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Contact: Greg Fugate
osa.media@state.co.us

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Nine State Departments Are Holding Excess Fee-Based Revenue

DENVER—The Colorado Office of the State Auditor (OSA) has issued its annual Cash Funds Uncommitted Reserves performance audit for the Fiscal Year Ended June 30, 2022. The audit identified nine state departments with about \$16.4 million in fee-based revenue in excess of allowable statutory reserves at fiscal year-end, an increase of about \$1.4 million from the prior year.

The nine departments with excess uncommitted reserves included: Department of Agriculture, Department of Health Care Policy and Financing, Department of Law, Department of Local Affairs, Department of Personnel & Administration, Department of Public Health and Environment, Department of Public Safety, Department of Regulatory Agencies, and Department of Revenue. The excess reserves were held in 18 separate cash funds.

State law requires departments with excess uncommitted reserves to reduce fees or increase expenditures in order to spend down reserves. “Managing excess revenue in cash funds is important because it can affect whether the State owes refunds to taxpayers under the Taxpayer’s Bill of Rights,” said Gina Faulkner, Legislative Audit Supervisor. “Excess revenue can also indicate opportunities for departments to reduce fee amounts being charged for services.”

The Department of Personnel & Administration, Department of Public Health and Environment, and the Department of Regulatory Agencies have had a cash fund with excess uncommitted reserves for 3 consecutive years or more. As a result, the Office of the State Controller will restrict the departments’ spending authority in those funds for Fiscal Year 2023—this action is required by state law until the excess uncommitted reserves are eliminated.

The audit makes 18 recommendations for the affected departments to address their excess uncommitted reserves.

The full report is available @ www.colorado.gov/auditor.

About the Office of the State Auditor

Under the direction of the State Auditor, the OSA's nonpartisan, professional staff promote government accountability by conducting independent performance, financial, and IT audits and evaluations of state agencies, departments, and institutions of higher education; conducting independent evaluations of the State's tax expenditures (e.g., credits, exemptions, deductions); tracking about 4,000 Colorado local governments for compliance with the Local Government Audit Law; and operating a statewide fraud reporting hotline.

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