

**ANNUAL REPORT
FISCAL YEAR
2007**



**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 post audits of all financial transactions and accounts kept by or for all departments, offices, agencies, and institutions of the state government ... and to perform similar or related duties with respect to such political subdivisions of the state as shall from time to time be required ... by law.

Colorado Constitution

In Fiscal Year 2007 the OSA conducted 56 financial and performance audits and other reports of state agencies and institutions of higher education. Examples of recent financial audits include the Statewide Financial and Compliance Audit, covering \$17 billion in state expenditures, and the Public Employees Retirement Association Audit, covering more than \$36 billion in retirement funds. This year's performance audits included Online Education, Severance Tax Collections, Public Safety Programs, and Oversight of Metropolitan Districts. A complete listing of the reports released in Fiscal Year 2007 is located on pages 5 through 7 of this report. Finally, the OSA's Local Government Audit Section reviewed 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 OSA received the National State Auditors Association's (NSAA) Excellence in Accountability Award for the Fiscal Year 2007 Oversight of Metropolitan Districts Performance Audit. The OSA also received the 2007 National Legislative Program Evaluation Society (NLPES) Recognition of Impact Award for the Fiscal Year 2007 Online Education Performance Audit.

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 2007 Committee is as follows:

Senator Stephanie Takis, Chair
Representative James Kerr, Vice Chair
Representative Dorothy Butcher
Senator Jim Isgar
Representative Rosemary Marshall
Representative Victor Mitchell
Senator Nancy Spence
Senator Jack Taylor

The LAC holds public hearings to review and release audit reports, propose special studies, and sponsor legislation recommended in audit reports. In addition, every five years the Audit Committee makes a recommendation to the General Assembly 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. The current State Auditor, Sally Symanski, is a CPA who holds a masters degree in accounting. She has more than 16 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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
GOAL	90%	90%	90%	90%	90%
ACTUAL	83%	91%	87%	91%	90%

The OSA tracks whether audited agencies implement accepted recommendations. Follow-up on audit recommendations completed in Fiscal Year 2007 suggest that about 50% 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 2003-2007)	
Savings Identified in Reports (in millions)	\$ 13.6
Net OSA Operating Costs (in millions)*	\$ 5.7
Ratio of Savings to Costs	2:1
<i>* Net operating costs include general fund appropriations less general fund reversions.</i>	

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

Bills enacted during the 2007 legislative session related to recommendations made or studies conducted by the OSA:

- S.B. 07-005 Repeal Obsolete Provision in Colorado Works
- S.B. 07-031 Petroleum Product Regulation
- S.B. 07-101 Foreign Capital Depositories
- S.B. 07-108 Alternate Defense Counsel Commission
- S.B. 07-215 Online Learning Education Reform
- S.B. 07-228 Vendor Performance on State Contracts
- S.B. 07-261 Venture Capital Authority Staffing
- H.B. 07-1017 Exam Requirements for Mental Health Professionals
- H.B. 07-1221 CDPHE Fee Schedule for Licensing Health Care Facilities

Reports Released in Fiscal Year 2007

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

Financial Reports

<u>Report #</u>	<u>Title</u>
1780	Adams State College, Fiscal Years Ended June 30, 2006 and 2005
1781	Auraria Higher Education Center, Fiscal Years Ended June 30, 2006 and 2005
1823	Cash Funds Uncommitted Reserves Report, Fiscal Year Ended June 30, 2006
1784C	CollegeInvest, College Savings Program Funds, Fiscal Years Ended June 30, 2006 and 2005
1784A	CollegeInvest, Prepaid Tuition Fund, Fiscal Years Ended June 30, 2006 and 2005
1784B	CollegeInvest, Student Loan Program Funds, Fiscal Years Ended June 30, 2006 and 2005
1783	Colorado Community College System, Fiscal Years Ended June 30, 2006 and 2005
1796	Colorado Judicial Branch, Office of the Child's Representative, Fiscal Year Ended June 30, 2006
1760	Colorado Public Employees' Retirement Association, Fiscal Year Ended December 31, 2005 ¹
1803A	Colorado School of Mines, Auxiliary Bonds, Fiscal Years Ended June 30, 2006 and 2005
1803B	Colorado School of Mines, Development Corporation, Fiscal Years Ended June 30, 2006 and 2005
1803	Colorado School of Mines, Fiscal Years Ended June 30, 2006 and 2005
1786	Colorado State University System, Fiscal Years Ended June 30, 2006 and 2005
1810	Colorado Tourism Office, Fiscal Years Ended June 30, 2006 and 2005
1804	Department of Agriculture, Colorado State Fair Authority, Fiscal Years Ended June 30, 2006 and 2005
1782	Department of Higher Education, College Access Network, Fiscal Years Ended June 30, 2006 and 2005
1815	Department of Human Services, Colorado State Veterans Nursing Home-Rifle, Fiscal Year Ended June 30, 2006
1790	Department of Personnel & Administration, Deferred Compensation Plan, Fiscal Years Ended June 30, 2006 and 2005
1828	Department of Personnel & Administration, Public Officials and Employees Defined Contribution Retirement Plan, Fiscal Years Ended June 30, 2006 and 2005
1799	Department of Revenue, Colorado Lottery, Fiscal Years Ended June 30, 2006 and 2005
1793	Department of Revenue, Division of Gaming, Fiscal Years Ended June 30, 2006 and 2005
1845	Department of Treasury, Statement of Federal Land Payments, Fiscal Year Ended September 30, 2006
1792	Fort Lewis College, Fiscal Years Ended June 30, 2006 and 2005
1800	Mesa State College, Fiscal Years Ended June 30, 2006 and 2005
1801	Metropolitan State College of Denver, Fiscal Years Ended June 30, 2006 and 2005
1755	Pinnacol Assurance, Fiscal Years Ended December 31, 2005 and 2004

- 1853 Schedule of Computations Required Under Article X, Section 20, of the State Constitution (TABOR), Fiscal Year 2006
- 1829 Schedule of TABOR Revenue, Fiscal Year 2006
- 1794 State Board of the Great Outdoors Colorado Trust Fund, Fiscal Years Ended June 30, 2006 and 2005
- 1831 State of Colorado, Statewide Single Audit, Fiscal Year Ended June 30, 2006²
- 1787 University of Colorado, Fiscal Years Ended June 30, 2006 and 2005
- 1788 University of Colorado, Insurance Pool, Fiscal Years Ended June 30, 2006 and 2005
- 1789 University of Colorado, Self-Insurance and Risk Management Trust, Fiscal Year Ended June 30, 2006
- 1807A University of Northern Colorado, Compliance with National Collegiate Athletic Association Requirement, Fiscal Year Ended June 30, 2006
- 1807 University of Northern Colorado, Fiscal Years Ended June 30, 2006 and 2005
- 1808 Western State College of Colorado, Fiscal Years Ended June 30, 2006 and 2005

Notes:

- ¹ The Public Employee's Retirement Association's (PERA's) Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended December 31, 2005, was prepared by PERA and audited by the OSA. PERA's CAFR is available on the OSA's website.
- ² The State's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2006, was prepared by the Office of the State Controller and audited by the OSA as part of its Statewide Single Audit. The State's CAFR is available on the OSA's website.

Performance Reports

<u>Report #</u>	<u>Title</u>
1774	Colorado Judicial Branch, Oversight of Probate Cases, September 2006
1822	Department of Corrections, Inmate Benefits Application Assistance, January 2007
1819	Department of Corrections, Private Prison Procurement, November 2006
1768	Department of Education, Online Education, November 2006
1743	Department of Education, Read to Achieve Grant Program, July 2006
1775	Department of Health Care Policy and Financing, Comprehensive Primary and Preventive Care Grant Program, May 2007
1754	Department of Health Care Policy and Financing, Medicaid Mental Health Rates, November 2006
1814	Department of Human Services, Follow up on the State and Veterans Nursing Homes Performance Audit, August 2006
1761	Department of Labor and Employment, Division of Oil and Public Safety, Petroleum Storage Tank Program, October 2006
1878	Department of Labor and Employment, Division of Oil and Public Safety, Public Safety Programs, May 2007
1778B	Department of Labor and Employment, SUPER System Project Recovery Assessment Plan, October 2006
1812	Department of Local Affairs, Oversight of Metropolitan Districts, September 2006

- 1777 Department of Public Health and Environment, Colorado Automobile Inspection and Readjustment (AIR) Program, November 2006
- 1767 Departments of Public Health and Environment and Health Care Policy and Financing, Nursing Facility Quality of Care, February 2007
- 1818 Department of Public Safety, Colorado Bureau of Investigation Insta-Check System, July 2006
- 1695 Department of Revenue, Ports of Entry, October 2006
- 1764 Departments of Revenue and Natural Resources, Severance Tax Collections, June 2006
- 1824 Governor's Office of Information Technology, Mainframe Disaster Recovery, January 2007
- 1737 Regional Transportation District, August 2006
- 1830 Venture Capital Authority, Colorado Venture Capital Program, February 2007



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