

# REPORT HIGHLIGHTS



HISTORY COLORADO  
PERFORMANCE AUDIT, JUNE 2014

DEPARTMENT OF HIGHER EDUCATION

## CONCERN

We identified problems with the oversight and accountability of a broad range of History Colorado's functions and operations and the adequacy of its system of internal control.

## KEY FACTS AND FINDINGS

- History Colorado used State Historical Fund monies reserved for grants to pay for all indirect costs from the Department of Higher Education without an accepted methodology to allocate the costs.
- We found that almost half of History Colorado's 5,202 official function transactions were for amounts less than or equal to \$50, and 17 percent of the transactions appeared to reflect program costs rather than official functions activities. In addition, we found that History Colorado charged significantly larger amounts of expenditures to official functions relative to the amounts charged by other State entities of comparable size.
- We found one or more problems with 21 of 22 procurement card transactions and related supporting documentation (95 percent) tested including missing approver signatures, missing documentation, lack of timely monthly reconciliations, split purchases, an invoice paid twice, and incorrect charging of alcoholic beverages to taxpayer funds.
- We found approval of procurement cards for staff was not tied to the employee's job responsibilities. As of March 12, 2014, 79 of History Colorado's 131.4 staff (60 percent) each had a procurement card. These cardholders include employees who make sporadic or infrequent purchases.
- History Colorado's Board composition lacks state representation and is not defined in statute, which can create a challenge in meeting state fiscal responsibilities while operating as a non-profit charitable organization.
- The cumulative effects of legislation passed between 2003 and the present that impact the State Historical Fund reduced the portion available for statewide historic preservation grants from approximately 95 percent to as low as 21 percent.

## BACKGROUND

History Colorado:

- Is established as a 501(c)(3) charitable organization.
- Is an educational institution of the State which acts as a trustee for the State in collecting, preserving, exhibiting and interpreting collections and properties of state historical significance.
- Maintains museums and historical sites throughout Colorado.
- Provides assistance to local and regional historical societies and museums.
- Distributes gaming revenue to gaming cities and through a state-wide grant program for historic preservation.

## KEY RECOMMENDATIONS

History Colorado should:

- Implement a cost allocation plan in accordance with State Fiscal Rules.
- Strengthen internal controls over official function expenditures.
- Strengthen internal controls over procurement cards.
- Improve financial reporting processes.
- Strengthen internal controls over accounting transactions.
- Reassess its governance and organizational structure.

The agency agreed with these recommendations.