

REPORT HIGHLIGHTS



CASH FUNDS UNCOMMITTED RESERVES
FISCAL YEAR ENDED JUNE 30, 2016
PERFORMANCE AUDIT

STATE OF COLORADO
OFFICE OF THE STATE CONTROLLER

CONCERN

The Office of the State Controller (OSC) did not meet the statutory deadline for the cash funds report. In addition, six departments had cash funds with excess uncommitted reserves and, therefore, did not comply with statutory requirements.

KEY FACTS AND FINDINGS

- The OSC submitted the cash funds report to the JBC and OSPB on October 26, 2016, which was approximately 1 month beyond the September 20 statutory requirement.
- We identified problems that contributed to the OSC's failure to meet the statutory deadline such as delays that occurred in closing the State's accounting periods.
- We determined that six departments had funds with excess uncommitted reserves as of June 30, 2016.
- Within those six departments, seven total cash funds had excess uncommitted reserves of \$4.0 million. This was a decrease from the previous year with six departments and nine total cash funds and a total of \$7.3 million.
- Five of the seven funds have been out of compliance for more than 3 years.
- The departments that we identified as having cash funds with excess uncommitted reserves as of June 30, 2016, are:
 - Department of Agriculture
 - Department of Law
 - Department of Personnel & Administration
 - Department of Public Health and Environment
 - Department of Public Safety
 - Department of State

BACKGROUND

- Section 24-75-402, C.R.S., limits the amount that departments can keep in certain cash funds at the end of a fiscal year.
- A cash fund has an excess uncommitted reserve when the year-end balance is greater than statutory reserve limits.
- The OSC is required to prepare the Cash Funds Excess Uncommitted Reserves Report by September 20 to determine which funds are in compliance.
- Each department verifies the financial information prepared by the OSC. This information is audited as part of the Statewide Financial audit.

KEY RECOMMENDATIONS

- The OSC should ensure that it prepares and issues the cash funds report in accordance with statutory deadlines by ensuring fiscal year accounting periods are closed in a timely manner.
- The departments with excess uncommitted reserves should monitor cash funds excess uncommitted reserves and take appropriate action to ensure that all cash funds are in compliance with applicable statutory requirements.

The Departments generally agreed with the recommendations.