

# REPORT HIGHLIGHTS



CASH FUNDS UNCOMMITTED RESERVES  
FISCAL YEAR ENDED JUNE 30, 2020  
PERFORMANCE AUDIT, NOVEMBER 2020

STATE OF COLORADO  
OFFICE OF THE STATE CONTROLLER

## CONCERN

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

## KEY FACTS AND FINDINGS

- We determined that seven departments had funds with excess uncommitted reserves as of June 30, 2020. The departments that we identified as having cash funds with excess uncommitted reserves as of June 30, 2020, are:
  - ▶ Department of Agriculture
  - ▶ Department of Law
  - ▶ Department of Personnel and Administration
  - ▶ Department of Public Health and Environment
  - ▶ Department of Public Safety
  - ▶ Department of Regulatory Agencies
  - ▶ Department of State
- Within those seven departments, 17 total cash funds had excess uncommitted reserves totaling approximately \$9.1 million.
  - ▶ The total number of departments with excess uncommitted reserves decreased by five from the prior year.
  - ▶ The total number of funds with excess uncommitted reserves remained consistent with the prior year.
  - ▶ Total excess uncommitted reserves decreased by approximately \$15.5 million from the prior year.
- The Department of Public Safety has had one cash fund with excess uncommitted reserves for 3 consecutive years; as a result, the OSC will be required to restrict its spending authority in accordance with Section 24-75-402(12), C.R.S., beginning in Fiscal Year 2021.
- The Department of Law has had one cash fund with excess uncommitted reserves for four consecutive years; as a result, the OSC began restricting its spending authority in Fiscal Year 2020 in accordance with Section 24-75-402(12), C.R.S. and will continue to restrict its spending authority in Fiscal Year 2021.

## 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 annually by September 20 to determine which funds are in compliance.

## 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 agreed with the recommendations.