

County Fiscal Ruleset Revision

Presented by: Christine Torres

Meeting Expectations

- Meeting Space
 - Zoom meeting - you have full control of your mic and video, please stay muted when not speaking.
- Questions:
 - Use Chat function for comments & questions in Zoom or raise hand during the presentation.

Today's Agenda

- Meeting Purpose
- Goals
- Review Rulemaking Schedule
- Review the Governance rules 1.010.3-.8, Cost Accounting 1.010.19, and Random Moment Sampling 1.010.20
- Public Comment HDO

Slide 3

HDO [[@Torres, Christine](#)] we should add public comment to every rulemaking meeting
Henry, Danielle, 2024-09-11T20:30:07.520

Meeting Purpose

Review the HPCF Executive Director County fiscal rules and ensure a robust stakeholder process that will provide Counties several opportunities to engage, including repurposing some of the monthly director calls to focus on rules

Goals

Our goals for County fiscal rulemaking are:

- **Modernize County fiscal rules**
- **Align with other state agencies**
- **Reduce/streamline County workload/administrative processes**

Rulemaking Schedule ^{CTO}

Fall 2024

- County Fiscal Rule Committee
- October County Director Monthly Call

December 2024

- File Rule Notice
- Notice published in the register

February 2025

- Adopt Rules

April 1, 2025

- Rules effective

November 2024

- Stakeholder Meetings
 - Advocate
 - County
 - Providers/Hospitals

January 2025

- Release Final Redlines
- Rule Hearing

March 2025

- Notice Published in Register

Slide 6

CTO

[@Henry, Danielle]

Torres, Christine, 2024-09-12T16:17:02.801

Board of County Commissioners 1.010.3.1

Board of County Commissioners Responsible for Appropriating Twenty Percent Share

- As per Section 25.5-4-206 C.R.S., the board of county commissioners for each county shall annually appropriate as provided by law the funds necessary to defray the county twenty percent share of the overall cost of Medical Assistance administration and related activities delivered in the county, including the costs allocated to the administration of each, and shall include in the tax levy the funds appropriated for that purpose. Such appropriation shall be based upon the County Department budget prepared by the County Department Director.

Board of County Commissioners 1.010.3.2

Board of County Commissioners Responsible for Availability of Twenty Percent Share

- Additional funds shall be made available by the board of county commissioners if the county funds so appropriated prove insufficient to defray the county twenty percent share of actual costs for Medical Assistance administration.

Board of County Commissioners 1.010.3.3

Approval of the County Department Budget

- The board of county commissioners approves the final County Department budget and makes a county levy to provide the necessary money to defray the local share of amounts appropriated for administration of Medical Assistance payments and the administration of the County Department.

Board of County Commissioners 1.010.3.4

Send a Copy of the Approved Budget to the Colorado Department of Health Care Policy and Financing

- A copy of the Approved final budget shall be submitted to the Colorado Department of Health Care Policy and Financing electronically to HCPF_Audit@state.co.us as soon as the budget is approved or by January 1 of each year, whichever date is earlier.

Board of County Commissioners 1.010.3.5

Approval of the County Merit System Plan

- On or before January 1 of each year, the board of county commissioners shall submit to the State Department a certification that the county merit system is in conformity with 9 CCR 2502-1, Volume 2 (2021), which is hereby incorporated by reference.

Board of County Commissioners 1.010.3.6

Liability Insurance

- The board of county commissioners shall purchase insurance for its officers, employees and agents that protects them against any liability for injuries or damages resulting from their negligence or other tortuous conduct during the course of their service or employment. The board of county commissioners can, in writing, assume the risk and the financial responsibility of a reasonable deductible.

Board of County Commissioners 1.010.3.7

Surety Bond

- A surety bond shall be purchased for the County Department Director and other County Department employees, who receive, disburse, handle or have access to currency, checks, money orders, and warrants. The bond shall be in favor of the County Department and be the greater of \$10,000 or 15% of the maximum value of cash and or cash-like items the County Department Director and employees have access to during a year. The board of county commissioners can, in writing, assume the risk and the financial responsibility of a reasonable deductible. This bonding requirement applies to any contractual employees having the same responsibilities.

County Department Director

1.010.4.1

Financial and Budgetary Responsibilities of the County Department Director

1. Payroll and Expenses Responsibility

- a. Payroll and Expenses Certification Each month the County Department Director or designee shall certify by signature all payrolls and each expense voucher for the issuance of warrants.
- b. Certified Payrolls of Salaries and Expenses Presented to the County Board The County Department Director shall present to the County Board the certified payrolls for salaries and expenses authorizations that have been certified.
- c. Certification Description A description of the certification process for issuance of warrants for the County Department fund and a copy of each certificate shall be available for audit purposes.

County Department Director

1.010.4.2

Financial and Budgetary Responsibilities of the County Department Director

2. Responsible for Overseeing the Maintenance of the Accounting System

The County Department Director shall be responsible for overseeing the maintenance of the County Department accounting system.

- a. Financial Reports Follow Generally Accepted Governmental Accounting Principles—Each monthly reporting period shall be regarded as an integral part of the fiscal year. Revenues shall be allocated to monthly reporting periods in accordance with generally accepted governmental accounting principles. Expenditures, such as salaries and operating expenditures, shall be allocated to interim periods in which they were incurred. Arbitrary assignment to a monthly period shall not be allowed. The County Department Director shall submit these monthly reports to the County Board within 60 calendar days of the end of each month.

County Department Director

1.010.4.2

2. Responsible for Overseeing the Maintenance of the Accounting System—
The County Department Director shall be responsible for overseeing the maintenance of the County Department accounting system.
 - b. Financial Reports Come from the General Ledger—The county general ledger and supporting systems to the general ledger shall be the system used to record the county financial information and the system from which standard reports shall be prepared and forwarded to the County Board of Social/Human Services.
 - c. Quarterly Financial Reports—Pursuant to section 1.010.5(3)(e) of these rules, the County Department Director shall be responsible for submitting quarterly financial reports to the board of county commissioners. These financial reports shall be available for use by county executive management and their respective staffs for planning purposes and decision-making.

County Department Director

1.010.4.2

2. Responsible for Overseeing the Maintenance of the Accounting System
The County Department Director shall be responsible for overseeing the maintenance of the County Department accounting system.
 - d. Annual Financial Statements—The County Department Director shall be responsible for generating un-audited annual financial statements fully disclosing the financial position of the social/human services fund by March 1 of the subsequent fiscal year.

County Department Director

1.010.4.3

Financial and Budgetary Responsibilities of the County Department Director

3. Federal Compliance on Pass Through Funds

The County Departments are responsible for administering federal programs that involve contracts, grants, block grants, and other agreements and shall comply with the applicable federal and state laws and regulations even though the funds were passed through the State Department.

County Department Director

1.010.4.4

Financial and Budgetary Responsibilities of the County Department Director

4. Responsibility for Administrative Internal Control and Accounting Internal Control.

The County Department Director is responsible for organizing staff functions to assure adequate control and safeguards for all cash, fixed assets and negotiable items (cash, bonds, securities, etc.) handled by, stored in or used in the County Department and establish appropriate internal controls and separation of duties.

- a. Internal Control Activities—Internal control activities include, but are not limited to, reviews by director or high-level financial staff member of actual performance, controls over information processing, physical controls over vulnerable assets, establishment and review of performance measures and indicators, segregation of duties, proper execution of transactions, accurate and timely recording of transactions, and access restrictions to and accountability for resources and records.

County Department Director

1.010.4.4

Financial and Budgetary Responsibilities of the County Department Director

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County Department Director

1.010.4.5

Financial and Budgetary Responsibilities of the County Department Director

5. Responsibility for Internal Control on Trust Accounts

- a. Signatures Required—Internal control on trust accounts or other funds entrusted or maintained for others outside the County Department shall require at least two signatures, one of which is to be the County Department Director or designee of the County Department Director, for making withdrawals from savings accounts, checking accounts or for the sale of, or redemption of bonds or other securities.
- b. High Degree of Fiduciary Responsibility—Trust accounts require a high degree of fiduciary responsibility. The County Department Director is responsible for every trust account transaction.

County Department Director

1.010.4.6

Financial and Budgetary Responsibilities of the County Department Director

6. Responsibility for Record Retention

The County Department Director shall assure that the county has available all necessary and complete records for audit purposes and that adequate prior years' expenditure documents are maintained for use in the budgeting process.

County Department Director

1.010.4.7

Financial and Budgetary Responsibilities of the County Department Director

7. Budgetary Responsibility

- a. Budget Preparation—As part of the county budget, the County Department Director shall prepare a County Department budget and submit this to the County Board for approval.
- b. Annual Budgets—The County Department Director shall be responsible for estimating future needs of the County Department as accurately as possible, utilizing all available data, including economic and census forecasts. The estimates are to be supported by documentation and a narrative supporting the budget. The budget shall estimate revenues from all sources based on the most current information. County Department revenue shall be sufficient to maintain an appropriate surplus from year to year. The County Department Director is responsible for initiating requests to County Board for changes in the County Department.

County Department Director

1.010.4.7

Financial and Budgetary Responsibilities of the County Department Director

7. Budgetary Responsibility

- d. Spending Within Budgeted Appropriations—The County Department Director shall be responsible for assuring that expenditures do not exceed appropriations and for controlling the county fund balance at all times.
- e. Quarterly Budget Reports to Commissioners--The County Department Director shall be responsible for timely submitting quarterly reports to the board of county commissioners concerning:
 - i) A budget report containing a comparison of calendar year-to-date expenditures to calendar year-to-date county appropriations,
 - ii) A budget report containing a comparison of calendar year-to-date earned revenues to calendar year-to-date county estimated revenues,
 - iii) A budget report containing a comparison of State fiscal year-to-date expenditures to State fiscal year-to-date allocations from the State Department, and
 - iv) Interim Balance Sheet and Statement of Net Assets.

County Department Director

1.010.4.7

Financial and Budgetary Responsibilities of the County Department Director

7. Budgetary Responsibility

- f. Budget Revisions—The County Department Director shall be responsible for initiating requests to the County Board for changes in the County Department budget.

County Treasurer

1.010.5

1. County Treasurer Shall Act As Custodian—The County Treasurer shall be the treasurer and custodian of the social/human services fund and shall disburse money from the fund only upon distinct County Department warrants drawn by the person duly appointed by the County Board.
2. Monthly County Treasurer's Reports—The County Treasurer, or county entity acting as the County Treasurer, shall prepare a monthly report which indicates a beginning balance of cash, the amount of monies deposited into the social/human services fund each month, the warrants redeemed by the treasurer or designated redemption entity each month, and an ending cash balance. Alternate forms of tracking the monthly amounts of cash through a redemption entity are also accepted. One example of this is the use of a zero balance account(s) where the balance of this account(s) at any point in time is the amount of unredeemed warrants.

County Treasurer

1.010.5

3. No County Treasurer's Fee for Social/Human Services Fund—The County Treasurer, or county entity acting as the County Treasurer, shall not collect any fee for the collection or deposit of any monies into the county social/human services fund.

Chart of Accounts

1.010.6

A chart of account numbering system shall reflect the order of the Statement of Net Assets/Balance Sheet and Statement of Activity/Statement of Revenues and Expenditures accounts. The numbering shall start with the accounts that go into current assets, the first section of the balance sheet, and end with the last category of expenses in the income statement.

General Ledger

1.010.7

1. Double-Entry General Ledger—Each county social/human services fund shall maintain a double-entry general ledger system that is the basis for the accounting system and for financial reporting. The general ledger shall be the location in which all of the active accounts are collected.
2. General Ledger in Balance—The general ledger shall be in balance at all times, with aggregate debits equaling aggregate credits.
3. Experienced Staff to Maintain the Accounting System—Only county staff experienced in bookkeeping and accounting shall maintain the accounting system for the county social/human services fund.

General Ledger

1.010.7

4. **Subsidiary Journals**—Subsidiary journals shall be maintained to support the general ledger. The supporting journals at a minimum shall be the general journal, cash receipts journal, cash disbursements journal, earned revenue journal, electronic benefits authorized journal, and an accounts receivable journal. In an automated accounting system these journals may consist of a distinct code for each type of journal:
 - a. **Accounts Receivable Journal**—Colorado Department of Human Services automated accounts receivable systems may be used as a subsidiary journal but only if appropriate internal controls are in place at the county level for the operation and maintenance of these systems.
 - b. **Cash Disbursement Journal**—The warrants issued by the County Department shall be recorded in the cash disbursement journal in a manner that distinctions shall be shown for administration, specific programs, and those warrant issues which are returns or refunds or other accounts payable transactions.

General Ledger

1.010.7

5. Postings Are to Be Current—The accounting system shall be kept current. Each month's transactions shall be recorded to the general ledger as soon as possible after all information is received concerning receipts, expenditures, disbursements, electronic benefit authorizations, actual revenue, and estimated revenue, for a month.
6. Budgetary Accounts—The budget amounts for each calendar year shall be entered in the county general ledger or budget system used by the county. The amounts noted shall reflect the final budget as approved by the board of county commissioners or other governing body with authority to approve the budget. If the budget is subsequently revised, the amounts by program shall be posted to the appropriation and estimated revenue accounts.

Financial Statement Reporting 1.010.8

1. Prepare in Accordance with Generally Accepted Governmental Accounting Principles—Financial statements shall be prepared in accordance with generally accepted governmental accounting principles.
2. Reflect All Financial Activities—Financial statements shall reflect all of the financial activities of the County Department.
3. Additional Financial Reports—Additional reports to fully disclose the operations of the County Department shall be tailored to meet the County Department’s needs and enhance the ability to make timely and accurate decisions. Reports shall include but are not limited to such items as: comparison of budget to actual for programs or organizational units; efficiencies and economies in operations; and the results of specific programs and activities, as reflected in accomplishments, benefits, and effectiveness; and compliance with grant requirements and administrative policies.

Cost Accounting

1.010.19

1. Application of Costs—Requires a Plan Where an accumulation of indirect costs will ultimately result in charges to a federal award, a cost allocation plan, indirect rate proposal or application of random moment sampling shall be required.
2. Direct or Indirect Cost
 - a. Consistent Treatment—Each item of cost shall be treated consistently in like circumstances either as a direct or an indirect cost.
 - b. No Universal Rule—There is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the federal award or other final cost objective.

Cost Accounting

1.010.19

3. Reasonable and Based on Generally Accepted Governmental Accounting Principles—All costs incurred shall be allocated to the program/activity/cost pool based on generally accepted governmental accounting principles and OMB Uniform Guidance and the HHS Financial Guidance incorporated by reference. Direct costs shall be allocated to the project on a reasonable basis relating directly to the benefit or value added to the program. Indirect costs shall be allocated from indirect cost pools on a reasonable basis consistent with that of other similar or related projects/grants/activities.
4. All Inclusive Cost Accounting Plan—All activities that benefit from an indirect cost, including unallowable activities and services, shall receive an appropriate allocation of indirect costs.

Cost Accounting

1.010.19

5. Duplicate Claims for Reimbursement

- a. Same Cost Not Allowed—Costs shall not be claimed for reimbursement by a county or County Department more than once.
- b. Direct and Also Indirect—The same cost shall not be charged directly to a program and then charged again through a cost allocation plan or an indirect rate proposal.
- c. Same Cost Reported to More Than One Program—The same cost shall not be charged to more than one program. For example, a staff person being reported and reimbursed from the county administration full-time may have some costs reimbursed through a special program, project, or grant. Any reimbursement received from the special grant must be reported as a reduction of expenditures, not as a source of revenue. Crediting the refund to the funding source from which the original reimbursement was made reduces expenditures.

Cost Accounting

1.010.19

6. Net of All Credits—Expenditures shall be claimed net of all credits, for example, volume and cash discounts, refunds, rental income, trade-ins, scrap sales, rebates or allowances, recoveries or indemnities on losses, insurance refunds, adjustments of overpayments, erroneous charges, etc.
7. Relative Benefits—Received A cost is allocable to a particular cost objective if the goods or services involved shall be chargeable or assignable to such cost objective in accordance with relative benefits received.
8. Cost Shifting to Fund Deficiencies—Any cost allocable to a particular federal award or cost objective shall not be charged to other federal awards to overcome fund deficiencies or to avoid restrictions imposed by law or terms of the federal awards, or for other reasons. However, this prohibition shall not preclude from shifting costs that are allowable under federal and State laws for two or more awards in accordance with existing program agreements.

Random Moment Sampling

1.010.20

1. Participation in Random Moment Sampling—Participation in random moment sample reporting shall be required by all County Department employees as determined by the Colorado Department of Human Services and the Department of Health Care Policy and Financing.
2. Purpose of Reporting Under Random Moment Sampling—The purpose of this reporting is to measure time expended by employees on certain programs in order to substantiate expenditures eligible for federal reimbursement. Reporting on random moment sampling measures the direct services provided by the County Department. The results of the workload study are used to distribute the indirect costs of the County Department to direct service areas.



Public Comment

Contact Info

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To submit public comment please fill
out this [google form](#)

Thank you!