

**COLORADO OFFICE OF THE STATE AUDITOR  
FISCAL YEAR 2021 ANNUAL REPORT**



**SA**

# Contents

|                                 |    |
|---------------------------------|----|
| Message from the State Auditor  | 1  |
| Legislative Audit Committee     | 3  |
| About the OSA                   | 4  |
| Financial Benefits              | 5  |
| Audit Recommendations           | 7  |
| Allocation of Resources         | 8  |
| Performance Audits              | 9  |
| Financial Audits                | 10 |
| IT Audits                       | 13 |
| Tax Expenditure Evaluations     | 14 |
| Other Work Products             | 16 |
| Local Government Audit Division | 17 |
| Fraud Hotline                   | 18 |
| Legislation                     | 20 |
| About the State Auditor         | 23 |
| OSA Employees                   | 24 |
| Audit Industry Leadership       | 25 |
| Community Service               | 27 |

# A Message from the State Auditor

This annual report provides information about the Office of the State Auditor's (OSA) activities and accomplishments. During Fiscal Year 2021, we issued 43 financial, performance, and IT audits and evaluations, 30 tax expenditure evaluations, and six other work products.



Our work provides the General Assembly, agencies, and the public with thorough and credible information and impartial assessments of the operation of state programs and use of taxpayer resources. We remain focused on addressing high-risk areas for the State, as well as programs and issues that are important for policy makers and the public.

- We issued 11 performance audits, three of which were in response to legislative requests. Our performance audits focused on a range of topics, including operations at the State Court Administrator's Office, the effectiveness of Colorado's Prescription Drug Monitoring Program, turnover of bus and light rail operators at the Regional Transportation District, and programs for suicide prevention and the safety and protection of at-risk adults.
- Our Fiscal Year 2020 audits of the State's financial statements and federal grant program compliance covered \$45.9 billion in total assets, \$39.2 billion in total expenditures, and \$18 billion in federal funds.
- Our 30 tax expenditure evaluation reports covered 45 individual tax expenditures related to excise taxes, severance taxes, insurance premium taxes, income taxes, and sales and use taxes.

- We evaluated web application security at the Statewide Internet Portal Authority, which is responsible for developing and maintaining the official internet portal for the State of Colorado.
- We reviewed 2,233 local government audit and exemption filings to ensure that local governments' financial reporting is in compliance with statutory requirements.

We continue to be recognized nationally for our high-quality work, having received a 2021 Certificate of Impact Award from the National Legislative Program Evaluation Society for our May 2020 performance audit of Adult Protective Services.

Finally, I would like to thank the OSA's employees for their hard work and dedication, especially given the unprecedented challenges that we all have continued to face in 2021. I would also like to thank former State Auditor Dianne Ray, whose term ended on June 30, 2021, for her many years of leadership for the OSA and the people of Colorado.



Kerri L. Hunter, CPA  
State Auditor

# Legislative Audit Committee

The Legislative Audit Committee (LAC) includes four senators and four representatives with equal representation from the two major political parties. The LAC holds public hearings to review and release audit reports prepared by the State Auditor, proposes special audits, sponsors legislation related to issues identified in audits, and holds agencies accountable for implementing audit recommendations. In addition, every 5 years the LAC recommends a candidate to the General Assembly for appointment as State Auditor.

## LAC Members as of June 30, 2021



Representative  
Dafna Michaelson Jenet  
Chair



Senator  
Jim Smallwood  
Vice-Chair



Representative  
Rod Bockenfeld



Senator  
Julie Gonzales



Representative  
Colin Larson



Representative  
Dylan Roberts



Senator  
Robert Rodriguez



Senator  
Rob Woodward

# About the OSA

The OSA is the State's independent, nonpartisan government watchdog. At the OSA, our mission is to improve government for the people of Colorado. We promote accountability in government by providing the General Assembly, agencies, and the public with thorough and credible information, analyses, and assessments about the operation of state programs and use of taxpayer resources.

Section 2-3-103(1), C.R.S., grants the OSA broad authority and access to records to conduct performance, financial, and IT audits of all state departments and agencies, public colleges and universities, most special purpose authorities, any state entity designated as an enterprise under the Taxpayer's Bill of Rights (TABOR), and other political subdivisions and non-State entities as required by law.

Additionally, the OSA carries out the following major statutory responsibilities:

- Conduct evaluations of all state tax expenditures on a 5-year cycle [Section 39-21-305(1)(d), C.R.S.]
- Monitor local governments for compliance with the Local Government Audit Law [Section 29-1-601, et seq., C.R.S.]
- Administer a statewide fraud reporting hotline [Section 2-3-110.5, C.R.S.]

# Financial Benefits

Our audits and evaluations frequently identify financial benefits, which collectively represent the dollar value the OSA provides to the people of Colorado by ensuring the responsible stewardship of public funds.

In Fiscal Year 2021, we identified financial benefits totaling \$147.9 million. For the 5-year period from Fiscal Year 2017 through Fiscal Year 2021, we identified financial benefits totaling approximately \$930.7 million, or an average of about \$186.1 million per year.

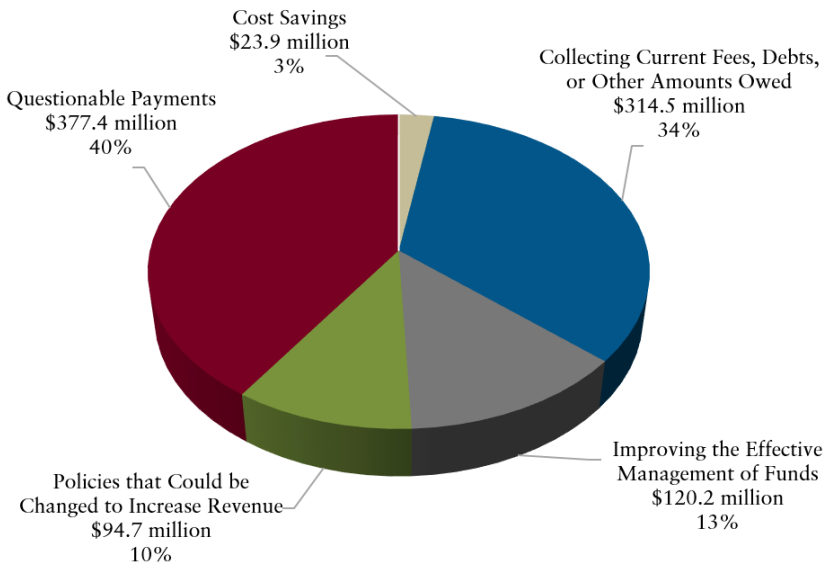
| Financial Benefits Identified<br>Fiscal Years 2017–2021<br>(Dollars In Millions) |        |        |         |         |         |         |
|--|--------|--------|---------|---------|---------|---------|
| 2017   | 2018   | 2019   | 2020    | 2021    | Total   | Average |
| \$21.1   | \$46.1 | \$93.4 | \$622.2 | \$147.9 | \$930.7 | \$186.1 |

Our goal is to achieve at least a 3:1 ratio of benefits to costs over a 5-year period. We have achieved a 23:1 ratio of benefits to costs, which means that the return on investment to the taxpayer is approximately \$23 in financial benefits for every \$1 spent on the OSA’s operations.

| Benefit-to-Cost Ratio<br>Fiscal Years 2017–2021   |                 |
|---|-----------------|
| Average Annual Financial Benefits Identified in Reports   | \$186.1 million |
| Average Annual Net Operating Costs*   | \$8.2 million   |
| Ratio of Benefits to Costs  | 23:1            |
| *Annual net operating costs calculated from General Fund appropriations less General Fund reversions. |                 |

Financial benefits include the identification of potential cost savings, questionable payments, opportunities to improve the effective management of funds, collection of fees or debts owed, policies that could be changed to increase revenue, opportunities to leverage state resources with matching funds, and increases in the value of state assets.

The following chart breaks down the \$930.7 million in financial benefits identified by the OSA for Fiscal Years 2017 through 2021 by category:





# Audit Recommendations

Audit recommendations promote positive change in government and are an important part of ensuring that agencies correct the issues identified by our financial, performance, and IT audits.

Each fall, we issue our *Annual Report on the Status of Audit Recommendations Not Fully Implemented*, which compiles and summarizes all audit recommendations made during the prior 5-year period. This report helps us fulfill our statutory reporting responsibilities to the General Assembly under the State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act, and provides information for legislative oversight committees to hold agencies accountable for their use of public resources.

Overall, agencies make the changes they agree or partially agree to make. However, some audit recommendations remain unimplemented. As of June 30, 2020:

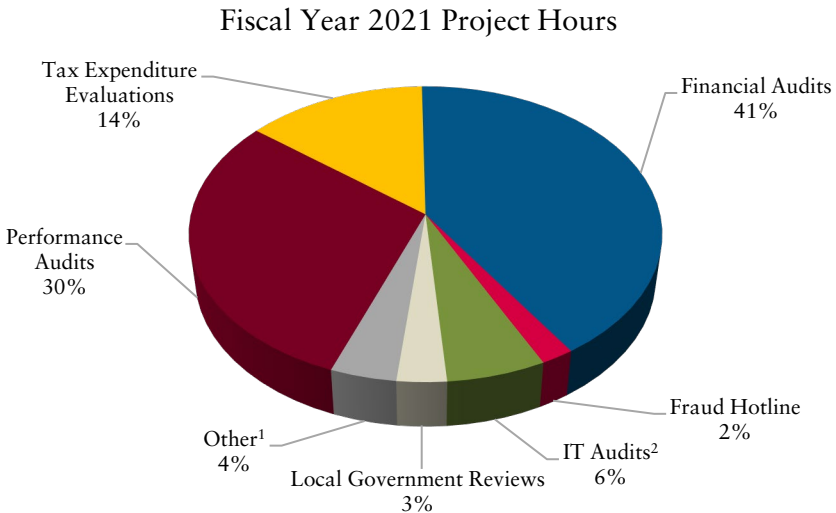
- 95 of the 1,485 audit recommendations (6 percent) that the OSA made from July 2014 through June 2020, and that agencies agreed or partially agreed to implement, remained unimplemented.
- 35 of the 95 unimplemented recommendations (37 percent) are considered high priority due to their seriousness or because they have remained unimplemented for 3 years or more.

# Allocation of Resources

During Fiscal Year 2021, the OSA issued 79 financial, performance, and IT audit and evaluation reports, tax expenditure evaluations, and other work products based on the following authority:

- 70 (89 percent) were completed in response to statutory or other legal requirements.
- 6 (7 percent) were completed at the State Auditor’s discretion based on risk, audit coverage, and other considerations.
- 3 (4 percent) were completed in response to requests from state legislators that were approved by the Legislative Audit Committee.

The following chart breaks down where the OSA’s project hours were spent in Fiscal Year 2021:



<sup>1</sup> “Other” includes hours for nonaudit work products (e.g., Annual Report of Audit Recommendations Not Fully Implemented, School District Fiscal Health Report) and other activities such as status reports, audit topic planning and research, legislation, internal quality control monitoring, and external peer review participation.

<sup>2</sup> The majority of the IT audit team’s work is completed as part of the annual statewide financial and compliance audit.

# Performance Audits

Performance audits and evaluations address whether programs are operated in an effective and efficient manner to accomplish their intended goals and are in compliance with laws and regulations.

During Fiscal Year 2021, we issued the following performance audits and evaluations:

| Report Name  | Report Release Date | Report No. |
|--|---------------------|------------|
| Adult Protective Services  | September 2020      | 1931P      |
| Annual Compensation Survey                                       | June 2021           | 2055P      |
| Cash Funds Uncommitted Reserves, Fiscal Year Ended June 30, 2020 | December 2020       | 2054P      |
| Medicaid Client Correspondence                                   | September 2020      | 1936P      |
| Prescription Drug Monitoring Program                             | June 2021           | 1933P      |
| Regional Transportation District                                 | January 2021        | 1935P      |
| Sex Offender Management Board                                    | July 2020           | 1926P      |
| Schedule of TABOR Revenue, Fiscal Year 2020                      | December 2020       | 2014P      |
| State Court Administrator's Office                               | December 2020       | 2052P      |
| Suicide Prevention   | December 2020       | 1934P      |
| Workforce Innovation and Opportunity Act                         | December 2020       | 1930P      |

# Financial Audits

Financial audits determine whether financial information is fairly presented, in all material respects, and whether agencies receiving federal grants are complying with applicable grant requirements. Each year, we conduct an audit of the State’s financial statements and federal grant compliance (also known as the Single Audit) on a statewide level, as well as other required standalone financial audits.

During Fiscal Year 2021, we issued the following financial audits and related work products:

| Report Name   | Report Release Date | Report No. |
|---|---------------------|------------|
| Adams State University, Fiscal Years Ended June 30, 2020 and 2019   | December 2020       | 2002F      |
| Auraria Higher Education Center, Fiscal Years Ended June 30, 2020 and 2019                                | December 2020       | 2007F      |
| Census Data Attestation for Colorado Public Employees’ Retirement Association (PERA) 2020 Financial Audit | June 2021           | 2114F-AT   |
| CollegeInvest, College Savings Program Funds, Fiscal Years Ended June 30, 2020 and 2019                   | December 2020       | 2009F      |
| Colorado Bridge Enterprise, Fiscal Years Ended June 30, 2020 and 2019                                     | December 2020       | 2033F      |
| Colorado Community College System, Fiscal Years Ended June 30, 2020 and 2019                              | March 2021          | 2011F      |
| Colorado High Performance Transportation Enterprise, Fiscal Years Ended June 30, 2020 and 2019            | December 2020       | 2032F      |
| Colorado Mesa University, Fiscal Years Ended June 30, 2020 and 2019                                       | February 2021       | 2012F      |
| Colorado Public Employees’ Retirement Association, Fiscal Year Ended December 31, 2019                    | July 2020           | 1913F      |
| Colorado School of Mines, Fiscal Years Ended June 30, 2020 and 2019                                       | March 2021          | 2003F      |

| Report Name   | Report Release Date | Report No. |
|---|---------------------|------------|
| Colorado State Fair Authority, Fiscal Years Ended June 30, 2020 and 2019                            | February 2021       | 2015F      |
| Colorado State University, NCAA Agreed-Upon Procedures, Fiscal Year Ended June 30, 2020             | January 2021        | 2016F-C    |
| Colorado State University System, Fiscal Years Ended June 30, 2020 and 2019                         | March 2021          | 2016F-A    |
| Colorado State University-Global Campus, Fiscal Years Ended June 30, 2020 and 2019                  | January 2021        | 2016F-B    |
| Colorado Student Loan Program, dba College Assist, Fiscal Years Ended June 30, 2020 and 2019        | December 2020       | 2008F      |
| Colorado Veterans Community Living Center at Fitzsimons, Fiscal Year Ended June 30, 2020            | January 2021        | 2006F      |
| Department of Revenue, Colorado Lottery, Fiscal Years Ended June 30, 2020 and 2019                  | December 2020       | 2020F      |
| Department of Revenue, Division of Gaming, Fiscal Years Ended June 30, 2020 and 2019                | December 2020       | 2019F      |
| Fort Lewis College, Fiscal Years Ended June 30, 2020 and 2019                                       | February 2021       | 2004F      |
| Metropolitan State University of Denver, Fiscal Years Ended June 30, 2020 and 2019                  | March 2021          | 2023F      |
| Pinnacle Assurance, Fiscal Years Ended December 31, 2019 and 2018                                   | July 2020           | 1910F      |
| State Board of the Great Outdoors Colorado Trust Fund, Fiscal Years Ended June 30, 2020 and 2019    | December 2020       | 2022F      |
| State of Colorado, Statewide Financial Audit, Fiscal Year Ended June 30, 2020                       | March 2021          | 2001F-A    |
| State of Colorado, Statewide Single Audit, Fiscal Year Ended June 30, 2020                          | June 2021           | 2001F-B    |
| Statement of Federal Land Payments, Federal Fiscal Year Ended September 30, 2020                    | March 2021          | 2151F      |
| U.S. Department of Housing and Urban Development Agreed-Upon Procedures Reporting, Fiscal Year 2020 | June 2021           | 2029F-AT   |
| University of Colorado, Fiscal Years Ended June 30, 2020 and 2019                                   | February 2021       | 2005F      |

| Report Name   | Report Release Date | Report No. |
|---|---------------------|------------|
| University of Colorado at Boulder, NCAA Agreed-Upon Procedures, Fiscal Year Ended June 30, 2020 | January 2021        | 2005F-A    |
| University of Northern Colorado, Fiscal Years Ended June 30, 2020 and 2019                      | February 2021       | 2137F      |
| University of Northern Colorado, NCAA Agreed-Upon Procedures, Fiscal Year Ended June 30, 2020   | January 2021        | 2137F-B    |
| Western Colorado University, Fiscal Years Ended June 30, 2020 and 2019                          | January 2021        | 2038F      |

# IT Audits

Our IT audit team evaluates information technology (IT) processes related to information security and other IT controls over critical and essential state information systems and applications. The majority of the IT audit team’s work is completed as part of our annual statewide financial and compliance audit where the IT audit team tests controls for information systems that are significant to the State’s financial activities and federal compliance requirements.

The IT team also conducts or oversees standalone IT performance audits and evaluations. During Fiscal Year 2021, we issued the following standalone IT evaluation:

| Report Name   | Report Release Date | Report No. |
|---|---------------------|------------|
| Evaluation of Web Application Security at the Colorado Statewide Internet Portal Authority (Public Report) <sup>1</sup> | March 2021          | 2050P-IT   |

<sup>1</sup> A separate confidential report was also prepared and presented to the Legislative Audit Committee; however, in accordance with Section 2-3-103(2), C.R.S., it was not publicly released due to the IT security-sensitive nature of its contents.

# Tax Expenditure Evaluations

Section 39-21-305(1)(d), C.R.S., requires the State Auditor to evaluate all of the State’s tax expenditures at least once every 5 years. Statute defines a tax expenditure as “a tax provision that provides a gross or taxable income definition, deduction, exemption, credit, or rate for certain persons, types of income, transactions, or property that results in reduced tax revenue.” Tax expenditures reduce the amount of revenue the State collects from sales and use, income, insurance premium, excise, and severance taxes.

During Fiscal Year 2021, we issued the following tax expenditure evaluation reports:

| Report Name   | Report Release Date | Report No. |
|---|---------------------|------------|
| 2020 Tax Expenditures Compilation Report <sup>1</sup>   | September 2020      | 2020-TE    |
| Alternative Income Tax  | July 2020           | 2020-TE20  |
| Annuities Exemption   | July 2020           | 2020-TE23  |
| Coal Severance Tax Expenditures   | September 2020      | 2020-TE30  |
| Commercial Trucks and Trailers Licensed Out-of-State and Nonresident Motor Vehicle Exemptions | July 2020           | 2020-TE18  |
| Complimentary Marketing Property to Out-of-State Vendees Exemptions                           | July 2020           | 2020-TE-21 |
| Construction and Building Materials Exemption   | January 2021        | 2021-TE4   |
| Corporate Condemnation Capital Gains Income Tax Deduction                                     | July 2020           | 2020-TE15  |
| Food for Home Consumption Exemption   | April 2021          | 2021-TE11  |
| Food Ingredients Exemption  | April 2021          | 2021-TE10  |
| Impact Assistance Credits   | September 2020      | 2020-TE27  |
| Machinery Used in Manufacturing Exemption   | January 2021        | 2021-TE6   |
| Manufactured Homes Exemptions   | April 2021          | 2021-TE8   |
| Mass Transit and Ridesharing Expenses Deduction   | January 2021        | 2021-TE7   |
| Metallic Minerals Ad Valorem Credit   | January 2021        | 2021-TE2   |



| Report Name   | Report Release Date | Report No. |
|---|---------------------|------------|
| Metallic Minerals Threshold Exemption   | January 2021        | 2021-TE1   |
| Molybdenum Ore Tonnage Exemption  | January 2021        | 2021-TE3   |
| Oil and Gas Severance Tax Ad Valorem Credit   | July 2020           | 2020-TE24  |
| Oil and Gas Severance Tax Deduction for Transportation Costs & Oil and Gas Severance Tax for Manufacturing and Processing Costs   | July 2020           | 2020-TE16  |
| Oil and Gas Severance Tax Stripper Well Exemption   | July 2020           | 2020-TE22  |
| Oil Shale Tax Expenditures  | July 2020           | 2020-TE19  |
| Old and New Investment Tax Credits  | September 2020      | 2020-TE26  |
| Plastic Recycling Credit  | April 2021          | 2021-TE12  |
| Previously Taxed Income Deduction   | April 2021          | 2021-TE9   |
| Railroad: Equipment Sales and Use Tax and Construction Materials Sales Tax Exemptions   | September 2020      | 2020-TE28  |
| Residential Power Sales and Use Tax Exemption   | September 2020      | 2020-TE29  |
| Restaurant Employee Meals Exemption   | April 2021          | 2021-TE13  |
| School Sales Exemptions   | January 2021        | 2021-TE5   |
| Short-Term Testing of Property for Use in Out-of-State Manufacturing Exemption  | July 2020           | 2020-TE25  |
| State-Employed Chaplains Housing Allowance  | July 2020           | 2020-TE17  |
| <sup>1</sup> The 2020 Tax Expenditure Compilation Report includes all of the individual tax expenditure evaluation reports issued from October 2019 through September 2020. |                     |            |

# Other Work Products

In addition to our audits and evaluations, we issue other work products that provide important information and analysis for the General Assembly, state and local government agencies, and the public.

During Fiscal Year 2021, we issued the following other work products:

| Report Name   | Report Release Date | Report No. |
|---|---------------------|------------|
| Annual Report: Status of Audit Recommendations Not Fully Implemented as of June 30, 2020                | December 2020       | 2056S      |
| Colorado Education and Cultural Facilities Authority Memo, Calendar Year 2020                           | February 2021       | 2151S      |
| Fiscal Health Analysis of Colorado School Districts, Fiscal Years 2017-2019                             | September 2020      | 2053S      |
| Higher Education TABOR Enterprise Status Memo, Fiscal Year 2020   | December 2020       | 2035S      |
| National Collegiate Athletic Association Athletic Programs Financial Data Compilation, Fiscal Year 2019 | July 2020           | 2057S      |
| School Capital Construction Memo, Fiscal Year 2020  | January 2021        | 2150S      |

# Local Government Audit Division

The OSA's Local Government Audit Division (Division) tracks Colorado's local governments for compliance with the Local Government Audit Law [Section 29-1-601, et seq., C.R.S.], which requires every local government in the state to undergo an annual financial audit conducted by an independent certified public accountant and submit it to the State Auditor for review. Local governments with revenues or expenditures for any fiscal year that are not more than \$750,000 may apply to the State Auditor for an exemption from audit.

The Division examines annual financial audits submitted by local governments to determine compliance with governmental accounting standards and other statutory requirements. The Division also reviews and approves Exemption from Audit applications and provides technical assistance to local governments and their independent auditors. In Fiscal Year 2021, we completed reviews of 2,233 local government audit and exemption filings.

One of the Division's award-winning work products is the annual *Fiscal Health Analysis of Colorado School Districts*. This report provides a set of financial indicators for each school district that can warn district officials and the Department of Education about financial stress that may require further examination and remedial action.

The OSA provides a similar fiscal health analysis tool on its website for use by Colorado counties and municipalities. The Division uses this fiscal analysis tool when reviewing the independent financial audit reports that Colorado counties and municipalities submit to the OSA.

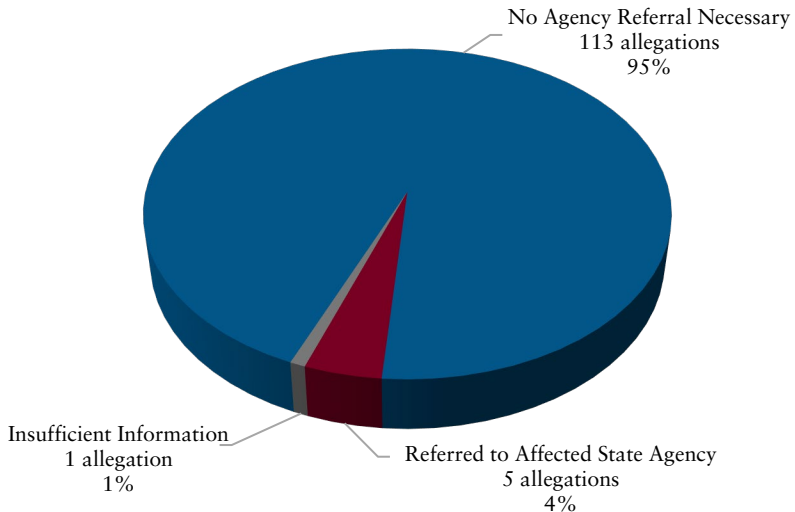
# Fraud Hotline

The purpose of the OSA’s Fraud Hotline is to receive reports about occupational fraud, which is a situation in which a state employee or contracted individual may be using their position or access as an employee or contractor to commit fraud against the State or others.

Statute requires the OSA to determine whether allegations reported to the Hotline constitute possible occupational fraud against the State. When applicable, we refer occupational fraud allegations to the affected state agencies for further investigation [see Section 2-3-110.5, C.R.S.]. Under certain circumstances, the State Auditor has statutory authority to investigate allegations reported to the Hotline.

## HOTLINE REPORTS

During Fiscal Year 2021, the OSA’s Fraud Hotline received a total of 119 reported allegations, which was a 109 percent increase over the prior year. We handled the 119 reported allegations as follows:



We did not refer the majority of reported allegations to an affected state agency because the allegation did not fall within the Hotline’s jurisdiction (e.g., did not constitute an allegation of occupational fraud or involved a local government).

#### **AGENCY REFERRALS**

State agencies affected by the five occupational fraud allegations that we referred during Fiscal Year 2021 reported the following dispositions:

- 4 allegations were not substantiated.
- 1 allegation involving misappropriation of assets was substantiated. The agency investigated the allegation and referred the matter to law enforcement. In July 2021, the alleged perpetrator was arrested and charged with stealing about \$770,000 from the State.

Affected state agencies also reported final dispositions for two allegations that we referred to them for further investigation in a prior fiscal year. The agencies determined that both allegations were unsubstantiated.

Finally, two allegations that we referred to affected state agencies in a prior fiscal year remained under investigation by the OSA. The affected state agencies requested that the OSA conduct the investigations.

# Legislation

Issues raised in our audits and evaluations often prompt members of the General Assembly to seek statutory change. Legislation can originate as a committee bill sponsored by the Legislative Audit Committee, or as a bill sponsored by other committees or individual legislators.

During the 2021 Legislative Session, 16 bills were enacted into law related to issues raised in the OSA’s audits and evaluations or the OSA’s audit authority and statutory responsibilities. Five of these bills were sponsored by the Legislative Audit Committee.

| 2021 Legislation   |  |
|--|--|
| Bill and Bill Title  | Related Audit, Work Product, or Authority/Requirement  |
| House Bill 21-071*<br>Colorado Department of Transportation Financial Reporting      | Operational Risk Areas, Performance Audit, May 2019, Department of Transportation  |
| House Bill 21-1123*<br>CAPS Checks for Substantiated Mistreatment of Adults          | Adult Protective Services, Performance Audit, May 2020, Department of Human Services   |
| House Bill 21-1148*<br>Colorado State Fair Annual Report Submission Date Change      | Colorado State Fair Authority, Performance Audit, October 2019, Department of Agriculture  |
| House Bill 21-1249*<br>Repeal Gaming City Audit Requirement                          | Gaming Cities, Performance Audit, December 2017  |
| Senate Bill 21-198*<br>Repeal Capital Construction Education Fund Report Requirement | Annual School Capital Construction Reports   |
| House Bill 21-1077<br>Legislative Oversight Committee Concerning Tax Policy          | Permanently establishes and designates the Legislative Oversight Committee Concerning Tax Policy as the appropriate entity to review the OSA’s tax expenditure evaluation reports. |

## 2021 Legislation

| Bill and Bill Title  | Related Audit, Work Product, or Authority/Requirement  |
|--|--|
| House Bill 21-1186<br>Regional Transportation District Operation                                 | Regional Transportation District, Performance Audit, December 2020   |
| House Bill 21-1187<br>Long-Term Services and Support Case Management Redesign                    | Grants the State Auditor authority to conduct performance audits of case management agencies that receive more than 75 percent of their funding from governmental sources.   |
| House Bill 21-1236<br>State Information Technology   | Removes the State Auditor or designee as a nonvoting member of the Colorado Cybersecurity Council.   |
| House Bill 21-1261<br>Extend Beetle Kill Wood Products Sales Tax Exemption                       | Wood from Trees Killed by or Infested by Certain Beetles Sales Tax Exemption (January 2020)  |
| House Bill 21-1266<br>Environmental Justice Act  | Requires the State Auditor to conduct a performance audit of the Public Utilities Commission’s implementation of the “best value” employment metrics requirements.   |
| House Bill 21-1294<br>K-12 Education Accountability Systems Performance Audit                    | Requires the State Auditor to contract for a performance audit of Colorado’s K-12 Education Accountability Systems to be completed by November 2022.   |
| House Bill 21-1312<br>Insurance Premium Property Sales Severance Tax                             | Regional Home Office Insurance Premium Tax Rate Reduction (January 2020); Oil and Gas Severance Tax Deduction for Transportation Costs & Oil and Gas Severance Tax Deduction for Manufacturing and Processing Costs (July 2020); Annuities Exemption (July 2020); Coal Severance Tax Expenditures (September 2020) |
| Senate Bill 21-072<br>Public Utilities Commission Modernize Electric Transmission Infrastructure | Grants the State Auditor authority to conduct performance audits of the newly created Colorado Electric Transmission Authority.  |

## 2021 Legislation

| Bill and Bill Title  | Related Audit, Work Product, or Authority/Requirement  |
|--|--|
| Senate Bill 21-118<br>Alternative Response Mistreatment At-Risk Adults | Adult Protective Services, Performance Audit, May 2020, Department of Human Services   |
| Senate Bill 21-238<br>Create Front Range Passenger Rail District       | If voters of the District approve and the District levies a tax throughout the District, the State Auditor is required to conduct a financial audit of the District every 2 years. |
| *Denotes bill sponsored by the Legislative Audit Committee.            |  |



# About the State Auditor

Kerri L. Hunter was appointed unanimously by the General Assembly to the position of State Auditor in May 2021 for a 5-year term starting July 1, 2021. As Colorado’s State Auditor, Kerri leads the Office of the State Auditor (OSA) and its staff of approximately 80 professionals and \$11 million annual budget. With more than 25 years of governmental auditing experience at the OSA, Kerri has dedicated her career to promoting government accountability and seeking positive change in government for the people of Colorado. She possesses in-depth knowledge of Colorado’s state and local governments and is highly regarded as a subject matter expert in internal control, the federal Single Audit Act, and auditing standards.

Prior to her appointment as State Auditor, Kerri served as the OSA’s Deputy State Auditor for Financial Audits, responsible for overseeing various financial and performance audits, including the State’s annual statewide financial and compliance audit, as well as the OSA’s Local Government Audit Division, quality assurance program, and accounting, budgeting, contracting, and financial reporting functions.

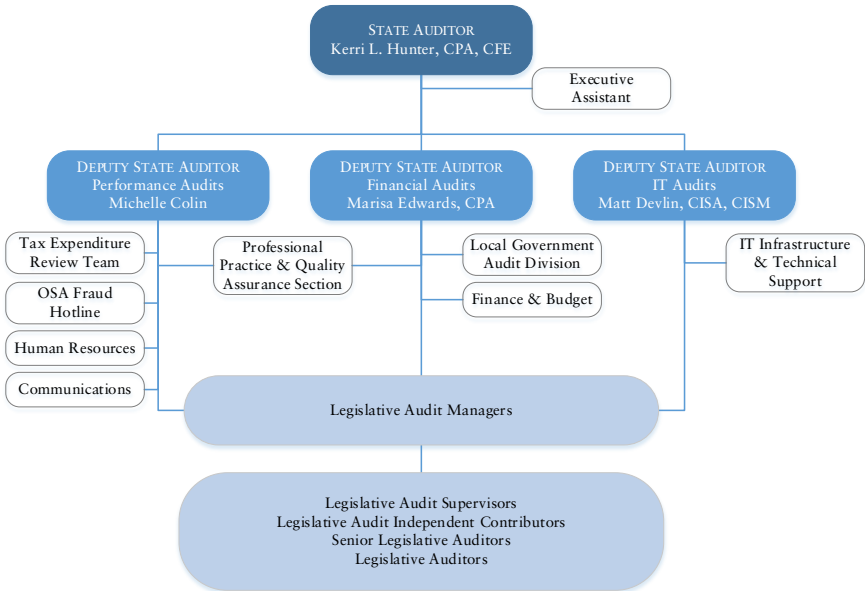
Kerri participates in professional organizations, including the American Institute of Certified Public Accountants, the Colorado Society of Certified Public Accountants, the National State Auditors Association, and State Employees Leading Colorado. Kerri serves as a Board member and Audit Committee Chair for the Colorado Housing and Finance Authority. In 2016, Kerri was named by the Colorado Society of Certified Public Accountants and the American Institute of Certified Public Accountants as one of three “Women to Watch” in the Emerging Leader category. In 2008, she was awarded the Rotary Foundation Paul Harris Award for exceptional service. As one of Colorado’s select Boettcher Foundation Scholars, Kerri earned a degree in Accounting with honors from the University of Denver. Kerri is a Certified Public Accountant licensed to practice in Colorado and a Certified Fraud Examiner. A fifth-generation Coloradan, Kerri grew up on Colorado’s eastern plains.

# OSA Employees

Our employees are dedicated public servants. Collectively, we possess 509 years of auditing experience. Fifty-six percent of our auditors hold a graduate degree (e.g., Master’s degree, Juris Doctorate, Ph.D.), and 36 percent hold a professional license or certification, including:

- Certified Public Accountant
- Certified Fraud Examiner
- Certified Government Auditing Professional
- Certified Government Finance Officer
- Certified Information Systems Auditor
- Certified Information Security Manager
- Certified Internal Auditor
- Colorado Bar Association (Licensed Attorney)

## OSA Organizational Structure



# Audit Industry Leadership

The OSA and its employees continue to be active participants in the government auditing and accountability community.

## Peer Organizations

We participate in national and regional organizations that provide opportunities to share best practices, exchange ideas, and better understand the unique and changing demands facing state audit organizations:

- The National State Auditors Association (NSAA) is an organization specifically dedicated to state audit organizations. Members of our senior management team and audit managers serve on several NSAA standing committees and workgroups. Some of our audit managers also participate on or lead teams assigned to conduct external quality control peer reviews of other state audit organizations through the NSAA's External Peer Review Program.
- The National Legislative Program Evaluation Society (NLPES) is a professional staff association of the National Conference of State Legislatures that is dedicated to strengthening state legislatures through the performance auditing and program evaluation function and supporting the legislative staff who perform this work. We attend professional development conferences and one of our audit managers served on the NLPES Executive Committee for 10 years.
- The Mountain and Plains Intergovernmental Audit Forum (MPIAF) is one of 10 regional audit forums sponsored by the U.S. Government Accountability Office that connect and support government auditors at the federal, state, and local levels. The OSA's Deputy State Auditor for Performance Audits serves on the MPIAF Executive Committee.

### **External Presentations**

We routinely speak at professional conferences, training events, and with higher education classrooms about our work and role in state government. During Fiscal Year 2021, we gave nine presentations for the following organizations:

- Colorado Society of Certified Public Accountants
- Colorado Government Finance Officers Association
- National Association of State Auditors, Comptrollers, and Treasurers
- National Intergovernmental Audit Forum
- The Graduate School USA/Pacific & Virgin Islands Training Initiatives
- University of Colorado at Boulder, Faculty Council
- University of Colorado-Denver, MPA Program

### **Professional Associations**

We are active members in the following professional associations:

- American Institute of Certified Public Accountants
- Association of Certified Fraud Examiners
- Colorado Government Finance Officers Association
- Colorado Society of Certified Public Accountants
- Information Systems Audit and Control Association
- Institute of Internal Auditors
- State Employees Leading Colorado

# Community Service

The OSA's employees give back to our local communities. In Fiscal Year 2021, we donated nearly \$7,350 through the annual Colorado Combined Campaign, which is a charitable donation program coordinated across all departments of state government.

We also participated in volunteer events through the OSA's Community Service Program or raised funds to benefit the following organizations:

- Rocky Mountain Feline Rescue
- University of Colorado, President's Leadership Class

The OSA's reports are available online at:  
[www.colorado.gov/auditor](http://www.colorado.gov/auditor)



State Services Building  
1525 Sherman Street, 7th Floor  
Denver, CO 80203

Phone: 303.869.2800  
E-mail: [osa.ga@state.co.us](mailto:osa.ga@state.co.us)  
Website: [www.colorado.gov/auditor](http://www.colorado.gov/auditor)  
Twitter: @CoStateAuditor

