

Office of the State Controller

Alert # 178



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

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

DATE: June 16, 2008

SUBJECT: Amended Law for Public Contracts for Services (SB08-193)
Declared Disaster Emergency Tracking
GASB 49 Survey Reminder
Headnote Legislation (HB08-1321)
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Amended Law for Public Contracts for Services (SB08-193)

New requirements for public contracts for services and unauthorized immigrants became effective on May 13, 2008 with the passage of Senate Bill 08-193. The law applies to contractors who enter into or renew public contracts for services with a state agency or political subdivision. Additional information is available on OSC's website at:

http://www.colorado.gov/dpa/dfp/sco/contracts/Unauthorized_Immigrants.htm

If you have any questions concerning the new requirements, please contact Bob Jaros at 303-866-3765 or bob.jaros@state.co.us.

Declared Disaster Emergency Tracking

As part of the statewide Continuation of Operations (COOP) planning process, the State Controller has determined that it is necessary to have a statewide mechanism to identify and report expenditures made in response to Governor declared disaster emergencies. Other states have identified this tracking as an important process in being able to recover allowable costs from FEMA. The State Controller has selected program code as the mechanism best suited for tracking and reporting of emergency expenditures while causing the least impact on existing required COFRS coding.

As a result, each agency is required to establish a 9111 program code on COFRS. The OSC has searched the historical COFRS record and found no instances of prior use of

program code 9111. Program class is an agency controlled attribute, and it is recommended that you also use 9111 for that indicator. Program group, program type, and program category are centrally defined attributes in the chart of accounts, and the OSC has established program type 9111 and program category 9111 that must be used with existing program group PP (Public Protection) in setting up the program code.

Because there may be multiple Governor declared disaster emergencies within a fiscal year, it is recommended that agencies establish and require the use of separate internal coding (such as subobject codes, appropriation codes, etc.) to track individual Governor declared emergencies.

In order to be prepared to implement this coding system for Fiscal Year 2008-09, agencies are required to have one 9111 program code established for each agency by June 27, 2008. Please contact your FAST accounting specialist if you have questions regarding this requirement.

GASB 49 Survey Reminder

GASB Statement No. 49, which is effective beginning with Fiscal Year 2008-09, creates uniform standards for the accounting and reporting of pollution remediation obligations. To determine the state's readiness in implementing GASB 49, the OSC distributed a questionnaire in late May 2008. As a reminder, questionnaires are due from all departments/institutions by June 18, 2008. Questions concerning this survey or GASB 49 should be directed to your FAST representative or Melissa Moynham (melissa.moynham@state.co.us).

Headnote Legislation (HB08-1321)

The headnotes formerly included in the annual Long Bill Appropriations Act have been enacted in substantive legislation with the passage of House Bill 08-1321. In the past as part of the Long Bill, which is not substantive legislation, the Governor directed agencies/institutions to comply with its provisions to the extent possible. Now, as substantive legislation, compliance with the headnotes is mandatory in all situations. Please review and familiarize yourself with the bill's requirements. Please direct any questions to your FAST representative.

Paydate Shift

This is a reminder that the paydate shift requirements of CRS 24-50-104 (8) remain in effect for Fiscal Year 2007-08. As a result, June salaries for employees that are normally paid on a monthly and biweekly basis will be paid on July 1, 2008. This represents an eleven-day delay in pay for employees paid biweekly and a one-day delay for employees paid on a monthly basis. The Office of the State Controller worked with the legislature to find a solution that would allow at least the biweekly employees to be paid on their normal paydates. However, it was determined that General Fund appropriations would have been required to allow the agencies to record 13 payrolls in

12 periods. In the end, those appropriations were not available, and the payday shift remains in effect as noted above. Employees who have questions or concerns about automatic deductions from their accounts must contact their banks and creditors directly.

The Credit Union of Colorado has made the decision to honor all automatic debits scheduled from June 20 through June 30, 2008, for its state employee members. This means if a member has an automatic payment that is deducted on the 30th from a Credit Union of Colorado checking or savings account, it will be paid when received. For example, if a member has a scheduled mortgage payment to a mortgage company on June 30th, the credit union will honor that payment. The Credit Union of Colorado requires no special requests from its members regarding scheduled payments affected by the pay date shift.

Treatment of Insurance Recoveries

Recently several questions have arisen on the proper accounting treatment of insurance recoveries. There appears to be a lot of confusion as to whether the proceeds should be treated as a refund of expenditure or as a receipt of revenue. There are a couple of in-depth discussions on the correct treatment of these recoveries in the Fiscal Procedures Manual. The accounting standards were established in GASB 42 and were adopted by the state in FY05-06. Please refer to Chapter 9, Sections 1.11 and 2.11 for guidance in this area. There has also been a great deal of confusion about how to treat over-recoveries from the State's Risk Management Office. The insurance recovery statute, CRS 24-30-202 (21) states that over payments received from insurance companies shall be reverted to the general fund. While this is true for payments from actual outside insurance companies, it does not apply to over payments from Risk Management. Because the state is self-insured, any over payment from Risk Management should be returned to make the Risk Management Fund (Fund 11P) whole. If you have any questions concerning insurance recoveries, please contact your FAST representative.

