 Deadline to reissue expired warrants in Fiscal Year 2014 from balance sheet account 2751.
- July 11 Close of Period 12 (non-higher education IT transaction and PV document cutoff).
- July 11 Last day to process CR, CX, IN, IT, MW, OE, PB, PC, PD, PG, PO, PV, RQ, RX, SC, and WR transactions.
- July 11 Clear all balances from balance sheet 2751 per Chapter 3, Section 3.22 in the March 2013 Fiscal Procedures Manual.
- July 11 Target date to clear all default and clearing accounts. (These include the following balance sheet accounts: 159X, 2510, 2520, and 2751.)
- July 11 Deadline to submit rollforward requests to the OSC. See Chapter 3, Section 2 in the March 2013 Fiscal Procedures Manual.
- July 11 Deadline for booking Fiscal Year 2014 Supplemental Bills and Fiscal Year 2014 special bills with expenditure authorizations.
- July 14 Period 13 of Fiscal Year 2014 open. Only JVs, JAs, JSs, TAs, APs, EBs, RBs, TBs, FDs, DPs, FAs, and FCs may be processed.
- July 11 – August 1 Overexpenditure reports and OSC diagnostic reports for Fiscal Year 2014 will be available on the FDW on these business days.
- July 15 Deadline for submitting appropriation transfer and overexpenditure request forms.
- July 16 Preliminary Period 12 Exhibit Reconciling Balance Report distributed (via the FDW).

- July 16 The OSC issues the Period 12 preliminary Unrealized Gain/Loss Report on market valuation of Treasurer's pooled cash via the FDW. See Chapter 3, Section 5.17 in the March 2013 Fiscal Procedures Manual.
- July 18 All Highway Users Tax Fund and Tobacco Cash Fund Certifications are due to Treasury by 12:00 noon.
- July 18 Bank confirmations should be received back from your financial institution by this date for the completion of risk classification on Exhibit M.
- July 18 Agencies shall record deferrals related to OIT purchased services and communicate that back to the OIT by this date. See Chapter 3, Section 3.27 in the March 2013 Fiscal Procedures Manual.
- July 18 Capital Construction CCCAS form for reversions due to the OSC, with the signed AP document and supporting documentation.
- July 21 Final day to confirm intra/interfund receivable and payable balances. Confirmations after this date may be rejected by the buyer. See Chapter 3, Section 5.45 in the March 2013 Fiscal Procedures Manual and revision to the process for Fiscal Year 2014 in Chapter 2, Section 2.1 of this addendum, which requires additional department-level balancing entries.
- July 22 Target date for the State Controller and the OSPB to approve or disapprove all transfer and overexpenditure forms. (See Chapter 3, Section 1 in the March 2013 Fiscal Procedures Manual.
- July 24 Final day to confirm intra/interfund receivable related to the Gaming distribution.
- July 30 Period 13 of Fiscal Year 2014 closes for agency input.
- July 30 This is the last day to process JV, EB, RB, TB, DP, FA, FC, FD, and JS transactions.
- July 30 Sweep entries are generated and processed. See Chapter 3, Section 3.16 in the March 2013 Fiscal Procedures Manual.
- July 31 Period 13 of Fiscal Year 2014 open for OSC input only. Only JAs, APs, and TAs may be processed. For JAs include sweep entries, as applicable. See Chapter 3, Section 3.16 in the March 2013 Fiscal Procedures Manual.
- August 1 Intra/Interfund Receivable/Payable Confirmation Forms due to the OSC.
- August 1 Close of Period 13 for Fiscal Year 2014 and Fiscal Year 2014 final close. JAs, APs, and TAs will be turned off for Fiscal Year 2014 nightly processing. Budget fiscal year and fiscal year will be closed. Period 13 final close balances will be used as the basis for preparation of both agency statements and statewide basic financial statements.
- August 4 The OSC distributes Exhibit J financial statement files.
- August 4 Begin production of final GNL21R for Fiscal Year 2014 for distribution.
- August 6 The OSC issues the Period 13 final Unrealized Gain/Loss Report on market valuation

- of Treasurer’s pooled cash via the FDW. See Chapter 3, Section 5.17 in the March 2013 Fiscal Procedures Manual.
- August 6 The OSC distributes Exhibit Reconciling Balance report, Variance Analysis reports, and requests for responses to the Variance Analysis report (via the FDW).
- August 8 Turnaround uncommitted cash reserves reports distributed to agencies (via the FDW).
- August 11 Final GNL21R for Fiscal Year 2014 is available on Document Direct.
- August 13 Agency Exhibit Listing and completed exhibits A1, A2, B, C, D1, D2, D3, E1, E2, F1, F2, G, L1, L2, M, N1, N2, N3, N4, N5, N6, O1, O2, P, Q, R, S, T, U1, U2, V1, V2, W1, W2, Y1, Y2, Y3, Y4, and Z due to the OSC. Electronic exhibits and instructions will be distributed in April 2014. See Chapter 3, Section 5 in the March 2013 Fiscal Procedures Manual for based details on exhibits and the new Exhibit L2 as discussed in Chapter 2, Section 2.2 of this addendum.
- August 13 Variance Analysis report responses due to the OSC.
- August 15 Cash reserves turnaround report due to the OSC.
- August 20 Due date for submission of the Medicaid Exhibit (referred to as the Exhibit H99) and submission of exhibits H related to the OIT Purchased Services deferral.
- August 29 Any incomplete or new exhibits H received after this date are considered audit adjustments. See Chapter 3, Section 5 in the March 2013 Fiscal Procedures Manual for details on exhibits.
- September 5 Exhibits I and J and agency financial statements due to the OSC. See Chapter 3, Section 5 in the March 2013 Fiscal Procedures Manual for details on exhibits.
- September 5 Higher education regular appropriated revenue and expense and informational only appropriated revenue and expense for budget reporting purposes (Exhibit H398) due to the OSC. See Chapter 3, Section 5 in the March 2013 Fiscal Procedures Manual for details on exhibits.
- September 16 Subsequent events reporting related to the BFS is due to the OSC.
- September 19 Exhibit K1 and K2 (as applicable) due to the OSC. See Chapter 3, Section 5 in the March 2013 Fiscal Procedures Manual for details on exhibits.
- September 19 Issue Basic Financial Statements for June 30 (limited distribution).
- September 19 Uncommitted Cash Reserves Report due to the OSPB and the JBC.
- September 19 Management Discussion and Analysis due from agencies/institutions issuing stand-alone financial statements.
- September 30 Accounts payable relating to Fiscal Year 2014 should be cleared.
- October 24 Current year audited financial statements from Discretely Presented Component Units meeting the materiality threshold due to the OSC.

- October 31 Schedule of Federal Assistance by State Agencies due to the Legislature.
- October 31 Procurement Card violation report due to the OSC.
- October 31 Completed annual travel report turnaround forms due back to the OSC with distribution of expense by source of funds.
- November 28 Due date for State Controller's statutory loan and advance report.
- December 9 Subsequent events reporting related to the final CAFR is due to the OSC.
- Upon Availability Final Exhibit J due to the OSC prior to the release of agency/institution separately issued financial statements, if any changes were made to the prior Exhibit J submitted on Sept. 5. This submission is the basis of the OSC's required approval of the statements.
- Upon Availability Copy of management representation letter due to the OSC. See Chapter 5, Section 6.2 in the March 2013 Fiscal Procedures Manual.
- December 12 Finalize Comprehensive Annual Financial Report (CAFR) with State Auditor opinion.
- December 31 Financial Responsibility and Accountability Act Statements due to the OSC. See Chapter 5, Section 6.1 in the March 2013 Fiscal Procedures Manual.

2.2 Fiscal Procedures Manual Calendar

2014 CALENDAR						
JANUARY						
M	T	W	T	F	S	S
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DECEMBER						
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CHAPTER 2: SECTION 1

PAYABLE RECEIVABLE CONFIRMS

Intra/interagency payables and receivables must be balanced and disclosed in the notes to the financial statements through the payable/receivable confirmation process as described in the March 2013 Fiscal Procedures Manual. These procedures have allowed for departments to include the account where the payable or receivable on COFRS resided on the confirmation form, even if not recorded in the proper intra/interagency account. However, to facilitate the transfer of balanced accounts into CORE, department-level entries to appropriately classify payables and receivables are necessary for Fiscal Year 2014 close. The confirmation form that is distributed with the Exhibit workbook will be clarified to align with this requirement.

1.1 Confirmed Balances

New for Fiscal Year 2014 close, the OSC is requiring agencies to take the additional step of ensuring that the inter/intrafund balance sheet accounts are used for confirmed amounts. If the Buyer or Seller agencies have recorded the receivable or payable in balance sheet accounts other than an intra/interfund receivable/payable, the applicable balances must be reclassified to the appropriate payable/receivable account by Period 13 agency close. The OSC will followup and request Exhibits H for any confirmed payable/receivable balances in the incorrect accounts after Period 13 close.

1.2 Unconfirmed Balances

New for Fiscal Year 2014, for intra/interfund balances for which there is not confirmation on both sides, the intra/interfund balances should be reclassified as external payables/receivables by Period 13 agency close. Prior to this step, every effort should be made to resolve issues and the reclassification should not be used as a means of avoiding the payable/receivable confirmation process. If material interfund balances are discovered after Period 13 close, Exhibits H will be required to be submitted by both the Buyer and Seller agency.

1.3 In Transit Balances

New for Fiscal Year 2014, for intra/interfund balances for which payable party confirms as in transit, the receivable should be reclassified as external. This generally occurs when the higher education institutions have issued a warrant for payment of services near fiscal year-end.

CHAPTER 2: SECTION 2

GASB STATEMENT NO. 70 – ACCOUNTING AND REPORTING FOR NONEXCHANGE FINANCIAL GUARANTEES

Governments sometimes extend financial guarantees to other governments, non-profit organizations, and individuals without receiving equal consideration in return. The government can also be the recipient of a financial guarantee, whereby it does not sacrifice value equal to what it has gained as a result of the guarantee. Guarantees within the primary government, such as the higher education bond intercept program, are not subject to the provisions of this standard. This statement prescribes the accounting treatment for external guarantees and the related financial statement disclosures.

2.1 Governmental Guarantor Accounting for Nonexchange Financial Guarantees

The government must assess the likelihood of having to act upon a nonexchange guarantee. The factors to consider are qualitative in nature and include the initiation bankruptcy or reorganization proceedings, breach of the debt contract related to the obligation, or other indications of financial difficulty by the recipient. If the likelihood is more-likely-than-not (greater than fifty percent), a liability and expense must be recognized in the government-wide financial statements for governmental funds or within the fund for proprietary funds. The liability should be calculated as the present value of the expected future outlays. If there is a range of possible outcomes and no one outcome is more certain than the others, the minimum should be recorded. The expense should be recorded in the same manner as other financial assistance to external organizations, i.e., grants or distributions depending on the nature of the guarantee. Additionally, to the extent payments under guarantees are due and payable, they should be recorded as a current liability of the governmental fund.

2.2 Governmental Recipient Accounting for Nonexchange Financial Guarantees

To the extent that the guarantor paid the obligation, the recipient government should reclassify the original obligation to an obligation to the guarantor. If the recipient is legally released from any liability, such as through bankruptcy proceedings, the recipient should reduce its obligation to the guarantor and recognize revenue. A receivable is only recognized in the amount of the guarantor's liability when one or more parties to the guarantee are blended component units. Blended component units within the State's reporting entity include United Physicians, Inc. in relation to the University of Colorado.

2.3 Disclosure Requirements

The guarantor should disclose a description of the nonexchange financial guarantee that includes the legal authority and limits for extending the guarantees and types of obligations guaranteed, the relationship of the government to the issuer(s) of the obligations that are guaranteed, the length of time of the guarantees, arrangements for recovering payments from the recipient(s), and the total amount of all guarantees extended that are outstanding at the reporting date. For liabilities recognized, the guarantor should also include a description of the timing of recognition and measurement of the liabilities and information about the changes in recognized guarantee liabilities including beginning-of-period balances, increases, including initial recognition and adjustments increasing estimates, guarantee payments made and adjustments decreasing estimates, and end-of-period balances. Finally, the cumulative amounts of indemnification payments that have been made on guarantees extended that are outstanding at the reporting date and amounts expected to be recovered should be disclosed.

The recipient of a nonexchange financial guarantee should disclose the name of the entity providing the guarantee, the amount of the guarantee, the length of time of the guarantee, the amount paid (if any) by the entity extending the guarantee, the cumulative amount paid by the

entity extending the guarantee, a description of requirements to repay the entity extending the guarantee, and the outstanding amounts (if any) required to be repaid to the entity providing the guarantee.

2.4 Exhibit L2

Please complete a separate Exhibit L2 for each nonexchange financial guarantee, or group of guarantees as applicable. Please contact Tammy Nelson with any questions about completing this exhibit (tammy.nelson@state.co.us or 303-866-2659).

EXHIBIT L2
NONEXCHANGE FINANCIAL GUARANTEES
FOR THE FISCAL YEAR ENDING JUNE 30, 2014

Section A - Nature of Nonexchange Financial Guarantee

The Department is the ___ guarantor _____ recipient of the nonexchange financial guarantee.

Section B - Description of the Nonexchange Financial Guarantee

Description of the guarantee arrangement:

Describe the legal authority, limits, and types of obligations subject to guarantee:

Describe the relationship between the Department and the guarantor/recipient:

Describe the duration of the nonexchange financial guarantee:

Amount of nonexchange financial guarantees outstanding as of June 30:

Describe arrangements for repayment to the guarantor, if any:

Section C - Liability Recognition by the Guarantor

Describe the guarantor's basis for liability recognition:

Section D - Guarantor Liability Information

Beginning Balance	Increase in Guarantee	Increase Due to Change in Estimate	Decrease in Guarantee	Decrease Due to Change in Estimate	Ending Balance

Section E - Guarantor Payment Information

Beginning Balance	Current Year Payments	Ending Balance	Cummulative Paments

Section F - Receipt Repayment Information

Required Repayment	Beginning Balance	Current Year Repayments	Cummulative Repayments	Expected Amount of Additional Repayments

Prepared By: _____ Agency Name: _____

Phone Number: _____ Agency Code: _____

Email Address: _____ Date Prepared: _____

CHAPTER 2: SECTION 3

INDIRECT COSTS RECOVERIES

Senate Bill 13-109 created the Indirect Costs Excess Recovery Fund (Fund 27G), with an account for principal departments, except the Department of Higher Education, to capture excess indirect cost revenue for use through the appropriations process. The Office of the State Controller (OSC) is required to report the revenues, expenditures, and balance in each departmental account of the fund as of fiscal year end to the Joint Budget Committee and the General Assembly each November 1.

3.1 Transfer to the Indirect Costs Excess Recovery Fund

It is the policy of the State Controller that the maximum recovery available, as required by Fiscal Rule 8-3, be credited as revenue to the Indirect Cost Assessment line item(s). Prior to Period 13 agency close on July 30, departments must transfer any excess revenue collected in the Indirect Cost Assessment line item to its account within the Indirect Costs Excess Recovery Fund. This bill updates the requirement in Fiscal Rule 8-3 to revert excess indirect cost recoveries to the General Fund, which will be revised to align with this statute at the next point the Fiscal Rules are opened for revision.

3.2 Evaluation of Departmental Indirect Cost Recovery Processes and Reporting

With the implementation of CORE, many processes will become standardized within the system across State departments. In alignment with the goal of standardization, the OSC is in the process of developing a task force to review current practices and to develop a uniform approach for accounting for the underlying data supporting the statutory report. This effort, in part, also stems from an audit recommendation to the OSC to ensure department's processes surrounding indirect cost recoveries are consistent to increase transparency. Furthermore, the OSC is available to provide assistance, consult, or train as needed. In particular with the recent consolidation of the federal cost circulars, please contact Bhavna Punatar with any questions or requests (Bhavna.punatar@state.co.us or 303-866-4344).