

REPORT HIGHLIGHTS



DEPARTMENT OF STATE
PERFORMANCE AUDIT, NOVEMBER 2015

CONCERN

We found that the Department of State (Department) lacks formal documented processes for cash fund management and budgeting and there is no statutory definition of the structure and oversight of the Business Intelligence Center (Center) to ensure effective management, accountability, and transparency of Center operations. Our audit also found that the Department did not always ensure compliance with statutes, best practices, and its own internal policies for its information technology (IT) processes.

KEY FACTS AND FINDINGS

- The Department did not identify and establish appropriate fee levels for business registration and filing fees charged in Fiscal Years 2012 through 2014, to ensure that fee revenue correlated to its incurred costs. In addition, we found that the Department lacked adequate written procedures to establish, review, and approve budgets.
- Donations and related expenditures transactions for the Center are accounted for outside of the State's accounting system, excluding both the revenue and expenditures information from publicly-available State financial information.
- The Center program lacks formal oversight, structure, and documented policies, procedures and processes. As a result, we were unable to determine if the Center was meeting Department goals and program objectives.
- The Department did not comply with Sections 24-37.5-404(3) and 24-37.5-404(4), C.R.S. to ensure its Agency Cyber Security Plan was approved by the Governor's Office of Information Technology's Chief Information Security Officer, within the required deadlines.
- The Department has not formalized a service level agreement with the Governor's Office of Information Technology (OIT) to ensure that IT services provided by OIT are meeting the Department's needs.

BACKGROUND

- The Department is primarily funded via business filing fees, which comprised between 74 and 86 percent of the Department's total annual revenue in Fiscal Years 2010 through 2014.
- The Department established the Business Intelligence Center in Fiscal Year 2014 to consolidate public data relevant to businesses on a single platform and provide the tools to make this data useful for the business community.
- The Department maintains the Statewide Colorado Voter Registration and Election System (SCORE), as required by Section 1-2-302(1) and 1-2-301(4)(a) (II), C.R.S., which is used by both the Department and county clerks to carry out their responsibilities related to state and federal elections.

KEY RECOMMENDATIONS

The Department needs to:

- Ensure its budgetary practices provide coverage for the cost of services while maintaining a reasonable cash fund balance by establishing and documenting a strategic cash fund management plan and formalizing the procedures for fee revisions.
- Improve the structure, accountability and transparency of the Business Intelligence Center Program.
- Complete and submit its current Agency Cyber Security Plan to the State's Chief Information Security Officer for approval and ensure future submissions meet the required annual deadlines.
- Work with OIT to develop a service level agreement, develop and document performance metrics to measure OIT's services, and perform periodic reviews of OIT.

The Department of State agreed with the audit recommendations in this public report.