

RECOMMENDATIONS TO BOARDS/COMMISSIONS/COMMITTEES FROM OSA PERFORMANCE AUDITS

2012 - 2017

	AUDIT	ABOUT THE BOARD	SUMMARY OF AUDIT FINDINGS
1	Regional Tourism Act, Governor's Office of Economic Development & Trade Oct 2017 (#1683P)	The Economic Development Commission (EDC) is established in statute. All RTA project applications go to the EDC for final approval, denial, or approval with conditions	<p>OEDIT and the EDC had no documentation demonstrating that the EDC approved only projects that met all RTA statutory criteria and were likely to promote achievement of the legislative intent. OEDIT and the EDC did not have documentation to show the standards they used to: assess project applications; resolve deficiencies in the applications prior to approval; or decide on approval. For example, the independent 3<sup>rd</sup>-party analyst concluded 7 of the 11 project applications did not meet statutory criteria; the EDC approved 3 of these but had no documentation showing the analysts' concerns were addressed before approval.</p> <p>OEDIT and the Commission have not consistently monitored projects to enforce requirements. We found 19% of all required reports were not submitted 255 of those submitted were incomplete. There is also no evidence that half of the required meetings were held. For 4 of the 5 approved projects, the audit found instances where Commission requirements in the written resolution of approval were not met.</p>
2	State Land Board (SLB), Department of Natural Resources Oct 2017 (#1681P)	The SLB is governed by a board commissioners charged with providing prudent management of state trust lands to produce reasonable and consistent income over time.	<p>The SLB did not always comply with the board governance manual for handling conflicts of interest. The SLB did not: (1) ensure commissioners completed annual disclosures, (2) ensure that commissioners consistently avoided participating in decisions when they had potential conflicts, or (3) include detail in minutes to document the board's diligence around avoiding conflicts.</p> <p>The SLB did not have adequate and consistent processes to review and mitigate staff conflicts of interest.</p>
3	Gaming Impact Grants, Department of Local Affairs (DOLA) Aug 2015 (#1419P)	The Limited Gaming Impact Advisory Committee is established in statute to develop a method to measure gaming impacts on local	The Committee did not follow requirements of Colorado's open meetings law; there was no evidence that meetings were publicly noticed, and no documentation of Committee meetings, policy discussions, and grant decisions (meeting minutes were not taken). The Committee had no policies, rules, or bylaws to help provide the Committee guidance in following the open meetings law. The same problem was identified in a 2000 audit by the OSA.

		governments; review impacts, and recommend grants to DOLA.	
4	Collection and Usage of FASTER Motor Vehicle Fees, Department of Transportation Aug 2015 (#1410P)	The Transportation Commission (TC) shares responsibility with CDOT for ensuring that FASTER fee revenue is used appropriately and that FASTER projects align with statutory requirements and intent.	<p>The FASTER Act of 2009 created 6 new motor vehicle fees to provide CDOT and local governments funding for bridge, safety, and public transit projects. In FYs10-14, CDOT collected about \$494M in fees for safety projects.</p> <p>CDOT and the TC could not demonstrate that 113 of the 282 safety projects (40%) were approved by the TC, and neither CDOT nor the TC received information on how the transportation regions used safety fee revenue allocated to these projects. CDOT spent \$10.7M on safety projects that may not have met FASTER requirements. Overall, CDOT and the TC had not implemented clear policy or procedural directives to define the types of projects allowable for funding under FASTER or how projects should be prioritized and approved.</p>
5	Colorado Correctional Industries (CCI), Department of Corrections Jan 2015 (#1350P)	The CCI Advisory Committee is established in statute and is responsible for reviewing all new industries proposed by CCI, assessing the impact on private business in the state, and making recommendations to CCI's director on the feasibility of new industries.	<p>We reviewed the 17 business proposals that CCI had on file for new businesses considered by the Committee between July 2010 and January 2014 and found that none included all of the information required by policy:</p> <ul style="list-style-type: none"> <li>• Only one gave information on the potential for post-release employment for participating offenders.</li> <li>• CCI only provided information on the performance of approved businesses on a sporadic basis and did not provide any information on most of its businesses once they were approved.</li> <li>• CCI did not always inform the Committee when it decided to close a shop.</li> <li>• CCI had not reported on the progress of 16 of the 26 venture agreements (62 percent) it approved between July 2010 and January 2014, even though five of them never went into operation and were eventually abandoned.</li> <li>• <b>CCI did not provide the Committee with information on the potential impact on private sector businesses in any of the 17 business proposals we reviewed.</b></li> </ul>
6	History Colorado, Department of	The History Colorado Board of Directors is responsible for	The quarterly budget-to-actual reports provided to the Board for September and December 2013 as well as March 2014 did not tie to COFRS for any of the 3 months. First, the revenues in the reports to the Board were between 1% and 28% higher than the revenues recorded in COFRS, or from about \$41,000 to just over

	Higher Education July 2014 (#1405P)	governing History Colorado.	<p>\$1M higher than in COFRS. Second, the expenditures in the reports to the Board were between 1% and 28% higher than the expenditures recorded in COFRS, or from about \$50,000 to just over \$2M higher than in COFRS.</p> <p>The Board uses these reports to track History Colorado's financial performance and for decision-making related to future projects.</p>
7	Veterans' Trust Fund Grant Program, Department of Veterans' and Military Affairs June 2014 (#1340P)	The Board of Veterans' Affairs' responsibilities include establishing the criteria and form for Veterans' Trust Fund grant applications and making grant award decisions.	<p>The Board has a limited amount of VTF funds available annually but has not set clear goals or priorities to award grant funds. The Board also has not established comprehensive and consistent criteria to evaluate grant applications or a scoring tool. It was unclear that the Board's grant award decisions for Fiscal Year 2013 were consistent and equitable or targeted funds to most effectively address the needs of veterans. For example, the Board awarded the full amounts requested for 16 applications and a reduced amount ranging from 16 to 92 percent for 24 applications. The Board had no documentation of the reason for the reductions.</p> <p>The Board has awarded over \$7 million in VTF grants to veteran organizations over the past 12 years but is unable to demonstrate the effect the Program has had. For example, the Board does not measure the number of veterans served, the types of services provided, or how services help improve conditions for veterans. They only track the number of organizations that receive grants and number of instances of assistance provided by the Program. An instance of service might include, for example, a veteran receiving a payment to buy food and another to pay rent.</p> <p>The Board does not always follow statute or its own bylaws when holding meetings to decide award amounts. Board meetings are not open and announced to the public, board meeting actions are not documented and made available to the public, and board meeting minutes did not provide a full and true record of meetings where grant awards were made for Fiscal Year 2013.</p>
8	Public School Capital Construction Assistance Program (BEST),	BEST Board – Type I – Charged with providing financial assistance to help school districts address critical capital construction	The Board spent more than \$12M for an assessment of public school capital construction needs that identified nearly \$123.5 million in deficiencies rated as high priority. However, the Board had awarded more than \$759 million in state funds without attempting to use the assessment to identify which deficiencies should be funded first and without information on the extent to which the grants addressed the critical needs in the state. Thus, it was not clear the extent to which the Board was accomplishing the statutory intents of:

	<p>Department of Education Oct 2013 (#2200)</p>	<p>needs. The Board evaluates grant applications &amp; recs approval of grants to the State Board of Education.</p>	<ul style="list-style-type: none"> <li>• Protecting the health and safety of students, teachers, and others who use public school facilities.</li> <li>• Ensuring the most equitable, efficient, and effective use of state funds to provide financial assistance for capital construction projects.</li> </ul> <p>The Board could not demonstrate that it complied with the statutory mandate to recommend grant funding based on objective criteria and using the Priority Assessment. Specifically, the Board:</p> <ul style="list-style-type: none"> <li>• Funded projects that were classified as low importance while denying projects classified as high importance.</li> <li>• Awarded cash grants for projects that did not address a high priority deficiency.</li> <li>• Funded projects with low criticality scores while denying funding for projects with high scores.</li> </ul> <p>Statute requires the Board to consider an applicant's ability to finance a capital construction project when deciding grant award amounts. We found significant differences in the grant matching rate requirements set by the Board among the poorest districts and among the wealthiest districts, indicating that the current matching funds formula does not correlate the overall wealth of a district with the district's matching requirements.</p> <p>We found instances of conflicts of interest occurring in the Board's operations. For example, we were informed of an instance in which two construction firms that employed Board members were awarded grants by the Board. The members voted on the projects. Further, we were unable to determine whether members recused themselves in all other cases of conflicts because the Board did not keep records of conflicts. The Board's rules originally closely aligned with the Colorado Code of Ethics but the Board changed the rules over time so that they no longer align.</p>
9	<p>Colorado HIV &amp; AIDS Prevention Grant Program (CHAPP), Department of</p>	<p>The CHAPP Advisory Committee reviews and scores grant applications and makes recommendations on</p>	<p>We identified gaps in the Committee's conflicts of interest processes. For example, there were nine cases in which a committee member disclosed a personal or professional relationship, affiliation, or interest with a grant applicant but in every case the member was assigned to review and score the grant application. Further, of the 39 cases in which a member disclosed a "personal or professional</p>

	<p>Public Health &amp; Environment Aug 2013 (#2201)</p>	<p>grant awards, amounts, and durations to the Board of Health and the Department's Executive Director. The Committee also recommends rules to the Board of Health on matters such as grant application contents, procedures, and timelines; reporting requirements; and criteria for approving grant.</p>	<p>relationship or interest" with an applicant, the member did not provide complete information, such as the nature of the conflict or relevant time frames.</p> <p>Minutes for seven of 33 Committee meetings held between September 2006 and April 2013 were not kept and no minutes of meetings held via email correspondence were kept. For meetings where minutes were kept, the minutes for four meetings were not available on the Department's website.</p> <p>Advance notice of non-routine, ad hoc meetings or "electronic meetings" was not made. The public notices used for routine, in-person meetings did not include information about agenda items.</p> <p>There was a lack of clarity and common understanding about the division of responsibilities and authority between the Department and the Committee. The Department had not provided guidance to the Committee on its role as an <i>advisory</i> group. As a result, the scope of the Committee's activities had grown beyond what was intended by the General Assembly.</p>
10	<p>Colorado Lottery, Department of Revenue Aug 2013 (#2205)</p>	<p>The Lottery Commission is required by statute to establish rules for compensating retailers that sell Lottery products and for Lottery operations, games, prizes, and retailers. The Commission is also required to have rules regarding the information Lottery is to provide to support the Commission's responsibilities.</p>	<p>Some of the Lottery's compensation to retailers, including one type of retailer bonus, may not have been set at levels that controlled expenses while incentivizing retailers, to maximize proceeds to beneficiaries. From FY 2009-2012, bonuses increased 114% whereas sales increased 11%. Lottery could not provide documentation to show that there was a correlation between the increase in bonuses and the increase in sales. Also, during this period the Lottery director changed the bonus payment amounts 3 separate times without documenting why or how they would help increase sales. The Commission had established rules for retailer compensation but did not oversee the bonuses.</p> <p>Communication between Commission and Lottery management could be improved, specifically related to the timeliness and completeness of the information provided to the Commission so that it can make informed decisions. Some Commission members reported that they did not receive all of the requested information related to proposed new games prior to voting to approve them. The Commission and Lottery management had not established a standard process for communicating information requested and ensuring it had been received and was complete.</p>

11	Conservation Easement Tax Credit Program, Departments of Revenue and Regulatory Agencies Oct 2012 (#2171)	The Conservation Easement Oversight Commission (CEOC) was responsible to review documents such as a deed of conservation easement or appraisal report, to provide advice on conservation easement transactions for which a tax credit was claimed.	<p>Note: The review process in place during the audit no longer exists per changes made by SB 13-221.</p> <p>The CEOC lacked important information necessary to ensure an effective review. For example, DOR did not always detail why it referred tax credit claims to the CEOC so the members could target their review efforts and ensure that DOR got what it needed from the review.</p> <p>There was a lack of communication and common understanding about the purpose and goals of the CEOC's role. CEOC was established to further the State's ability to determine whether landowners have complied with the statutory and regulatory requirements for claiming a conservation easement tax credit. There were indications that not all CEOC members shared a common goal for complying with tax credit requirements or maintaining the public's interest above those of individual landowners.</p>
12	Amendment 35 Tobacco Tax Grant Program, Department of Public Health and Environment Aug 2012 (#2166)	The Tobacco Education, Prevention, & Cessation Program Review Committee was established in statute to develop grant funding criteria, review grant applications, and recommend grants to the Board of Health for final decision.	<p><b>The Committee awarded grants that appeared to violate legislative intent and statute.</b> In FYs 2010 and 2011, the Committee awarded almost all grantees funding to conduct policy initiatives to help pass local government laws or organizational policies on tobacco use (e.g., local initiatives to prevent smoking in public areas), which did not appear allowable by the Constitution or statute, which created the Program to fund school and community-based and statewide tobacco <i>education programs</i>.</p> <p>The Committee awarded grants to applicants with performance problems or that were a financial risk, although statute requires the Committee to ensure grantees have the expertise needed to manage grants. For example, one grantee was awarded a grant although CDPHE had stopped work on its prior grant due to performance problems. Five other grantees met less than 60% of their project deliverables but were re-awarded grants.</p>