

**ANNUAL REPORT
FISCAL YEAR
2008**



**COLORADO
OFFICE OF THE
STATE AUDITOR**

Sally Symanski, CPA
State Auditor

Role of the Colorado Office of the State Auditor

The Office of the State Auditor (OSA) is established in the State Constitution and serves as the government watchdog for the citizens of Colorado. As stewards of public funds, the OSA strives to promote accountability and improve the operation of all levels of government. Audits focus on reducing costs, increasing efficiency, improving the quality of services, and ensuring the accuracy and integrity of financial information.

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

Colorado Constitution

In Fiscal Year 2008 the OSA conducted 57 financial and performance audits and other reports of state agencies and institutions of higher education. Examples of recent financial audits include the Statewide Financial and Compliance Audit, covering \$18 billion in state expenditures, and the Colorado Public Employees' Retirement Association Audit, covering more than \$40 billion in retirement funds. This year's performance audits included Driver's License and Identification (ID) Card Security, Energy and Mineral Impact Grants, Children's Basic Health Plan, and Public Safety Radio Communications. A complete listing of the reports released in Fiscal Year 2008 is located on pages 5 through 7 of this report. Finally, the OSA's Local Government Audit Division reviewed financial audits received from more than 2,800 cities, counties, school districts, authorities, special districts, and other local governments.

The OSA is committed to producing high-quality audits and is subject to both internal and external peer reviews. The OSA received the 2008 National Legislative Program Evaluation Society Recognition of Impact Award for the Fiscal Year 2007 Public Safety Programs 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 2008 Committee is as follows:

Representative James Kerr, Chair
Representative Dianne Primavera, Vice Chair
Senator Jim Isgar
Representative Rosemary Marshall
Representative Frank McNulty
Senator David Schultheis
Senator Gail Schwartz
Senator Jack Taylor

The LAC holds public hearings to review and release audit reports, propose special studies, and sponsor legislation recommended in audit reports. In addition, every five years the Audit Committee makes a recommendation to the General Assembly regarding the appointment of the State Auditor.

The State Auditor

The State Auditor is a constitutionally established position appointed by the General Assembly by a majority vote of the members of the House and Senate. The Colorado Constitution requires that the Auditor be a Certified Public Accountant (CPA), appointed without regard to political affiliation. The current State Auditor, Sally Symanski, is a CPA who holds a master's degree in accounting. She has more than 17 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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
GOAL	90%	90%	90%	90%	90%
ACTUAL	91%	87%	91%	90%	87%

The OSA tracks whether audited agencies implement accepted recommendations. Follow up on audit recommendations completed in Fiscal Year 2008 suggests that 50% of prior accepted audit recommendations have been fully implemented, and 93% of accepted recommendations have been at least partially implemented.

GOAL: Provide Value through Saving the Taxpayers Money

Five-Year Average (Fiscal Years 2004-2008)	
Savings Identified in Reports (in millions)	\$13.0
Net OSA Operating Costs (in millions)*	\$ 5.7
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 2008 Legislative Session related to recommendations made or studies conducted by the OSA:

- S.B. 08-017 Occupational Education Credentialing
- S.B. 08-051 Public Safety Enforcement Authority
- S.B. 08-091 Tobacco Licensing Enforcement
- S.B. 08-092 Post-Enactment Reviews of Legislation
- S.B. 08-107 Audits of the Enterprise Zone Program
- H.B. 08-1027 Safe Public School Construction
- H.B. 08-1051 Statutory Modifications Related to Core Services for Families
- H.B. 08-1063 Medical Mental Health Rates
- H.B. 08-1103 Regulation of Amusement Rides
- H.B. 08-1125 Oversight of Metropolitan Districts
- H.B. 08-1192 Charges for Inmate Health Care Services

Reports Released in Fiscal Year 2008

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>
1867	Adams State College, Fiscal Years Ended June 30, 2007 and 2006
1867A	Adams State College, Intercollegiate Athletic Department, Fiscal Year Ended June 30, 2007
1884	Auraria Higher Education Center, Fiscal Years Ended June 30, 2007 and 2006
1904	Cash Funds Uncommitted Reserves Report, Fiscal Year Ended June 30, 2007
1891C	CollegeInvest, College Savings Program Funds, Fiscal Years Ended June 30, 2007 and 2006
1891A	CollegeInvest, Prepaid Tuition Fund, Fiscal Years Ended June 30, 2007 and 2006
1891B	CollegeInvest, Student Loan Program Funds, Fiscal Years Ended June 30, 2007 and 2006
1852	Colorado Community College System, Fiscal Years Ended June 30, 2007 and 2006
1834	Colorado Public Employees' Retirement Association, Fiscal Year Ended December 31, 2006 ¹
1851A	Colorado School of Mines, Auxiliary Bonds, Fiscal Years Ended June 30, 2007 and 2006
1851B	Colorado School of Mines, Development Corporation, Fiscal Years Ended June 30, 2007 and 2006
1851	Colorado School of Mines, Fiscal Years Ended June 30, 2007 and 2006
1885	Colorado State University System, Fiscal Year Ended June 30, 2007
1886	Department of Agriculture, Colorado State Fair Authority, Fiscal Years Ended June 30, 2007 and 2006
1866	Department of Higher Education, Colorado Student Loan Program, Fiscal Years Ended June 30, 2007 and 2006
1857	Department of Human Services, Bruce McCandless Colorado State Veterans Nursing Home, Fiscal Year Ended June 30, 2007
1863	Department of Personnel & Administration, Deferred Compensation Plan, Fiscal Years Ended June 30, 2007 and 2006
1897	Department of Personnel & Administration, Division of Information Technologies, Data Center and Technology Management Unit, Fiscal Year Ended June 30, 2007
1864	Department of Personnel & Administration, Public Officials and Employees Defined Contribution Retirement Plan, Fiscal Years Ended June 30, 2007 and 2006
1865	Department of Revenue, Colorado Lottery, Fiscal Years Ended June 30, 2007 and 2006
1894	Department of Revenue, Division of Gaming, Fiscal Years Ended June 30, 2007 and 2006
1928	Department of Treasury, Statement of Federal Land Payments, Fiscal Year Ended September 30, 2007

1792A	Fort Lewis College, Fiscal Years Ended June 30, 2007 and 2006
1827A	Higher Education TABOR Enterprise Status, Fiscal Year Ended June 30, 2007
1859	Judicial Department, Office of the Child's Representative, Fiscal Year Ended June 30, 2007
1813	Legislative Department, Fiscal Years Ended June 30, 2007 and 2006
1879	Mesa State College, Fiscal Years Ended June 30, 2007 and 2006
1879A	Mesa State College, Independent Accountants' Report on the Application of Agreed-Upon Procedures, Fiscal Year Ended June 30, 2007
1889	Metropolitan State College of Denver, Fiscal Years Ended June 30, 2007 and 2006
1916	Pinnacol Assurance, Fiscal Years Ended December 31, 2007 and 2006
1826	Pinnacol Assurance, Fiscal Years Ended December 31, 2006 and 2005
1927	Schedule of Computations Required Under Article X, Section 20, of the State Constitution (TABOR), Fiscal Year 2007
1905	Schedule of TABOR Revenue, Fiscal Year 2007
1890	State Board of the Great Outdoors Colorado Trust Fund, Fiscal Years Ended June 30, 2007 and 2006
1901	State of Colorado, Statewide Single Audit, Fiscal Year Ended June 30, 2007 ²
1850	University of Colorado, Fiscal Year Ended June 30, 2007
1892	University of Colorado, Insurance Pool, Fiscal Years Ended June 30, 2007 and 2006
1883	University of Northern Colorado, Fiscal Years Ended June 30, 2007 and 2006
1868	Western State College of Colorado, Fiscal Year Ended June 30, 2007
1868A	Western State College of Colorado, Independent Accountants' Report on the Application of Agreed-Upon Procedures, Fiscal Year Ended June 30, 2007

Performance Reports

<u>Report #</u>	<u>Title</u>
1844	Department of Health Care Policy and Financing, Children's Basic Health Plan, May 2008
1880	Department of Human Services, Business Enterprise Program, September 2007
1770	Department of Human Services, Foster Care Financial Activities, September 2007
1766	Department of Human Services, Foster Care Services, May 2007
1778	Department of Labor and Employment, Genesis Project, August 2007
1836	Department of Local Affairs, Energy and Mineral Impact Grants, October 2007
1836A	Department of Local Affairs, Severance Tax Direct Distribution Payments, August 2007
1912	Department of Revenue, Driver's License and Identification (ID) Card Security, May 2008
1843	Department of Revenue, Tobacco Enforcement Program, June 2007
1846	Department of State, Licensing and Elections Divisions, Oversight of Charitable Solicitations, Lobbyists, and Notaries Public, May 2008
1769	Department of State, Voter Registration, Help America Vote Act, November 2007
1873	Department of the Treasury, Review of the Colorado Department of the Treasury Investment Program, November 2007

- 1870 Enterprise Zone Program, November 2007
1762 Judicial Department, Office of the Child's Representative, Guardians ad Litem, June 2007
1848 Public Safety Radio Communications, October 2007
1839 University of Colorado, Follow-Up on the Boulder Campus Athletic Department Performance Audit, July 2007
1820 University of Colorado Foundation, Follow-Up on the University of Colorado Foundation Performance Audit, July 2007

Notes:

- ¹ The Colorado Public Employees' Retirement Association's (PERA's) Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended December 31, 2006, was prepared by PERA and audited by the OSA. PERA's CAFR is available on the OSA's website.
- ² The State's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2007, was prepared by the Office of the State Controller and audited by the OSA as part of its Statewide Single Audit. The State's CAFR is available on the OSA's website.



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