



SA

We Set the Standard for Good Government

FISCAL YEAR
2020

ANNUAL REPORT



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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 2020. The OSA issued 50 financial, performance, and IT audits and evaluations, 37 tax expenditure evaluations, and five other work products, all of which provided 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.



The OSA remains focused on addressing high risk areas for the State, as well as programs and issues that are important for policy makers and the public.

- The OSA issued 10 performance audits, with three in response to legislative requests that focused on processes for accurately determining and collecting severance taxes owed to the State, the operations of the Colorado State Fair Authority, and ensuring reliable performance of the State's public safety radio communications system.
- The OSA's Fiscal Year 2019 audit of the State's financial statements and federal grant programs covered \$42.5 billion in total assets, \$34.4 billion in total expenditures, and \$12.3 billion in federal funds.
- The OSA evaluated information technology security management and operations at the Department of Transportation and for a mission critical system at the Department of Education.

- The OSA’s tax expenditure evaluations covered 69 individual tax expenditures related to business incentives, excise taxes, insurance premium taxes, income taxes, and sales and use taxes.
- The OSA reviewed 4,068 local government audits and exemptions to ensure local financial reporting is in compliance with statutory requirements.

Finally, the OSA continues to be recognized nationally for its superior work. We received a 2020 Certificate of Impact Award from the National Legislative Program Evaluation Society for our September 2018 performance audit of the Office of the Child’s Representative.

I am very proud of what our staff have accomplished this past year—especially given the unprecedented challenges we have all faced in 2020—and the positive impacts we continue to make for the people of Colorado.

A handwritten signature in black ink, appearing to read "Dianne E. Ray". The signature is fluid and cursive, with the first name "Dianne" being the most prominent part.

Dianne E. Ray, 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 five years the LAC recommends a candidate to the General Assembly for appointment as State Auditor.

LAC MEMBERS AS OF JUNE 30, 2020



REPRESENTATIVE
Lori Saine
CHAIR



REPRESENTATIVE
Dafna
Michaelson Jenet
VICE-CHAIR



REPRESENTATIVE
Rod Bockenfeld



SENATOR
Rhonda Fields



REPRESENTATIVE
Tracy Kraft-Tharp



SENATOR
Paul Lundeen



SENATOR
Jim Smallwood



SENATOR
Nancy Todd

OSA MISSION

Through a comprehensive strategic planning process, the OSA has defined a mission statement, vision statements, and an underlying goal for carrying out its statutory and professional responsibilities.

OSA MISSION STATEMENT

- To improve government for the people of Colorado.

OSA VISION STATEMENTS

- We will provide objective information, quality services, and solution-based recommendations.
- Our audits will identify efficiencies and cost savings, and improve effectiveness and transparency in government.

OSA GOAL

- Produce quality and timely products that respond to changing demands by maximizing internal efficiencies and available resources, including products that identify cost savings and other financial benefits for the State. The OSA will promote the best and highest use of these products through targeted distribution and presentations.

ABOUT THE OSA

The OSA is the nonpartisan government watchdog for the people of Colorado. We promote accountability in government by providing 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. Our audits provide solution-based recommendations that focus on reducing costs, increasing efficiency, promoting the achievement of legislative intent, improving the effectiveness of programs and the quality of services, ensuring transparency in government, and ensuring the accuracy and integrity of financial and other information that decision makers need to hold agencies accountable for the use of public resources.

Section 2-3-103, 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.

In addition to conducting performance, financial, and IT audits, the OSA carries out the following major statutory responsibilities:

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

FINANCIAL BENEFITS

The OSA’s audits 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 2020, the OSA identified financial benefits totaling \$622.2 million. For the 5-year period from Fiscal Year 2016 through Fiscal Year 2020, the OSA identified financial benefits totaling approximately \$852.7 million, or an average of about \$170.5 million per year. The OSA’s goal is to achieve at least a 3:1 ratio of benefits to costs over a 5-year period. The OSA has achieved a 21:1 ratio of benefits to costs, which means that the return on investment to the taxpayer is approximately \$21 in financial benefits for every \$1 spent on the OSA’s operations.

FINANCIAL BENEFITS IDENTIFIED IN AUDIT REPORTS (DOLLARS IN MILLIONS) FISCAL YEARS 2016–2020

2016	2017	2018	2019	2020	TOTAL	ANNUAL AVERAGE
\$69.8	\$21.1	\$46.1	\$93.4	\$622.2	\$852.7	\$170.5

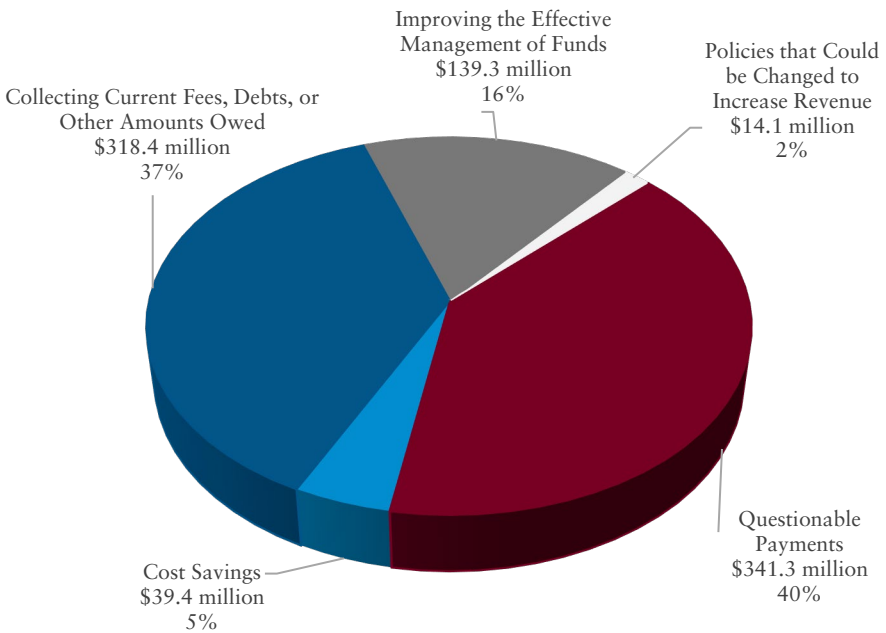
BENEFIT-TO-COST RATIO FISCAL YEARS 2016–2020

Average Annual Financial Benefits Identified in Reports	\$170.5 million
Average Annual Net Operating Costs*	\$8.1 million
Ratio of Benefits to Costs	21 : 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 \$852.7 million in financial benefits identified by the OSA for Fiscal Years 2016 through 2020 by category:



AUDIT RECOMMENDATIONS

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

Each fall, the OSA issues its *Annual Report on the Status of Audit Recommendations Not Fully Implemented*, which compiles and summarizes all audit recommendations made by the OSA during the prior 5-year period. This report helps the OSA fulfill its 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, 2019:

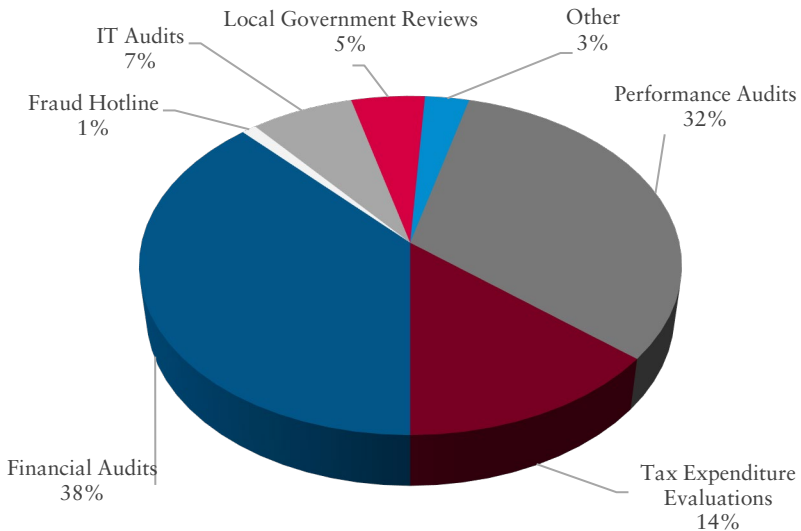
- 98 of the 1,495 audit recommendations (7 percent) that the OSA made from July 2013 through June 2018, and that agencies agreed or partially agreed to implement, remained unimplemented.
- 22 of the 98 unimplemented recommendations (22 percent) are considered high priority due to their seriousness or because they have remained unimplemented for 3 years or more.

ALLOCATION OF RESOURCES

During Fiscal Year 2020, the OSA issued 92 financial, performance, and IT audit reports, tax expenditure evaluations, and other work products based on the following authority:

- 82 (89 percent) were completed in response to statutory or other requirements.
- 7 (8 percent) were completed at the State Auditor’s discretion based on risk, audit coverage, and other considerations.
- 3 (3 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 2020:



Note: “Other” includes hours for nonaudit work products (e.g., Annual Report of 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.

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 2020, the OSA issued the following performance audits and evaluations:

REPORT NAME	REPORT RELEASE DATE	REPORT NO.
Cash Funds Uncommitted Reserves, Fiscal Year Ended June 30, 2019	November 2019	1929P
Colorado Department of the Treasury's Investment Management	November 2019	1950P
Colorado State Fair Authority	November 2019	1818P
Department of the Treasury, Division of Unclaimed Property	July 2019	1811P
Evaluation of the Colorado Department of Revenue's Use of Marijuana Inventory Tracking Data	September 2019	1925P
Governor's Office of Information Technology, Public Safety Radio Communications System	July 2019	1754P
Management of Civil Rights Discrimination Complaints	September 2019	1820P
Schedule of TABOR Revenue, Fiscal Year 2019	November 2019	1914P
School Safety	September 2019	1819P
Severance Taxes	January 2020	1928P

FINANCIAL AUDITS

The OSA conducts an annual audit of the State's financial statements and an audit of federal grants, also known as the Single Audit, on a statewide level, as well as other required standalone financial audits.

During Fiscal Year 2020, the OSA issued the following financial audits and related work products:

REPORT NAME	REPORT RELEASE DATE	REPORT No.
Adams State University, Fiscal Years Ended June 30, 2019 and 2018	December 2019	1902F
Adams State University, NCAA Agreed-Upon Procedures, Fiscal Year Ended June 30, 2019	January 2020	1902F-B
Auraria Higher Education Center, Fiscal Years Ended June 30, 2019 and 2018	December 2019	1907F
Bruce McCandless Colorado Veterans Community Living Center-Florence, Fiscal Year Ended June 30, 2019	December 2019	1906F
Census Data Attestation for Colorado Public Employees' Retirement Association (PERA) 2019 Financial Audit	June 2020	2014F-AT
CollegeInvest, College Savings Program Funds, Fiscal Years Ended June 30, 2019 and 2018	December 2019	1909F
Colorado Bridge Enterprise, Fiscal Years Ended June 30, 2019 and 2018	December 2019	1933F
Colorado Community College System, Fiscal Years Ended June 30, 2019 and 2018	December 2019	1911F
Colorado High Performance Transportation Enterprise, Fiscal Years Ended June 30, 2019 and 2018	December 2019	1932F
Colorado Mesa University, Fiscal Years Ended June 30, 2019 and 2018	December 2019	1912F
Colorado Mesa University, NCAA Agreed-Upon Procedures, Fiscal Year Ended June 30, 2019	January 2020	1912F-A
Colorado Public Employees' Retirement Association, Fiscal Year Ended December 31, 2018	July 2019	1813F

FINANCIAL AUDITS CONTINUED

REPORT NAME	REPORT RELEASE DATE	REPORT NO.
Colorado School of Mines, Fiscal Years Ended June 30, 2019 and 2018	January 2020	1903F
Colorado School of Mines, NCAA Agreed-Upon Procedures, Fiscal Year Ended June 30, 2019	January 2020	1903F-A
Colorado State Fair Authority, Fiscal Years Ended June 30, 2019 and 2018	January 2020	1915F
Colorado State University, NCAA Agreed-Upon Procedures, Fiscal Year Ended June 30, 2019	January 2020	1916F-C
Colorado State University System, Fiscal Years Ended June 30, 2019 and 2018	December 2019	1916F-A
Colorado State University-Global Campus, Fiscal Years Ended June 30, 2019 and 2018	December 2019	1916F-B
Colorado State University-Pueblo, NCAA Agreed-Upon Procedures, Fiscal Year Ended June 30, 2019	January 2020	1916F-D
Colorado Student Loan Program, dba College Assist, Fiscal Years Ended June 30, 2019 and 2018	November 2019	1908F
Department of Revenue, Colorado Lottery, Fiscal Years Ended June 30, 2019 and 2018	November 2019	1920F
Department of Revenue, Division of Gaming, Fiscal Years Ended June 30, 2019 and 2018	November 2019	1919F
Fort Lewis College, Fiscal Years Ended June 30, 2019 and 2018	December 2019	1904F
Fort Lewis College, NCAA Agreed-Upon Procedures, Fiscal Year Ended June 30, 2019	January 2020	1904F-B
Legislative Department, Fiscal Years Ended June 30, 2019 and 2018	December 2019	1935F
Metropolitan State University of Denver, Fiscal Years Ended June 30, 2019 and 2018	December 2019	1923F
Metropolitan State University of Denver, NCAA Agreed-Upon Procedures, Fiscal Year Ended June 30, 2019	January 2020	1923F-A
State Board of the Great Outdoors Colorado Trust Fund, Fiscal Years Ended June 30, 2019 and 2018	November 2019	1922F
State of Colorado, Statewide Single Audit, Fiscal Year Ended June 30, 2019	March 2020	1901F
Statement of Federal Land Payments, Federal Fiscal Year Ended September 30, 2019	June 2020	2051F

FINANCIAL AUDITS CONTINUED

REPORT NAME	REPORT RELEASE DATE	REPORT NO.
U.S. Department of Housing and Urban Development Agreed-Upon Procedures Reporting, Fiscal Year 2019	June 2020	1929F-AT
University of Colorado, Fiscal Years Ended June 30, 2019 and 2018	December 2019	1905F
University of Colorado-Boulder, NCAA Agreed-Upon Procedures, Fiscal Year Ended June 30, 2019	January 2020	1905F-A
University of Colorado-Colorado Springs, NCAA Agreed-Upon Procedures, Fiscal Year Ended June 30, 2019	January 2020	1905F-B
University of Northern Colorado, Fiscal Years Ended June 30, 2019 and 2018	December 2019	1937F-A
University of Northern Colorado, NCAA Agreed-Upon Procedures, Fiscal Year Ended June 30, 2019	January 2020	1937F-B
Western State Colorado University, Fiscal Years Ended June 30, 2019 and 2018	November 2019	1938F
Western State Colorado University, NCAA Agreed-Upon Procedures, Fiscal Year Ended June 30, 2019	January 2020	1938F-A

IT AUDITS

The OSA's 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 team's audit work is related to the OSA's annual statewide financial and compliance audit and included testing IT 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 2020, the OSA issued the following standalone IT performance audits and evaluations:

REPORT NAME	REPORT RELEASE DATE	REPORT No.
Evaluation of Information Technology Security at the Colorado Department of Transportation	March 2020	1926P-IT
Information Technology Audit of a Mission Critical System at the Department of Education	See Note	1925P-IT

Note:

In accordance with Section 2-3-103(2), C.R.S., this report was not publicly released by the Legislative Audit Committee at its December 2019 hearing. The report remains confidential 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, alcohol, tobacco, fuel, and severance taxes.

During Fiscal Year 2020, the OSA issued the following tax expenditure evaluation reports:

REPORT NAME	REPORT RELEASE DATE	REPORT NO.
Tax Expenditures Compilation Report (2019) ¹	September 2019	2019-TE
Agricultural Applicator Aircraft Fuel Tax Exemption	July 2019	2019-TE15
Captive Insurance Premium Tax Exemptions	September 2019	2019-TE27
Cigarette Excise Tax Stamp Discount and Tobacco Products Excise Tax Vendor Allowance	January 2020	2020-TE6
Colorado Net Operating Loss Deduction for C-Corporations	July 2019	2019-TE16
Compressed Natural Gas Supplied from a Residence Exemption	July 2019	2019-TE17
Corporate Deduction for Dividends Under Section 78 of the Internal Revenue Code	July 2019	2019-TE24
Deduction for Wages & Salaries Due to IRC 280C	April 2019	2019-TE8
Deductions for Assets Having a Higher Colorado Adjusted Basis than Federal Adjusted Basis	July 2019	2019-TE18
Dyed Diesel Fuel Excise Tax Exemption	July 2019	2019-TE19
Employee Retirement Plan Insurance Premium Tax Deduction	April 2019	2019-TE9

TAX EXPENDITURE EVALUATIONS CONTINUED

REPORT NAME	REPORT RELEASE DATE	REPORT NO.
Energy Used for Industrial & Manufacturing Purposes Exemption	July 2019	2019-TE20
Enterprise Zone Refundable Renewable Energy Investment Tax Credit	January 2020	2020-TE3
Enterprise Zones Tax Expenditures	January 2020	2020-TE9
Excise Tax Credit for Unsalable Alcoholic Beverages	July 2019	2019-TE25
Excise Tax Exemption for Alcoholic Beverages Originating Outside the U.S.	April 2020	2020-TE13
Exemption for Alcohol Produced by Individuals for Personal Use	April 2020	2020-TE11
Gasoline and Special Fuel and Dyed Diesel Sales Tax Exemption	January 2020	2020-TE8
Income Tax Credit for Employer 529 Contributions	April 2020	2020-TE12
In-State Investment Pre-1959 Insurance Premium Tax Deduction	September 2019	2019-TE28
Interstate Sales of Alcohol Excise Tax Exemption	July 2019	2019-TE21
Leases of Tangible Personal Property for 3 Years or Less Exemption	April 2020	2020-TE14
Medical Supplies Sales Tax Exemptions	April 2020	2020-TE10
Non-Profit Transit Agency Fuel Tax Exemption	July 2019	2019-TE22
Off-Road Fuel Use Excise Tax Exemptions	July 2019	2019-TE23
Pre-1987 Net Operating Loss Deduction for Individuals, Estates, and Trusts	April 2019	2019-TE10
Previously Taxed Income or Gain Deduction for C-Corporations	April 2019	2019-TE11
Regional Home Office Insurance Premium Tax Rate Deduction	January 2020	2020-TE7
Rural Jump-Start Tax Expenditures	January 2020	2020-TE2
Sales Tax Vendor Allowance	July 2019	2019-TE26
State Income Tax Refund Deductions	April 2019	2019-TE12
Structural Cigarette and Tobacco Products Excise Tax Expenditures	January 2020	2020-TE5

TAX EXPENDITURE EVALUATIONS CONTINUED

REPORT NAME	REPORT RELEASE DATE	REPORT NO.
Surplus Lines Insurance Tax and Examination Fee Deduction	September 2019	2019-TE29
Tax-Exempt Organization Insurance Premium Tax Deduction	April 2019	2019-TE13
Two Percent Loss & Bad Debt Allowances and Lost or Destroyed Fuel Tax Credit/Refund	July 2019	2019-TE14
Unauthorized Insurance Premium Tax Expenditures	January 2020	2020-TE1
Wood from Trees Killed by or Infested by Certain Beetles Sales Tax Exemption	January 2020	2020-TE4

¹The OSA compiles each of the individual tax expenditure evaluation reports issued from October through September into a Tax Expenditure Compilation Report that is issued in September each year.

OTHER WORK PRODUCTS

In addition to its audits and tax expenditure evaluations, the OSA produces other work products that provide important information and analysis for the General Assembly, state and local government agencies, and the public.

During Fiscal Year 2020, the OSA 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, 2019	November 2019	1934S
Colorado Education and Cultural Facilities Authority Memo, Calendar Year 2019	June 2020	2051S
Fiscal Health Analysis of Colorado School Districts, Fiscal Years 2016-2018	July 2019	1931S
Higher Education TABOR Enterprise Status Memo, Fiscal Year 2019	November 2019	1935S
School Capital Construction Memo, Fiscal Year 2019	January 2020	2050S

LOCAL GOVERNMENT AUDIT DIVISION

The OSA's Local Government Audit Division (Division) tracks about 4,000 Colorado 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.

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.

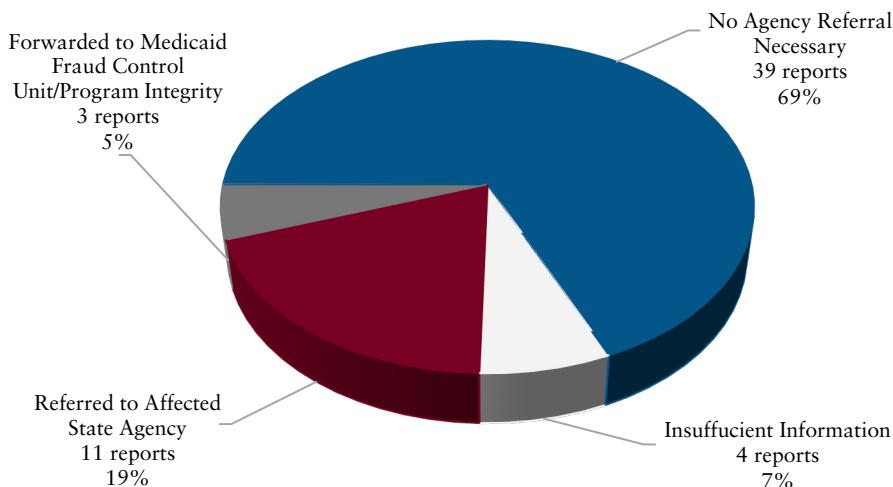
FRAUD HOTLINE

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.

Section 2-3-110.5, C.R.S., specifies requirements for the OSA's screening and referral of Hotline calls to the affected state agency. Under certain circumstances, the State Auditor has statutory authority to investigate allegations reported to the Hotline.

HOTLINE REPORTS

During Fiscal Year 2020, the OSA's Fraud Hotline received a total of 57 reports that were handled as follows:



The majority of reports were not referred to an affected state agency because they did not fall within the Hotline's jurisdiction (e.g., did not constitute an allegation of occupational fraud, involved a local government).

AGENCY REFERRALS

As of June 30, 2020, the status of the 11 occupational fraud allegations that were referred to affected state agencies is as follows:

- 9 referrals—Closed. Final disposition reported by the affected state agencies.
 - ▶ 7 referrals—Allegation not substantiated.
 - ▶ 1 referral—Allegation substantiated and disciplinary action taken. This allegation involved misappropriation of assets.
 - ▶ 1 referral—Allegation substantiated but no disciplinary action taken. This allegation involved misappropriation of assets.
- 2 referrals—Open. Awaiting final disposition from the affected state agencies.

Additionally, in Fiscal Year 2020, a final disposition was reported for six hotline reports that the OSA referred to the affected state agencies in a prior fiscal year. One of these allegations, which involved misappropriation of assets, was found to be substantiated and disciplinary action was taken.

Finally, two referrals made in a prior fiscal year remained open and under investigation by the OSA at the request of the affected state agencies.

STATUTORY CHANGE

In some cases, issues raised in the OSA’s audits may prompt members of the General Assembly to seek statutory change to improve the efficiency and effectiveness of state government operations. Legislation can originate as a committee bill sponsored by the Legislative Audit Committee, or as a bill sponsored by individual legislators.

During the 2020 Legislative Session, 12 bills were enacted into law related to issues raised in the OSA’s audits and other work products or the OSA’s audit authority and statutory responsibilities. One of these bills—Senate Bill 20-071—was sponsored by the Legislative Audit Committee.

2020 LEGISLATION

BILL AND BILL TITLE	RELATED AUDIT, WORK PRODUCT, OR AUTHORITY/REQUIREMENT
Senate Bill 20-021 Tax Expenditure Bill Requirements	Requires legislation creating a new tax expenditure or extending an expiring tax expenditure to include adequate information to allow the State Auditor to measure the effectiveness of the tax expenditure.
Senate Bill 20-023 Colorado Working Group on School Safety	School Safety, Performance Audit, September 2019, Departments of Education, Law, Public Health and Environment, and Public Safety
Senate Bill 20-071* Permissible Uses of State-Owned Motor Vehicles	Commuting Use of State-Owned Vehicles, Performance Audit, November 2016, Department of Personnel & Administration
House Bill 20-1003 Rural Jump-Start Zone Act Modifications	Tax Expenditure Evaluation: Rural Jump-Start Tax Expenditures (January 2020)
House Bill 20-1020 Long-Term Lodging Sales Tax Exemption	Tax Expenditure Evaluation: Long-Term Lodging Exemption (September 2018)

2020 LEGISLATION

BILL AND BILL TITLE	RELATED AUDIT, WORK PRODUCT, OR AUTHORITY/REQUIREMENT
House Bill 20-1024 Net Operating Loss Deduction Modifications	Tax Expenditure Evaluation: Colorado Net Operating Loss Deduction for C-Corporations (July 2019)
House Bill 20-1181 Nonprofit Transit Authority Agency Fuel Tax	Tax Expenditure Evaluation: Non-Profit Transit Agency Fuel Tax Exemption (July 2019)
House Bill 20-1182 Residents of Bordering States Sales Tax Exemption	Tax Expenditure Evaluation: Sales to Residents of Bordering States (September 2018)
House Bill 20-1205 Pre-1987 Net Operating Loss Deduction	Tax Expenditure Evaluation: Pre-1987 Net Operating Loss Deduction for Individuals, Estates, and Trusts (April 2019)
House Bill 20-1396 Work Force Development Council Online Career Platform	Permits the State Auditor to conduct an audit or information technology security assessment of the online platform.
House Bill 20-1426 Limit Emergency Spending and Authorize Additional Appropriation	Requires performance audit of the Disaster Emergency Fund by December 1, 2022, and a financial audit of the Disaster Emergency Fund by December 1, 2024, and every 2 years thereafter.
House Bill 20-1427 Cigarette Tobacco and Nicotine Products Tax	If the referred measure is passed by the voters in November 2020, requires annual financial audit of the use of the money allocated and appropriated from the 2020 Tax Holding Fund.

*Denotes bill sponsored by the Legislative Audit Committee.

ABOUT THE STATE AUDITOR

The State Auditor is a constitutionally established position, appointed by the General Assembly without regard to political affiliation. The State Auditor serves a 5-year term and must be a certified public accountant (CPA) licensed to practice in Colorado.

Dianne E. Ray was appointed unanimously by the General Assembly to the position of State Auditor in May 2011 for a 5-year term and was reappointed unanimously in April 2016 for an additional 5 years. She has specialized in governmental accounting and auditing for more than 25 years and possesses in-depth knowledge of Colorado's state and local governments.

Dianne has extensive experience in senior-level management positions and has been recognized for her innovative leadership style. In 2012, the Colorado Society of Certified Public Accountants and the American Institute of Certified Public Accountants named Dianne as one of three "Women to Watch" in the Experienced Leader category. In May 2015, the University of Colorado-Denver's School of Public Affairs awarded Dianne the 2015 Leo Reithmeyer Award for the Top Public Administrator in Colorado. In August 2016, the President of the National Association of State Auditors, Controllers, and Treasurers named Dianne as recipient of the annual President's Award. In June 2020, she was awarded the William L. Snodgrass Distinguished Leader Award by the National State Auditors' Association.

In June 2020, Dianne was appointed to serve a 5-year term on the Governmental Accounting Standards Board, beginning July 1, 2020. In 2016, Dianne was appointed by the U.S. Comptroller General to serve a 4-year term (2016-2020) on the Advisory Council on Government Auditing Standards, which includes experts from federal, state, and local government; the private sector; and academia to review and recommend necessary changes to standards that guide the government auditing profession. In 2018, Dianne was appointed by the U.S. Comptroller General to serve on the Domestic Working Group, a forum for members

to discuss topics of mutual interest, address common concerns, and promote collaborative efforts in the accountability community in the U.S.

Dianne served as the President of the National State Auditors Association for the 2015-2016 term. Dianne is also a member of the Board of the Colorado Housing and Finance Authority, Chair of the Audit Committee, and former Board Chair.

Prior to becoming the State Auditor, Dianne served as the OSA's Deputy State Auditor primarily responsible for the financial audit of the State of Colorado. Dianne began her career at the OSA in 2002 as Director of the Local Government Audit Division. Prior to joining the OSA, Dianne worked in local governments for 15 years, including as Director of Finance and Administration for the City of Louisville, Colorado.

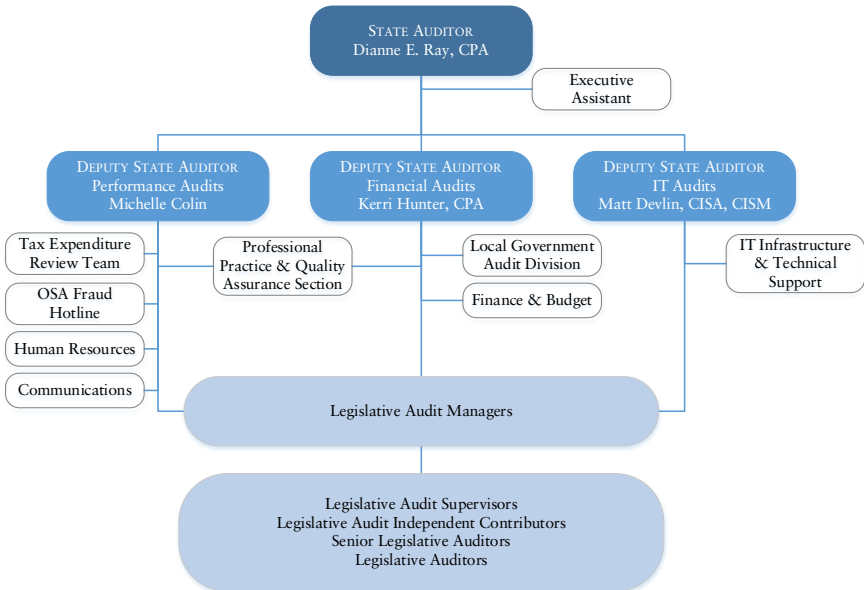
Dianne holds a Bachelor of Science degree in Accounting from Arizona State University and a Master of Public Administration degree from the University of Colorado. She is a licensed Certified Public Accountant in Colorado and Arizona.

OSA STAFF

The OSA’s 78 professional staff are dedicated to serving the people of Colorado. Collectively, the OSA’s auditors possess 489 years of auditing experience. Fifty-seven percent of the OSA’s auditors hold a graduate degree (e.g., Master’s degree, Juris Doctorate, Ph.D.), and 40 percent hold a professional license or certification, including:

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

OSA ORGANIZATIONAL STRUCTURE



AUDIT INDUSTRY & COMMUNITY LEADERSHIP

The OSA has established itself as a leader among its peers in other states and is an active contributor to the government auditing profession and the local community.

PEER ORGANIZATIONS

The OSA participates 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:

- NATIONAL STATE AUDITORS ASSOCIATION (NSAA) is an organization specifically dedicated to state audit organizations. Members of the OSA's senior management team and audit managers serve on several NSAA standing committees and workgroups. Some of the OSA's 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.
- 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.
- 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

OSA staff routinely speak at professional conferences, training events, and with higher education classrooms about our work and role in state government. During Fiscal Year 2020, OSA staff gave 10 presentations for the following organizations:

- Association of Pacific Island Public Auditors
- Colorado Society of Certified Public Accountants
- National Legislative Program Evaluation Society
- National State Auditors Association
- State Employees Leading Colorado
- U.S. State Department, International Visitor Leadership Program

PROFESSIONAL ASSOCIATIONS

OSA staff 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

In addition to leadership in the audit industry, OSA staff give back to the local community. In Fiscal Year 2020, OSA staff participated in volunteer events through the OSA's Community Service Program and raised nearly \$1,500 through the OSA's Jeans-4-Charity events to benefit the following organizations:

- A Precious Child
- Broken Shovels Farm
- Denver Inner City Parish Soup Kitchen
- Food Bank of the Rockies
- Foster Source
- Greenwood Wildlife Rehabilitation Center
- Hope House
- McAuliffe International School

- Project Angel Heart
- WIRES (Australian Wildlife Rescue)

OSA staff also donated \$5,500 in Fiscal Year 2020 through the annual Colorado Combined Campaign, which is a charitable donation program coordinated across all departments of state government.

The OSA's reports are available online at:
www.colorado.gov/auditor



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