

REPORT HIGHLIGHTS



CASH FUNDS UNCOMMITTED RESERVES
FISCAL YEAR ENDED JUNE 30, 2017
PERFORMANCE AUDIT

STATE OF COLORADO
OFFICE OF THE STATE CONTROLLER

CONCERN

11 departments did not comply with uncommitted cash fund reserves statutory requirements.

KEY FACTS AND FINDINGS

- We determined that 11 departments had funds with excess uncommitted reserves as of June 30, 2017. The departments that we identified as having cash funds with excess uncommitted reserves as of June 30, 2017, are:
 - Department of Agriculture
 - Department of Human Services
 - Department of Law
 - Department of Local Affairs
 - Department of Natural Resources
 - Department of Personnel and Administration
 - Department of Public Health and Environment
 - Department of Public Safety
 - Department of Regulatory Agencies
 - Department of Revenue
 - Department of State
- Within those 11 departments, 18 total cash funds had excess uncommitted reserves totaling approximately \$4 million. This was an increase of five departments and 11 funds from the previous year. Total excess uncommitted reserves remained consistent with the prior year.
- Two of the 18 funds have been out of compliance for three consecutive years. The following departments had cash funds with excess uncommitted reserves for three consecutive years and the OSC was required to restrict their spending authority, in accordance with House Bill 15-1261, beginning in Fiscal Year 2018:
 - Department of Agriculture
 - Department of Law

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 Office of the State Controller (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 RECOMMENDATION

- The departments with excess uncommitted reserves should take appropriate action to ensure that all cash funds are in compliance with applicable statutory requirements.

The departments generally agreed with the recommendations.