

**ANNUAL REPORT
FISCAL YEAR
2009**



**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. The OSA strives to promote accountability and good stewardship of public funds, 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 2009 the OSA issued 53 financial and performance audits and other reports of state agencies, institutions of higher education, and other government entities. Examples of recent financial audits include the Statewide Financial and Compliance Audit, covering nearly \$20 billion in state expenditures, and the Colorado Public Employees' Retirement Association Audit, covering more than \$43 billion in retirement funds. This year's performance audits included the Division of Parks and Outdoor Recreation, the Division of Aeronautics, and the Colorado Child Care Assistance Program. A complete listing of the reports released in Fiscal Year 2009 is located on pages 5 through 7 of this report. In addition, the OSA's Local Government Audit Division 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 2009 National Legislative Program Evaluation Society's Recognition of Impact Award for the Division of Parks and Outdoor Recreation 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 June 2009 Committee is as follows:

Representative Dianne Primavera, Chair
Senator David Schultheis, Vice Chair
Senator Jim Isgar
Representative James Kerr
Representative Frank McNulty
Representative Joe Miklosi
Senator Shawn Mitchell
Senator Lois Tochtrop

The LAC holds public hearings to review and release audit reports, propose special studies, and consider 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 master's degree in accounting. She has more than 18 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, the Association of Government Accountants, and the National State Auditors Association.

Office of the State Auditor's Mission

The OSA's mission is to improve the efficiency, effectiveness, and transparency of government for the people of Colorado by providing objective information, quality services, and solution-based recommendations.

Performance Outcomes

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

Recommendations Accepted by Audited Agencies:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
GOAL	90%	90%	90%	90%	90%
ACTUAL	87%	91%	90%	87%	89%

The OSA tracks whether audited agencies implement accepted recommendations. Follow up on audit recommendations completed in Fiscal Year 2009 suggests that about 48% of prior audit recommendations have been fully implemented, and 29% of recommendations have been at least partially implemented.

GOAL: Provide Value through Saving the Taxpayers Money

	Five-Year Average (Fiscal Years 2005-2009)
Savings Identified in Reports (in millions)	\$12.8
Net OSA Operating Costs (in millions)*	\$6.0
Ratio of Savings to Costs	2:1
<i>* Net operating costs calculated from 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 2009 Legislative Session related to recommendations made or studies conducted by the OSA:

- SB 09-048 Elimination of Office of Child’s Representative Audit
- SB 09-065 Elimination of Public Safety Communications Trust Fund Audit
- SB 09-066 Consolidation of Public Employee Retirement Plans
- SB 09-111 Enforcement of the Notaries Public Act
- SB 09-135 Requirements for Parole Decision Reporting and Statistics
- HB 09-1002 Changes in State Lottery Operations
- HB 09-1024 Modifications to the Local Government Audit Law
- HB 09-1053 Repeal of the Colorado Foreign Capital Depository Act
- HB 09-1066 Changes in Duties of the Division of Aeronautics
- HB 09-1103 Authority to Seek Federal Authorization for Presumptive Eligibility for Medicaid Long-Term Care
- HB 09-1229 Changes in Requirements for Higher Education Enterprise Designations

Reports Released in Fiscal Year 2009

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>
1939	Adams State College, Fiscal Years Ended June 30, 2008 and 2007
1942	Auraria Higher Education Center, Fiscal Years Ended June 30, 2008 and 2007
1976	Cash Funds Uncommitted Reserves Report, Fiscal Year Ended June 30, 2008
1943C	CollegeInvest, College Savings Program Funds, Fiscal Years Ended June 30, 2008 and 2007
1943A	CollegeInvest, Prepaid Tuition Fund, Fiscal Years Ended June 30, 2008 and 2007
1943B	CollegeInvest, Student Loan Program Funds, Fiscal Years Ended June 30, 2008 and 2007
1933	Colorado Community College System, Fiscal Years Ended June 30, 2008 and 2007
1968	Colorado Public Employees' Retirement Association, Fiscal Year Ended December 31, 2007 ¹
1931B	Colorado School of Mines, Development Corporation, Fiscal Years Ended June 30, 2008 and 2007
1931	Colorado School of Mines, Fiscal Years Ended June 30, 2008 and 2007
1937	Colorado State University System, Fiscal Year Ended June 30, 2008
1946	Department of Agriculture, Colorado State Fair Authority, Fiscal Years Ended June 30, 2008 and 2007
1947	Department of Higher Education, Colorado Student Loan Program, Fiscal Years Ended June 30, 2008 and 2007
1964	Department of Human Services, Colorado State Veterans Nursing Home at Fitzsimons, Fiscal Year Ended June 30, 2008
1965	Department of Human Services, Trinidad State Nursing Home, Fiscal Year Ended June 30, 2008
1948	Department of Personnel & Administration, Deferred Compensation Plan, Fiscal Years Ended June 30, 2008 and 2007
1954	Department of Personnel & Administration, Public Officials and Employees Defined Contribution Retirement Plan, Fiscal Years Ended June 30, 2008 and 2007
1938	Department of Revenue, Colorado Lottery, Fiscal Years Ended June 30, 2008 and 2007
1949	Department of Revenue, Division of Gaming, Fiscal Years Ended June 30, 2008 and 2007
2008	Department of Treasury, Statement of Federal Land Payments, Fiscal Year Ended September 30, 2008
1950	Fort Lewis College, Fiscal Years Ended June 30, 2008 and 2007
1827B	Higher Education TABOR Enterprise Status, Fiscal Year Ended June 30, 2008
1940	Judicial Department, Office of the Child's Representative, Fiscal Year Ended June 30, 2008

Financial Reports (continued)

<u>Report #</u>	<u>Title</u>
1969	Local Government Audit Division Report, July 2008
1952	Mesa State College, Fiscal Years Ended June 30, 2008 and 2007
1953	Metropolitan State College of Denver, Fiscal Years Ended June 30, 2008 and 2007
1973	Pinnacol Assurance, Fiscal Years Ended December 31, 2008 and 2007
2010	Schedule of Computations Required Under Article X, Section 20, of the State Constitution (TABOR), Fiscal Year 2008
1979	Schedule of TABOR Revenue, Fiscal Year 2008
1951	State Board of the Great Outdoors Colorado Trust Fund, Fiscal Years Ended June 30, 2008 and 2007
1970	State of Colorado, Statewide Single Audit, Fiscal Year Ended June 30, 2008 ²
1932	University of Colorado, Fiscal Year Ended June 30, 2008
1962	University of Colorado, Insurance Pool, Fiscal Years Ended June 30, 2008 and 2007
1963	University of Colorado, Self-Insurance and Risk Management Trust, Fiscal Year Ended June 30, 2008
1960	University of Northern Colorado, Fiscal Years Ended June 30, 2008 and 2007
1960B	University of Northern Colorado, Independent Accountants' Report on the Application of Agreed-Upon Procedures, Fiscal Year Ended June 30, 2008
1961	Western State College, Fiscal Years Ended June 30, 2008 and 2007

Notes:

¹The Colorado Public Employees' Retirement Association's (PERA's) Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended December 31, 2007, was prepared by PERA and audited by the OSA. PERA's CAFR is available on the OSA's website.

²The State's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2008, was prepared by the Office of the State Controller and audited by the OSA as part of its Statewide Audit. The State's CAFR is available on the OSA's website.

Performance Reports

<u>Report #</u>	<u>Title</u>
1914	Department of Health Care Policy and Financing, Access to Medicaid Home and Community-Based Long-Term Care Services, January 2009
1908	Department of Health Care Policy and Financing, Children's Basic Health Plan, Oversight of the State Managed Care Network, October 2008
1909	Department of Human Services, Colorado Child Care Assistance Program, November 2008
1926	Department of Local Affairs, State Emergency Operations Center Computer Resources, August 2008
1896	Department of Natural Resources, Division of Parks and Outdoor Recreation, June 2008
1984	Department of Personnel & Administration, Annual Compensation Survey, Performance Evaluation, May 2009
1924	Department of Personnel & Administration, Office of Administrative Courts, September 2008
1902	Department of Personnel & Administration, Public Officials' and Employees' Defined Contribution Plan and 457 Deferred Compensation Plan Performance Review, October 2008
1985	Department of Public Safety and Local Affairs, Implementation of Senate Bill 06-090, May 2009
1915	Department of Revenue, Colorado Lottery, August 2008
1907	Department of Transportation, Division of Aeronautics, February 2009
1974	Governor's Office, Colorado Tourism Office, May 2009
1966	Governor's Office of Information Technology, Data Center, November 2008
1971	Information Brief on Fiscal Notes, December 2008
1913	Secure and Verifiable Identity Document Act, November 2008
1975	State Board of Parole, Discretionary Parole, November 2008

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