

**ANNUAL REPORT
FISCAL YEAR
2006**

**COLORADO
OFFICE OF THE
STATE AUDITOR**

Sally Symanski, CPA
State Auditor

Role of the Colorado Office of the State Auditor

The Office of the State Auditor (OSA) is established in the State Constitution and serves as the government watchdog for the citizens of Colorado. As stewards of public funds, the OSA strives to promote accountability and improve the operation of all levels of government. Audits focus on reducing costs, increasing efficiency, improving the quality of services, and ensuring the accuracy and integrity of financial information.

It shall be the duty of the State Auditor to conduct postaudits of all financial transactions and accounts kept by or for all departments, offices, agencies, and institutions of the state government ... and to perform related duties with respect to such political subdivisions of the state as shall be required ... by law.

Colorado Constitution

In Fiscal Year 2006 the OSA conducted 55 financial and performance audits of state agencies and institutions of higher education. Examples of recent financial audits include the Statewide Financial and Compliance Audit, covering close to \$16 billion in state expenditures, and the Public Employees Retirement Association Audit, covering about \$34 billion in retirement funds. This year's performance audits included the Homeland Security Grant Program, University of Colorado Foundation, Boulder Campus Athletic Department, and Eligibility Determinations for Federal Benefit Programs. A complete listing of the audit reports released in Fiscal Year 2006 is located on pages 5 through 7 of this report. Finally, the OSA's Local Government Audit Section reviews financial audits of cities, counties, school districts, authorities, and special districts.

The OSA is committed to producing high-quality audits and is subject to both internal and external peer reviews. The Office of the State Auditor received the National Legislative Program Evaluation Society (NLPES) 2006 Impact Award for the Fiscal Year 2006 performance audit of the University of Colorado Foundation (Report No. 1691).

About the Legislative Audit Committee

The Legislative Audit Committee (LAC) includes four senators and four representatives with equal representation from the two major political parties. The 2006 Committee is as follows:

Senator Jack Taylor, Chair
Senator Stephanie Takis, Vice Chair
Representative Fran Coleman
Senator Jim Isgar
Representative James Kerr
Senator Nancy Spence
Representative Val Vigil
Representative Al White

The LAC reviews and releases audit reports, proposes special studies, sponsors legislation recommended by audit reports, and makes a recommendation to the General Assembly every five years regarding the appointment of the State Auditor.

The State Auditor

The State Auditor is a constitutionally established position appointed by the General Assembly by a majority vote of the members of the House and Senate. The Colorado Constitution requires that the Auditor be a Certified Public Accountant (CPA), appointed without regard to political affiliation. Sally Symanski was nominated as State Auditor by the Legislative Audit Committee and confirmed by the Colorado General Assembly during the 2006 legislative session. She

is a CPA who holds a masters degree in accounting. She has more than 15 years of financial and performance audit experience and served as Deputy State Auditor prior to her appointment to State Auditor. She is a member of the Colorado Society of CPAs, the American Institute of CPAs, and the Association of Government Accountants.

Office of the State Auditor's Mission

The OSA's mission is to promote accountability and improve the operation of government by reducing the cost of government, improving the quality of government services, and eliminating unnecessary government functions.

Performance Outcomes

GOAL: Provide Value through Recommendations that Assist Agencies in Improving State Government Services

Recommendations Accepted by Audited Agencies

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
GOAL	90%	90%	90%	90%	90%
ACTUAL	88%	83%	91%	87%	91%

The OSA tracks whether audited agencies implement accepted audit recommendations. Follow-up audits completed in Fiscal Year 2006 suggest that about 58% of prior audit recommendations have been fully implemented and 88% of recommendations have been at least partially implemented.

GOAL: Provide Value through Saving the Taxpayers Money

Five-Year Average (Fiscal Years 2002-2006)	
Savings Identified in Audits (in millions)	\$ 15.4
Net OSA Operating Costs (in millions)*	\$ 5.5
Ratio of Savings to Costs	3:1

GOAL: Provide Value to the General Assembly by Identifying Issues Requiring Statutory Change

Bills enacted during the 2006 legislative session related to recommendations made or studies conducted by the OSA:

- S.B. 06-006 Deny PERA Employment to Convicted Felons
- S.B. 06-014 Entities Regulated by the Real Estate Commission
- S.B. 06-015 Motor Vehicles in the Centralized Fleet
- S.B. 06-023 State Inmates in Private Prisons
- S.B. 06-116 Tobacco Program Reviews & Evaluations
- S.B. 06-233 State Auditor Confidential Documents
- H.B. 06-1033 Modify Timing of General Fund Surplus Transfers
- H.B. 06-1046 Private Occupational Schools
- H.B. 06-1048 Occupations Regulated by the Division of Registrations

Audits Released in Fiscal Year 2006

Audit reports can be requested by phone at 303.869.2800 or viewed on the Internet at www.state.co.us/auditor.

Financial and Compliance Audits

<u>Audit #</u>	<u>Audit Title</u>
1703	Adams State College, Fiscal Years Ended June 30, 2005 and 2004
1704	Auraria Higher Education Center, Fiscal Years Ended June 30, 2005 and 2004
1752	Cash Funds Uncommitted Reserves Report For the Fiscal Year Ended June 30, 2005
1708C	CollegeInvest, College Savings Program Funds, Fiscal Years Ended June 30, 2005 and 2004
1708A	CollegeInvest, Prepaid Tuition Fund, Fiscal Years Ended June 30, 2005 and 2004
1708B	CollegeInvest, Student Loan Program Funds, Fiscal Years Ended June 30, 2005 and 2004
1705	Colorado Community College System, Fiscal Years Ended June 30, 2005 and 2004
1686	Colorado Public Employees' Retirement Association, Fiscal Year Ended December 31, 2004
1728A	Colorado School of Mines, Auxiliary Bonds, Fiscal Years Ended June 30, 2005 and 2004
1728B	Colorado School of Mines, Development Corporation, Fiscal Years Ended June 30, 2005 and 2004
1728	Colorado School of Mines, Fiscal Years Ended June 30, 2005 and 2004
1709	Colorado State University System, Fiscal Year Ended June 30, 2005
1729	Department of Agriculture, Colorado State Fair Authority, Fiscal Years Ended June 30, 2005 and 2004
1707	Department of Higher Education, College Access Network, Fiscal Years Ended June 30, 2005 and 2004
1745	Department of Human Services, Colorado State Veterans Center at Homelake, Fiscal Year Ended June 30, 2005
1713	Department of Personnel & Administration, Deferred Compensation Plan, Fiscal Years Ended June 30, 2005 and 2004
1747	Department of Personnel & Administration, Division of Information Technologies, Data Center and Technology Management Unit, Period from July 1, 2004 through June 30, 2005
1746	Department of Personnel & Administration, Public Safety Communications Trust Fund, June 2005
1727	Department of Public Health & Environment, Colorado Children's Trust Fund, Fiscal Year Ended June 30, 2005
1722	Department of Revenue, Colorado Lottery, Fiscal Years Ended June 30, 2005 and 2004
1716	Department of Revenue, Division of Gaming, Fiscal Years Ended June 30, 2005 and 2004
1740	Department of Treasury, Statement of Federal Land Payments, Fiscal Year Ended September 30, 2005
1715	Fort Lewis College, Fiscal Years Ended June 30, 2005 and 2004
1719	Judicial Department, Office of the Child's Representative, Fiscal Year Ended June 30, 2005
1662	Legislative Department, Fiscal Years Ended June 30, 2005 and 2004
1725	Mesa State College, Fiscal Years Ended June 30, 2005 and 2004
1726	Metropolitan State College of Denver, Fiscal Year Ended June 30, 2005
1680	Pinnacol Assurance, Fiscal Years Ended December 31, 2004 and 2003
1741	Schedule of Computations Required Under Article X, Section 20, of the State Constitution (TABOR), January 2006
1742	Schedule of Tabor Revenue, September 2005
1717	State Board of the Great Outdoors Colorado Trust Fund, Fiscal Year Ended June 30, 2005
1758	State of Colorado, Statewide Single Audit, Fiscal Year Ended June 30, 2005
1710	University of Colorado, Fiscal Year Ended June 30, 2005
1609	University of Colorado, Fiscal Year Ended June 30, 2004
1711	University of Colorado, Insurance Pool, Fiscal Year Ended June 30, 2005
1732	University of Northern Colorado, Fiscal Years Ended June 30, 2005 and 2004
1732A	University of Northern Colorado, Student Media Corporation, Fiscal Years Ended June 30, 2005 and 2004
1733	Western State College of Colorado, Fiscal Year Ended June 30, 2005

Performance Audits

<u>Audit #</u>	<u>Audit Title</u>
1702	Colorado Community College System, Career and Technical Education Programs, December 2005
1738	Colorado Public Employees' Retirement Association, Administrative Expenses, August 2005
1688	Department of Corrections, Internal Health Care Provided to Inmates, September 2005
1735A	Department of Health Care Policy & Financing and Department of Human Services, Office of the Colorado Benefits Management System, Report on Controls Placed in Operation and Tests of Operating Effectiveness, Period from January 1, 2005 through June 30, 2005

1687 Department of Local Affairs, Homeland Security Grant Program, October 2005
1693 Department of Natural Resources, State Board of Land Commissioners, November 2005
1681 Department of Personnel & Administration and the State Personnel Board, June 2005
1692 Department of Personnel & Administration, 2005 Annual Total Compensation Survey Report, July 2005
1744 Department of Public Health & Environment, Nurse Home Visitor Program, May 2006
1694 Department of Public Health & Environment, Vital Records Section, January 2006
1689 Department of Regulatory Agencies, Division of Insurance, Premium Tax Collections, November 2005
1684 Department of Regulatory Agencies, Division of Registrations, August 2005
1735 Eligibility Determinations for Federal Benefit Programs, April 2006
1748 Higher Education Personnel System, May 2006
1759 Judicial Department, Office of Alternate Defense Counsel, February 2006
1765 University of Colorado, Boulder Campus Athletic Department, November 2005
1691 University of Colorado Foundation, October 2005



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