

Office of the State Controller

Alert # 173



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

FROM: Leslie M. Shenefelt
 State Controller

DATE: December 3, 2007

SUBJECT: 2007 Reporting for the Financial Responsibility and Accountability Act
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2007 Reporting for the Financial Responsibility and Accountability Act

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

Capital Construction Senate Bill 07-263

Senate Bill 07-263 becomes effective upon the date of the audit opinion for the statewide financial statements, provided certain reserve requirements have been met. It currently appears that the requirements under the bill have been met, with a target date for the audit opinion of December 21st. The coded legislation is in the process of being distributed to affected agencies and institutions of higher education. Notification of receipt of the audit opinion will be communicated at that time through e-mail. Please contact your FAST representative if you have any questions.

Conversion to Employee ID Number from Social Security Numbers

The conversion to employee identification numbers from social security numbers is scheduled to occur on December 24, 2007. As a result, no employee reimbursements shall be initiated from December 24 – 28, 2007. To have employee expense reimbursements processed before year end, agencies should complete the payment vouchers by December 20th, or if run immediate is applied to the documents by December 21st. Agencies may begin processing employee expense reimbursements using the new employee identification number on December 31st. All existing employee vendor records using the social security number will be placed on hold during the conversion process. Questions related to the conversion should be addressed to Bob Jaros.

Dottie Relaford's Retirement

Mark your calendars! With over 20 years of service, Dottie is retiring from the OSC effective January 31, 2008. Reserve the afternoon of January 31st to join us in congratulating Dottie on her retirement and wish her a fond farewell. As the date gets closer more details will follow. Dottie, you will be missed!

Federal Funding Accountability and Transparency Act (FFATA) Requirements

Recently the Federal Funding Accountability and Transparency Act (FFATA) was signed into law. The Act requires the federal government to maintain a web-searchable database that will track all federal awards by January 1, 2008, and subawards by January 1, 2009. In order to do this, the federal agency making the award will request information from state agencies about all subrecipients that will be benefiting from the award. Based on language in the act, this information will be required as a condition of the award, and it must be available in the federal database within 30 days of the federal award. Please inform your grant program staff of these requirements.

When similar requirements have been imposed in the past, it has resulted in additional disclosure requirements on the Schedule of Expenditures of Federal Awards (SEFA). Although this has not yet been suggested by the federal government, it could later expand the reporting requirements on the Exhibit K. Note that the Exhibit K currently reports the name of an entity that provides pass through federal funds to the state; the new FFATA requirements address additional reporting on disbursements of federal grants by the state to subrecipients.

The OSC is providing you with this information so that your agency or institution can research how it will provide the subrecipient information to the federal government in a timely manner, and to OSC if this information becomes required for the SEFA. The OSC is aware of the long lead times that may be necessary to make programming changes in your automated reporting systems.

For more information on the FFATA please see <http://www.federalspending.gov>.

Management Representation Letters

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

Mileage Reimbursement Rate Change Effective January 1, 2008

C.R.S. 24-9-104 states that on and after January 1, 2008, state officers and employees shall be allowed mileage reimbursement of 90% of the prevailing IRS rate per mile for each mile actually and necessarily traveled while on official state business. When authorized to be utilized and necessary for official state business, 95% of the prevailing IRS rate per mile for four-wheel-drive vehicles (necessary because of road, terrain, or adverse weather conditions) shall be allowed. The new IRS rate effective January 1, 2008 will be fifty point five cents (50.5). This will allow forty-six cents (.46) for 2WD and forty-eight cents (.48) for 4WD to be paid for state travel beginning January 1, 2008. Keep in mind that state travel that began before the effective date of the change and ends after the effective date of the change will need the mileage broken out between the two different rates. Any questions should be addressed to your FAST representative.

New CISO Object Code

When the new Chief Information Security Office (CISO) was created, the cost of the office was allocated to various state agencies. The Governor's Office is in the process of initiating IT transactions to bill agencies for their allocated portion of the cost. A new object code has been established exclusively for CISO payments. The object code is 2650, entitled CISO Billings – Purch Serv.

New Reporting Requirement for IRS Forms 8038G/8038GC

Some departments and agencies have issued or entered into various types of financing agreements or debt instruments to obtain assets including capital assets, cash and/or other resources. Such agreements include but are not limited to certificates of participation, capital leases, some operating leases, and financing contracts with private financial institutions. Many of these are tax exempt under IRS regulations and require the agency or institution of higher education to file an annual Form 8038G or 8038GC.

The environment in which we operate is changing. The Security and Exchange Commission is looking more closely at these types of financing agreements and debt instruments and proposing new laws and rules to regulate the markets. The bond markets are asking for more centralized reporting processes. This puts pressure on the management of the State of Colorado to have a thorough understanding of its financing agreements and debt instruments. To ensure a part of the relevant information is

available, the State Controller is establishing a new reporting requirement on these agreements. The requirement is as follows:

Effective for the calendar year ending December 31, 2007, state agencies and institutions of higher education are required to provide the Office of the State Controller a copy of any Form 8038G or 8038GC filed with the IRS by your agency or institution of higher education for any active financing agreement regardless of the date of issuance. For the calendar year ending December 31, 2008, and each subsequent year state agencies and institutions of higher education are required to provide the Office of State Controller any Forms 8038G or 8038C related to financing agreements entered into within the calendar year. Please submit copies to your FAST representative within one week of submitting the form to the IRS.

Travel FAQ Rescinded

The Frequently Asked Questions document referred to in Alert #172 has been rescinded. Travel related questions should be first directed to your Department's controller. Any questions needing further clarification should be directed to your FAST representative. Please make sure that your controller is aware of any such inquiries.