



# OFFICE OF THE STATE AUDITOR



## FOR IMMEDIATE RELEASE

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### SIGNIFICANT IMPROVEMENTS AT COLORADO ENERGY OFFICE BUT LINGERING FINANCIAL COMPLIANCE ISSUES REMAIN

DENVER—The Colorado Office of the State Auditor (OSA) has released its follow-up audit to its 2012 performance audit of the Colorado Energy Office (CEO) and has found that it has made significant improvements to its program management and overall office management, two key problem areas identified in the last audit. However, the OSA found that CEO continues to have issues complying with expenditure policies.

CEO is tasked with improving the effective use of all of Colorado's energy resources and promoting the efficient consumption of energy in all economic sectors. Recent CEO programs have targeted market areas such as residential home, agricultural, and public school energy efficiency; the use of alternative fuels for transportation; and financing mechanisms for these areas. CEO has approximate annual expenditures and revenues of \$29 million.

However, the audit found that although CEO implemented the OSA's financial compliance recommendations from the 2012 audit, it is not holding staff accountable for following these policies. "The purpose of having the expenditure policies is to ensure that state monies are spent responsibly and for the benefit of the State. If staff don't follow the policies, CEO can't ensure that this is occurring," said Michelle Colin, Senior Audit Manager.

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The audit found that 42 of 111 expenditures examined by the OSA in its sample from the first 9 months of Fiscal Year 2016 either lacked required approvals, and/or sufficient justifications and other supporting documentation. Based on this information the OSA was able to project with 90 percent confidence that between 61 and 80 percent of all out-of-state travel expenses; between 21 and 29 percent of other types of expenses such as advertising, subscriptions, and registrations fees; and between 9 and 25 percent of all in-state travel expenses did not have proper approvals, justifications, and/or supporting documentation

Separately, the OSA found issues with CEO's contracts. In 6 of the 20 contracts reviewed, payments valued at \$606,000, did not comply with payment terms required by statute, State Fiscal Rules, and/or the contracts themselves, and two contracts (valued at \$857,000) did not include required performance schedules.

The audit makes 2 recommendations.

The full report is available @ [www.colorado.gov/auditor](http://www.colorado.gov/auditor).

Under the direction of the state auditor, the OSA is the state's nonpartisan, independent external auditor with broad authority to audit state agencies, departments, institutions of higher education, and the Judicial and Legislative Branches. The OSA's professional staff serve the people of Colorado by addressing relevant public issues through high-quality, objective audits and reviews that promote accountability and positive change in government. Performance audits address whether programs operate in compliance with laws and regulations and in a manner that accomplishes intended program goals. Financial audits include annual audits of the state's basic financial statements and federal grants on a statewide level. IT audits review procedures and technology to ensure the confidentiality, integrity and availability of the state's critical computer systems and taxpayer data. The OSA also tracks about 4,000 Colorado local governments for compliance with the Local Government Audit Law.