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Vendor Offset

Some of our applicants may have noticed a “Vendor Offset” statement on their reimbursement checks and that the amount of their anticipated reimbursement payment was reduced. This is a result of the State Controller in conjunction with other State agencies utilizing the Vendor Offset Subsystem as discussed below. This system is used to collect monies owed to the State by vendors receiving payments from the State.

All vendors (in the case of the Petroleum Storage Tank Fund “vendors” are applicants to the Fund) should have been contacted via mail of the agency’s (this could be any Colorado State Agency with which the applicant does business) intent to intercept future payments as well as give them the opportunity to respond and or dispute. A Notice of Intent to Offset letter would have been mailed by the State Controller’s Office (SCO) to the vendor informing them of the time period in which they have to pay debt(s) in full or will be held liable to Vendor Offset. Once monies have been intercepted a Notice of Offset with details of claiming agency’s contact information will be mailed to vendor.

Information from the State Controller’s Website

General Information

The Vendor Offset Subsystem is a tool that claiming agencies may use to collect debts owed to the state. The Colorado Financial Reporting System (COFRS) is not the official record for documenting claim amounts or Debtor balances. The ultimate responsibility for the collection of the debt, applying the collected funds to debtor accounts and maintenance of debtor records within COFRS remains with the claiming agency. They maintain control of the debt and the documentation supporting the debt. The vendor offset process would apply only to those individuals and companies paid from the COFRS. As a matter of policy, neither employees nor governments listed in the Vendor file are subject to offset. Payments required by statute or enforceable by entitlement may be exempted from offset. A specific table has been designed to insulate those payments. Agencies authorized to use the vendor offset system will receive access to an extract of the COFRS Vendor File to determine which COFRS vendors might be delinquent debtors on the claiming agency’s system. When a match is found, the state will contact the vendor by mail to inform the vendor that it is the agency’s intent to have the State Controller intercept future payments to the vendor. Disputes will be directed to the claiming Agency. **If the vendor does not respond, or in responding is unable to successfully dispute the debt, the Vendor’s record on the COFRS Debtor Vendor Table will be activated to allow offset of payments to that Vendor.** Access to that table is limited to the Vendor Offset administrator and claiming agency personnel.

Notice

The Vendor Offset Implementation Committee and legislators were very concerned that vendor/debtors be given fair warning of the existence of this process and every opportunity to extinguish their claim before offset was invoked. They wanted to ensure vendors understand the system and have “due process” under the law. The following notice opportunities were identified and incorporated into the Vendor Offset Program:

1. Applications to do business with the state notify prospective vendors that payments are subject to offset.
 2. Vendor “terms and conditions” on purchase orders and contracts notify contractors of existence of the law.
 3. **When a delinquent vendor is added to the Debtor Vendor Table (DVND), a Notice of Intent to Offset letter is produced by the system for the claiming agency. It is mailed by the State Controller’s Office and informs the vendor that they have 10 days to pay their debt or they will be subject to the vendor offset process.**
 4. The warrant stub of the offset payment carries a notice that all or part of the payment was offset pursuant to CRS 24-30-202.4.
 5. **Vendors that have their payments fully or partially offset receive a Notice of Offset letter with details of the offset and claiming agency contact information.**
 6. HB97-1207 requires that notice be included in all contracts executed after July 1, 1997.
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Definitions

Debtor Notification

Debtors are notified by the claiming agency prior to being added to the Vendor Offset system. A *Notice of Intent to Offset* is automatically produced by the system and mailed by SCO when the debtor is added to the Debtor Vendor Table (DVND). A *Notice of Offset* is produced and mailed by SCO each time a payment is intercepted.

Notice of Intent to Offset

Notice issued to debtor vendors stating that their debt may be discharged through the Vendor Offset process.

Notice of Offset

Notice issued to debtor vendors when an offset occurs.

Vendor Offset

An action performed by the Office of the State Controller (SCO) in accordance with CRS 24-30-202.4 to discharge a delinquent debt by intercepting the amount of the debt from a COFRS payment voucher.

Zero Warrant

A warrant from which the total payment amount was offset.

For additional information, please go to the [State Controller’s website](#).