

Final
STAFF SUMMARY OF MEETING
COMMITTEE ON JOINT EDUCATION

Date: 12/14/2015

Time: **09:05 AM to 12:32 PM**

Place: HCR 0112

This Meeting was called to order by
Senator Hill

This Report was prepared by
Rachel Kurtz-Phelan

ATTENDANCE

Buckner	*
Everett	*
Fields	*
Garnett	X
Holbert	X
Johnston	*
Kerr	*
Lundeen	X
Marble	X
Merrifield	X
Moreno	X
Neville T.	X
Priola	E
Todd	E
Wilson	X
Windholz	X
Woods	X
Pettersen	X
Hill	X

X = Present, E = Excused, A = Absent, * = Present after roll call

Bills Addressed:	Action Taken:
Presentation by Office of the State Auditor	Witness Testimony and/or Committee Discussion Only
Presentation by Department of Higher Education	Witness Testimony and/or Committee Discussion Only
Presentation by History Colorado	Witness Testimony and/or Committee Discussion Only
Presentation by Colorado Department of Education	Witness Testimony and/or Committee Discussion Only

09:07 AM -- Presentation by Office of the State Auditor

Senator Hill, chair, called the meeting to order. He invited Kerri Hunter and Jeffrey Kahn, representing the Office of the State Auditor (OSA), to come to the table to introduce themselves. Copies of the Report of Outstanding Audit Recommendations (report) and OSA Annual Report for 2015 were distributed to the committee (Attachments A and Attachment B). Ms. Hunter gave background information about OSA. Ms. Hunter and Mr. Kahn went through the report and highlighted several parts pertaining to outstanding recommendations still unimplemented by the Department of Higher education and Department of Education. They answered questions from the committee.

09:23 AM -- Presentation by Department of Higher Education

Lieutenant Governor Joe Garcia, Executive Director, Department of Higher Education, and Kachina Weaver, Legislative Liaison, Department of Higher Education, came to the table to begin their presentation. They distributed copies of the Division of Private Occupational Schools (DPOS) regulatory agenda (Attachment C) and copies of their power point presentation (Attachment D). Lt. Gov. Garcia reviewed the mission, purpose, and structure of DHE and the Colorado Commission on Higher Education (CCHE). He provided data and statistics pertaining to postsecondary education and workforce readiness, and talked about improving performance, the new funding allocation formula, and the department's master plan. He described how funding is currently allocated to institutions.

09:58 AM

Lt. Gov. Garcia continued to discuss tuition policy and general fund allocations to higher education, the role of governing boards in tuition-setting policy, and the importance of efficiency, collaboration, and competitiveness. He answered questions from the committee.

10:10 AM

Lt. Gov. Garcia continued to answer questions from the committee.

10:30 AM -- Presentation by History Colorado

Bob Musgraves and Steve Turner, representing History Colorado, came to the table and introduced themselves. They distributed a handout to the committee (Attachment E) and provided background information about History Colorado. They spoke about the organization's museums and educational programs, and discussed the 2014 performance audit and plans for the future of the organization. Mr. Musgraves and Mr. Turner answered questions from the committee.

10:50 AM -- Presentation by Colorado Department of Education

The representatives from the Colorado Department of Education (CDE) came to the table to begin their presentation, copies of which were distributed to the committee (Attachment F). Elliott Asp, Interim Commissioner of Education, and Alyssa Pearson, Interim Associate Commissioner for Accountability, Performance, and Support, came to the table and introduced themselves. Dr. Asp announced that a new commissioner of education has just been appointed. He spoke about the mission and purpose of the department and outlined its performance plan. He discussed in detail several programmatic areas, such as kindergarten readiness, graduation guidelines, assessment, and accountability.

11:13 AM

Ms. Pearson discussed the basis for school district accountability in Colorado as established by the Education Accountability Act of 2009. She talked about several changes created by legislation enacted during the 2015 legislative session, and about several accountability measures and options for school and district accountability for the 2016-17 school year.

11:26 AM

Representatives from CDE took turns coming to the table to answer questions from the committee. Alisa Dorman, Executive Director of the Office of Literacy, came to the table to answer questions about literacy assessments.

12:05 PM

The representatives from CDE continued to answer questions from the committee.

12:32 PM

The committee adjourned.

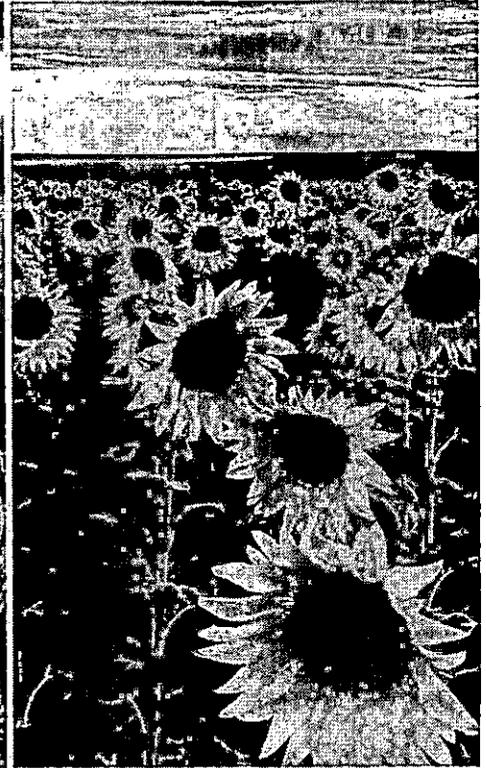
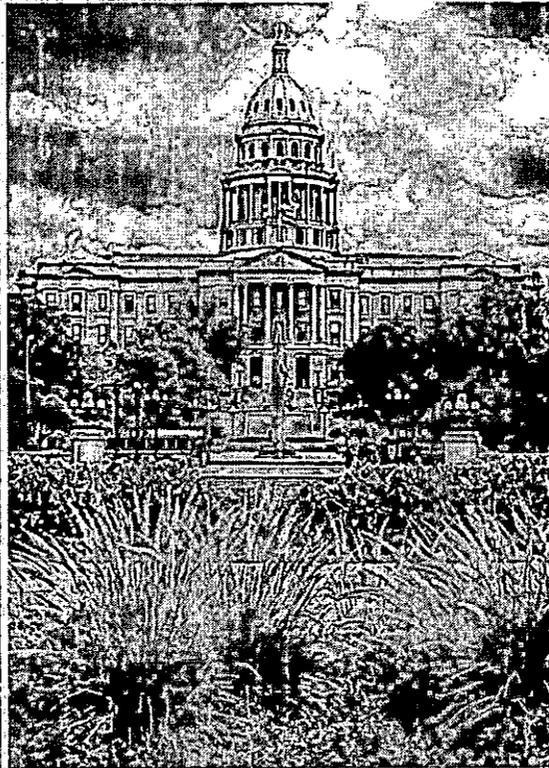
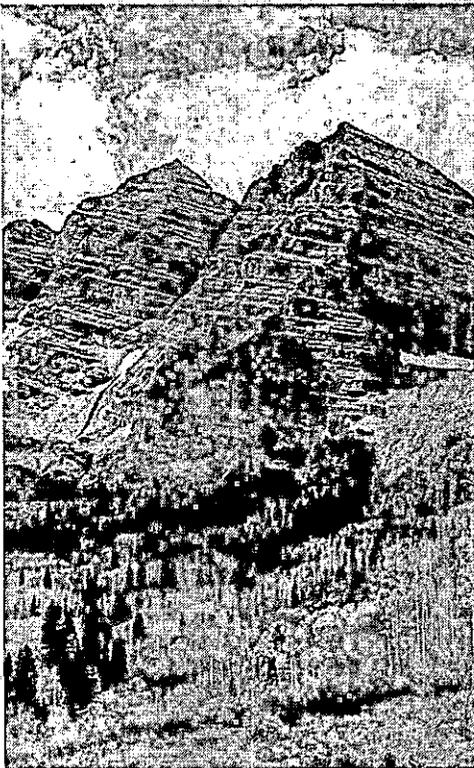
COLORADO OFFICE OF THE STATE AUDITOR



OSA

We Set the Standard for Good Government

ANNUAL REPORT: STATUS OF OUTSTANDING AUDIT RECOMMENDATIONS AS OF JUNE 30, 2015



OCTOBER 2015

INFORMATIONAL REPORT

THE MISSION OF THE OFFICE OF THE STATE AUDITOR
IS TO IMPROVE GOVERNMENT
FOR THE PEOPLE OF COLORADO

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REPORT HIGHLIGHTS



ANNUAL REPORT: STATUS OF OUTSTANDING AUDIT
RECOMMENDATIONS AS OF JUNE 30, 2015

OCTOBER 2015
STATE OF COLORADO

CONCLUSION

Between July 2009 and June 2014, the Office of the State Auditor (OSA), made 2,813 audit recommendations to state agencies and other audited organizations. Agencies generally agreed with our recommendations and usually implemented them in a timely manner. However, 4 percent of the recommendations made over the 5-year period have not been fully implemented and are still outstanding as of June 30, 2015. Further, 41 of the 107 outstanding recommendations (38 percent) are considered high priority due to their seriousness or because they have been outstanding for 3 years or more.

KEY FACTS

- For Fiscal Years 2010 through 2014 (July 2009 through June 2014), the OSA made a total of 2,813 financial, performance, and information technology (IT) audit recommendations to state agencies and other audited organizations.
- The agencies and organizations agreed to implement 99 percent of all audit recommendations in this 5-year period.
- Overall, as of June 30, 2015, state agencies and other audited organizations have implemented 96 percent of the recommendations that they agreed to implement.

FINANCIAL AUDIT RECOMMENDATIONS

- Financial audit reports contained 1,261 of the 2,813 recommendations (45 percent) made for Fiscal Years 2010 through 2014, and state agencies and other audited organizations agreed to implement 1,237 (98 percent) of them.
- As of June 30, 2015, the agencies and organizations had not fully implemented 75 of the 1,237 financial audit recommendations (6 percent) that they had agreed to implement.
- Of the 75 outstanding financial audit recommendations, 29 (39 percent) are considered high priority due to their seriousness or because they have been outstanding for 3 years or more.
- The number of outstanding financial audit recommendations has increased since June 30, 2014.

PERFORMANCE AND IT AUDIT RECOMMENDATIONS

- Performance and IT audit reports contained 1,552 of the 2,813 recommendations (55 percent) made in Fiscal Years 2010 through 2014, and state agencies and other audited organizations agreed to implement 1,541 (99 percent) of them.
- As of June 30, 2015, the agencies and organizations had not fully implemented 32 of the 1,541 performance and IT audit recommendations (2 percent) that they had agreed to implement.
- Of the 32 outstanding performance and IT audit recommendations, 12 (38 percent) are considered high priority because they have been outstanding for 3 years or more.
- The number of outstanding performance and IT audit recommendations has decreased since June 30, 2014.

BACKGROUND

- The OSA tracks the implementation status of all recommendations contained in audit reports presented to the Legislative Audit Committee.
- The purpose of this initiative is to hold state agencies and other audited organizations accountable for the audit recommendations that they have agreed to implement and to provide better information to policy makers and the public.
- Implementation status for recommendations that result from financial audits is determined by the OSA through follow-up audits.
- Implementation status for recommendations that result from performance audits and IT audits is based on self-reported data from the respective state agencies and other audited organizations.



ANNUAL REPORT

STATUS OF OUTSTANDING AUDIT RECOMMENDATIONS

As part of an initiative to hold state agencies and other audited organizations accountable for implementing the audit recommendations that they have agreed to implement and to provide better information to policy makers and the general public, the Office of the State Auditor (OSA) annually reports on the implementation status of recommendations from audit reports released by the Legislative Audit Committee over the past 5 fiscal years. Enclosed is a summary of the implementation status of all recommendations made by the OSA for Fiscal Years 2010 through 2014.

This report focuses on audit recommendations covering the period July 1, 2009 through June 30, 2014 that have not been fully implemented by state agencies as of June 30, 2015. This report provides the following information:

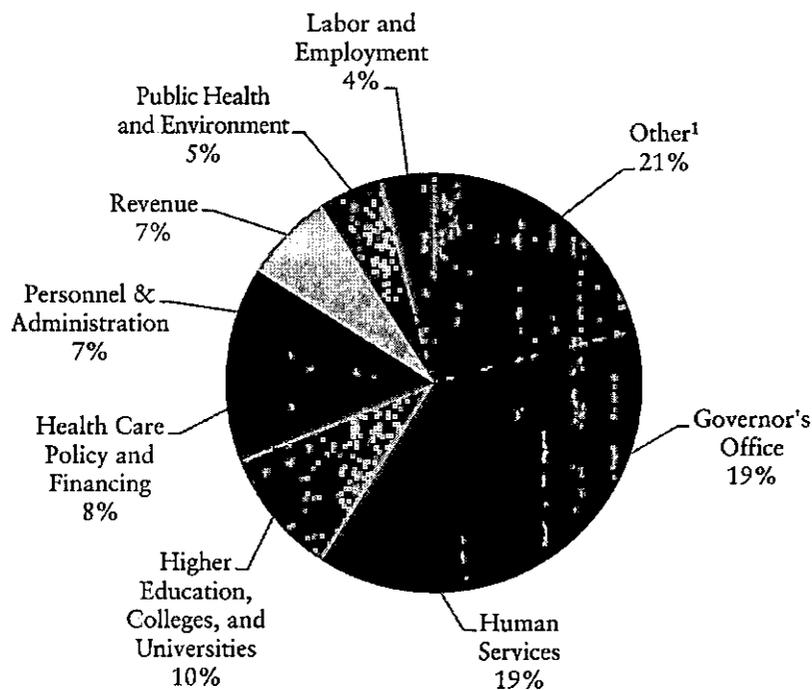
- **FINANCIAL AUDIT RECOMMENDATIONS.** This report includes information on the financial audit recommendations that appeared in at least one annual audit report covering Fiscal Years 2010 through 2014 (between July 2009 and June 2014), and that state agencies and other audited organizations agreed to implement but had not fully implemented as of June 30, 2015. The implementation status for recommendations that result from financial audits is determined by the OSA through follow-up audits conducted by either OSA staff or contract auditors.
- **PERFORMANCE AND INFORMATION TECHNOLOGY (IT) AUDIT RECOMMENDATIONS.** This report includes information on the performance and IT audit recommendations made during Fiscal Years 2010 through 2014 (between July 2009 and June 2014), as well as the cash funds related recommendations covering Fiscal Years 2010 through 2014, that state agencies and other audited organizations agreed to implement but had not fully implemented as of June 30, 2015. The implementation status for recommendations that result from performance audits and IT audits is based on self-reported data from the respective state agencies and audited organizations; the OSA has not audited the implementation status for these recommendations.

This report differs from our previous annual reports because it counts each recommendation that related to an individual cash fund, which was reported in an annual Cash Funds Uncommitted Reserves performance audit, as a separate recommendation. The purpose of this change is to highlight the individual cash funds with recommendations that remain unimplemented. The OSA applied this new methodology to all prior year figures shown in this report to compare the implementation status of recommendations over multiple years. Therefore, the prior-year figures in this report differ from the figures in previous reports.

SUMMARY INFORMATION

Between July 2009 and June 2014, the OSA made a total of 2,813 audit recommendations to state agencies and other audited organizations. The OSA tracks a recommendation with multiple subparts as multiple recommendations. For example, a recommendation with three subparts is tracked as three recommendations. Additionally, if a recommendation is made to two agencies, the recommendation is tracked as two separate recommendations. The following chart shows the percentage of total audit recommendations by state agency, over the 5-year period.

OSA AUDIT RECOMMENDATIONS
BY AGENCY/DEPARTMENT
JULY 2009 THROUGH JUNE 2014



SOURCE: Office of the State Auditor's audit recommendation database.

¹ "Other" includes the Departments of Agriculture, Corrections, Education, Judicial, Law, Local Affairs, Military and Veterans Affairs, Natural Resources, Public Safety, Regulatory Agencies, State (Secretary of State), Transportation, Treasury, as well as Great Outdoors Colorado, Pinnacle Assurance, the Public Employees' Retirement Association, the Regional Transportation District, and the Statewide Internet Portal Authority. Each of these state agencies and audited organizations had less than 2 percent of the total audit recommendations made during the 5-year period.

OVERVIEW OF AUDIT RESPONSES

At the completion of each audit, the OSA asks state agencies and other audited organizations to provide written responses to each audit recommendation that specify whether they agree, partially agree, or disagree to implement the recommendation. Additionally, audited agencies and organizations are given the opportunity to provide a narrative response describing how and when they intend to implement each recommendation. Agency and organizational responses are included in the audit report. If an audited agency or organization disagrees or partially agrees with an audit recommendation, it must provide an explanation of its disagreement.

This report includes the implementation status of all audit recommendations that agencies and organizations have agreed or partially agreed to implement, which was 99 percent of all recommendations made during the 5-year period, July 2009 through June 2014.

SUMMARY OF OUTSTANDING AUDIT RECOMMENDATIONS

Overall, as of June 30, 2015, state agencies and other audited organizations had implemented approximately 96 percent of the recommendations with which they originally agreed. The following table compares the number of outstanding audit recommendations for each state agency and other audited organization as of June 30, 2015, and June 30, 2014, as reported in our 2014 *Annual Report of Audit Recommendations Not Fully Implemented* (2014 Annual Report).

**TOTAL NUMBER OF OUTSTANDING AUDIT RECOMMENDATIONS THAT
AGENCIES/DEPARTMENTS/ORGANIZATIONS AGREED TO IMPLEMENT
AS OF JUNE 30, 2014, AND JUNE 30, 2015**

	2014			2015		
	FINANCIAL RECS	PERFORMANCE/IT RECS	TOTAL	FINANCIAL RECS	PERFORMANCE/IT RECS	TOTAL
AGRICULTURE	1	3	4	3	3	8
State Fair	1		1	1		1
All Other	0	3	3	2	3	7
CORRECTIONS		0	0	1	4	4
EDUCATION	2	1	3	0	0	0
GOVERNOR'S OFFICE	28	28	56	17	2	19
Colorado Energy Office			0			0
Colorado Tourism Office			0			0
Governor's Office of Information Technology	28	3	31	18	2	18
Office of Information Security		25	25		0	0
All Other	0	2	2	0	0	0
HEALTH CARE POLICY AND FINANCING	14		14	8		8
HIGHER EDUCATION	15		15	11		11
Adams State University			0			0
Auraria Higher Education Center			0			0
College Assist (Colorado Student Loan Pgm)			0			0
CollegeInvest			0			0
Colorado Community College System	1		1			6
Colorado Mesa University			0			0
Colorado School of Mines			0			0
Colorado State University System	2		2	2		2
Department of Higher Education			0			0
Fort Lewis College			0			0
History Colorado	0		0			1
Metropolitan State University of Denver	1		1	2		2
University of Colorado System			0			0
University of Northern Colorado	1		1	0		0
Western State Colorado University			0			0
HUMAN SERVICES	3	2	5	17	2	19
JUDICIAL		1	1		4	4
LABOR AND EMPLOYMENT	2	3	5	2	3	5
LAW		0	0			0
LOCAL AFFAIRS		1	1		0	0
MILITARY AND VETERANS AFFAIRS			0			0
NATURAL RESOURCES	4	1	5	3	4	7
PERSONNEL & ADMINISTRATION	7	17	24	6	4	10
PUBLIC HEALTH AND ENVIRONMENT	1	3	4	0	4	4
PUBLIC SAFETY		0	0			0
REGULATORY AGENCIES		2	2		1	1
REVENUE	5	3	8	1	1	2
Colorado Lottery	1		1	0		0
Department of Revenue	4	3	7	1	1	2
SECRETARY OF STATE	0		0	3		3
TRANSPORTATION	0	6	6	2	0	2
TREASURY			0			0
GREAT OUTDOORS COLORADO	1		1	0		0
PINNACOL ASSURANCE			0			0
PUBLIC EMPLOYEES' RETIREMENT ASSOC.			0			0
REGIONAL TRANSPORTATION DISTRICT			0			0
STATEWIDE INTERNET PORTAL AUTH.			0			0
TOTAL	73	76	149	75	32	107

SOURCE: Office of the State Auditor's audit recommendation database.

NOTE: ▼ indicates that the number of outstanding audit recommendations decreased in 2015 compared to 2014.

The following sections provide specific information on financial audit recommendations and performance and IT audit recommendations.

FINANCIAL AUDIT RECOMMENDATIONS

Of the 2,813 recommendations made between July 2009 and June 2014, there were 1,261 (45 percent) from financial audit reports, including the Statewide Single Audit Report and separate standalone audit reports. Of these 1,261 financial audit recommendations, state agencies and other audited organizations agreed to implement 1,237 (98 percent), which are shown in the following table.

TOTAL NUMBER OF FINANCIAL AUDIT RECOMMENDATIONS THAT AGENCIES/DEPARTMENTS/ORGANIZATIONS AGREED TO IMPLEMENT JULY 2009 THROUGH JUNE 2014	
AGRICULTURE	18
State Fair	11
All Other	7
CORRECTIONS ¹	0
EDUCATION	23
GOVERNOR'S OFFICE ¹	195
Colorado Energy Office	3
Colorado Tourism Office	4
Governor's Office of Information Technology	152
All Other	36
HEALTH CARE POLICY AND FINANCING	181
HIGHER EDUCATION	202
Adams State University	11
Auraria Higher Education Center ¹	0
College Assist (Colorado Student Loan Program)	3
CollegeInvest	5
Colorado Community College System	60
Colorado Mesa University ¹	0
Colorado School of Mines	6
Colorado State University System	26
Department of Higher Education	19
Fort Lewis College	3
History Colorado	18
Metropolitan State University of Denver	29
University of Colorado System	13
University of Northern Colorado	7
Western State Colorado University	2
HUMAN SERVICES	373
JUDICIAL	1
LABOR AND EMPLOYMENT	44
LAW ¹	0
LOCAL AFFAIRS	3
MILITARY AND VETERANS AFFAIRS	1
NATURAL RESOURCES	18
PERSONNEL & ADMINISTRATION	56
PUBLIC HEALTH AND ENVIRONMENT	19
PUBLIC SAFETY	3
REGULATORY AGENCIES ^{1,2}	0
REVENUE	57
Colorado Lottery	8
Department of Revenue	49
SECRETARY OF STATE	10
TRANSPORTATION	14
TREASURY	6
GREAT OUTDOORS COLORADO	2
PINNACOL ASSURANCE	8
PUBLIC EMPLOYEES' RETIREMENT ASSOC.	3
TOTAL	1,237
SOURCE: Office of the State Auditor's audit recommendation database.	
¹ These departments and institutions of higher education did not have any financial audit recommendations during the 5-year period.	

Based on the OSA's annual follow-up audit process, 75 of the 1,237 financial audit recommendations that agencies and other audited organizations agreed to implement (6 percent) were still outstanding as of June 30, 2015. By comparison, in our 2014 *Annual Report* there were 73 outstanding financial audit recommendations.

The OSA classifies all financial audit recommendations by the severity of the problem identified in the audit. Of the 75 financial audit recommendations that were outstanding as of June 30, 2015, there were nine classified as a "material weakness" in the agencies' internal controls, 48 were a "significant deficiency," 17 were a "deficiency in internal control," and the remaining one was not classified or not an internal control issue. In financial audits, these terms are defined as follows:

MATERIAL WEAKNESS

This is the most serious level of internal control weakness and a deficiency that could result in a material misstatement of the financial statements or material noncompliance with a federal program requirement if not corrected.

SIGNIFICANT DEFICIENCY

This is less severe than a "material weakness," but is still a high level internal control weakness and warrants attention by management.

DEFICIENCY IN INTERNAL CONTROL

This is the least serious level of internal control weakness and exists when the design or operation of a control does not allow management or employees to prevent, detect, or correct misstatements or federal program noncompliance.

NOT CLASSIFIED/NOT AN INTERNAL CONTROL ISSUE

These are recommendations not classified in one of the above three categories.

The following table compares the total number of financial audit recommendations that were outstanding for each state agency and other audited organization, by severity level classification, as of June 30, 2014, and June 30, 2015, respectively.

COMPARISON OF SEVERITY LEVELS OF OUTSTANDING FINANCIAL AUDIT RECOMMENDATIONS AS OF JUNE 30, 2014, AND JUNE 30, 2015										
	MATERIAL WEAKNESS		SIGNIFICANT DEFICIENCY		DEFICIENCY IN INTERNAL CONTROL		NOT CLASSIFIED		TOTAL	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
AGRICULTURE	0	4					1	1	1	5
Department of Agriculture	0	4							0	4
State Fair							1	1	1	1
EDUCATION			2	0					2	0
GOVERNOR'S OFFICE			21	15	7	2			28	17
Governor's Office of Information Technology			20	14	7	2			27	16
All Other			1	1					1	1
HEALTH CARE POLICY AND FINANCING		1	10	6	3	1			14	8
HIGHER EDUCATION	1	2	2	9	2	0			5	11
Colorado Community College System				6					1	6
Colorado State University System		2			1	0			2	2
History Colorado			0	1					0	1
Metropolitan State University of Denver			1	2					1	2
University of Northern Colorado					1	0			1	0
HUMAN SERVICES	1	2	1	4	1	11			3	17
LABOR AND EMPLOYMENT			2	2					2	2
NATURAL RESOURCES			3	0	1	3			4	3
PERSONNEL & ADMINISTRATION			7	6					7	6
PUBLIC HEALTH AND ENVIRONMENT					1	0			1	0
REVENUE			3	1	1	0	1	0	5	1
Department of Revenue			3	1	1	0			4	1
Colorado Lottery							1	0	1	0
SECRETARY OF STATE			0	3					0	3
TRANSPORTATION			0	2					0	2
GREAT OUTDOORS COLORADO							1	0	1	0
TOTAL	3	9	31	48	16	17	3	1	53	75

SOURCE: Office of the State Auditor's audit recommendation database.

NOTE: ▼ indicates that the number of outstanding audit recommendations decreased in 2015 compared to 2014.

Of the 75 outstanding financial audit recommendations, there are 29 (39 percent) considered high priority due to the seriousness of the problems identified and/or the length of time that they have been outstanding. This includes eight material weaknesses, 20 significant deficiencies that have been outstanding for 3 years or more, and one not classified recommendation that has been outstanding for 5 years or more. Throughout this report, the outstanding recommendations that are considered high priority are highlighted in orange.

HIGH PRIORITY OUTSTANDING FINANCIAL AUDIT RECOMMENDATIONS

The OSA considers the financial recommendations high priority if they are past their original implementation dates and either (1) "material weaknesses," (2) "significant deficiencies" that have been outstanding for 3 years or more, or (3) "not classified" recommendations that have been outstanding for 5 years or more.

The following table summarizes the outstanding financial audit recommendations that are considered high priority, by state agency.

HIGH PRIORITY FINANCIAL AUDIT RECOMMENDATIONS OUTSTANDING AS OF JUNE 30, 2015			
	MATERIAL WEAKNESS	SIGNIFICANT DEFICIENCY	NOT CLASSIFIED
AGRICULTURE			
Department of Agriculture	4	0	0
State Fair	0	0	1
GOVERNOR'S OFFICE			
Governor's Office of Information Technology	0	12	0
HEALTH CARE POLICY AND FINANCING	0	2	0
HIGHER EDUCATION			
Colorado State University System	2	0	0
HUMAN SERVICES	2	0	0
PERSONNEL & ADMINISTRATION	0	5	0
REVENUE	0	1	0
TOTAL	8	20	1
SOURCE: Office of the State Auditor's audit recommendation database.			

The following table compares the total number of outstanding financial audit recommendations that are considered high priority, by state agency, as of June 30, 2014, and June 30, 2015, respectively.

COMPARISON OF OUTSTANDING HIGH PRIORITY FINANCIAL AUDIT RECOMMENDATIONS AS OF JUNE 30, 2014, AND JUNE 30, 2015			
AGENCY/DEPARTMENT	TOTAL RECS. JULY 2009 TO JUNE 2014	OUTSTANDING HIGH PRIORITY RECS FOR 2014	OUTSTANDING HIGH PRIORITY RECS FOR 2015
AGRICULTURE	18	0	5
GOVERNOR'S OFFICE	195	11	12
HEALTH CARE POLICY AND FINANCING	181	7	2
HIGHER EDUCATION	202	1	2
HUMAN SERVICES	373	2	2
LABOR AND EMPLOYMENT	44	2	0
PERSONNEL & ADMINISTRATION	56	0	5
REVENUE	57	3	1
TOTAL	1,126	26	29
SOURCE: Office of the State Auditor's audit recommendation database.			
NOTE: ▼ indicates that the number of outstanding high priority audit recommendations decreased in 2015 compared to 2014.			

The appendices of this report provide additional information on the outstanding financial audit recommendations that are considered high priority.

PERFORMANCE AND IT AUDIT RECOMMENDATIONS

Of the 2,813 recommendations made between July 2009 and June 2014, there were 1,552 (55 percent) from performance or IT audit reports. Of these 1,552 performance and IT recommendations, state agencies and other audited organizations agreed to implement 1,541 (99 percent), which are shown in the following table.

ANNUAL REPORT: STATUS OF OUTSTANDING AUDIT RECOMMENDATIONS AS OF JUNE 30, 2015

TOTAL NUMBER OF PERFORMANCE AND IT AUDIT RECOMMENDATIONS THAT AGENCIES/DEPARTMENTS/ORGANIZATIONS AGREED TO IMPLEMENT JULY 2009 THROUGH JUNE 2014	
AGRICULTURE	24
CORRECTIONS	7
EDUCATION	39
GOVERNOR'S OFFICE	334
Colorado Energy Office	13
Colorado Tourism Office	1
Governor's Office of Information Technology	89
Office of Information Security	181
All Other	50
HEALTH CARE POLICY AND FINANCING	25
HIGHER EDUCATION	87
Adams State University ¹	0
Auraria Higher Education Center ¹	0
College Assist (Colorado Student Loan Program) ¹	0
CollegeInvest	50
Colorado Community College System ¹	0
Colorado Mesa University	1
Colorado School of Mines ¹	0
Colorado State University System	4
Department of Higher Education	31
Fort Lewis College ¹	0
History Colorado ¹	0
Metropolitan State University of Denver	1
University of Colorado System ¹	0
University of Northern Colorado ¹	0
Western State Colorado University ¹	0
HUMAN SERVICES	134
JUDICIAL	64
LABOR AND EMPLOYMENT	61
LAW	13
LOCAL AFFAIRS	17
MILITARY AND VETERANS AFFAIRS	22
NATURAL RESOURCES	71
PERSONNEL & ADMINISTRATION	148
PUBLIC HEALTH AND ENVIRONMENT	112
PUBLIC SAFETY	24
REGULATORY AGENCIES	54
REVENUE	148
Colorado Lottery	16
Department of Revenue	132
SECRETARY OF STATE	5
TRANSPORTATION	46
TREASURY	10
GREAT OUTDOORS COLORADO ¹	0
PINNACOL ASSURANCE	28
PUBLIC EMPLOYEES' RETIREMENT ASSOC. ¹	0
REGIONAL TRANSPORTATION DISTRICT	40
STATEWIDE INTERNET PORTAL AUTHORITY	28
TOTAL	1,541

SOURCE: Office of the State Auditor's audit recommendation database.
¹ These agencies, departments, institutions of higher education, and other audited organizations did not have any performance or IT audit recommendations during the 5-year period.

Based on self-reported data from state agencies and other audited organizations, 32 of the 1,541 performance and IT audit recommendations that they agreed to implement (2 percent) were outstanding as of June 30, 2015. By comparison, in our 2014 *Annual Report*, there were 76 outstanding performance and IT audit recommendations.

Of the 32 outstanding performance and IT audit recommendations as of June 30, 2015, the high priority are the 12 recommendations (38 percent) from reports that were released 3 years ago or more. Throughout this report, the outstanding recommendations that are considered high priority are highlighted in orange.



The following table shows the outstanding performance and IT audit recommendations that are considered high priority, by state agency, as of June 30, 2014, and June 30, 2015, respectively.

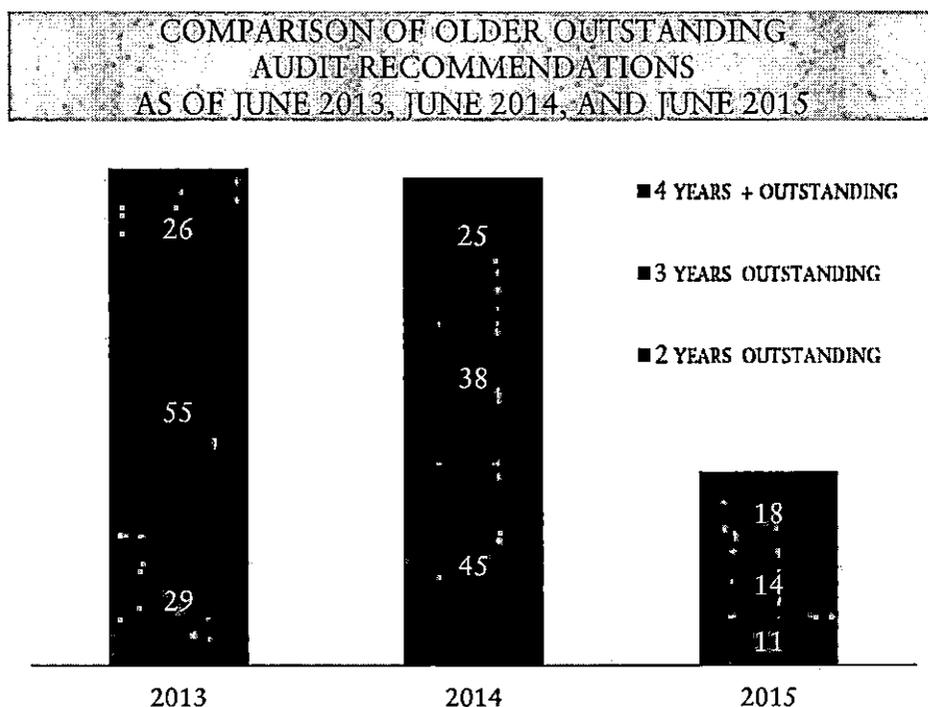
COMPARISON OF OUTSTANDING HIGH PRIORITY PERFORMANCE AND IT AUDIT RECOMMENDATIONS AS OF JUNE 30, 2014, AND JUNE 30, 2015			
AGENCY/DEPARTMENT	TOTAL RECS JULY 2009 TO JUNE 2014	OUTSTANDING HIGH PRIORITY RECS FOR 2014	OUTSTANDING HIGH PRIORITY RECS FOR 2015
AGRICULTURE	24	2	2
GOVERNOR'S OFFICE	334	24	2 ▼
LABOR AND EMPLOYMENT	61	3	3
NATURAL RESOURCES	71	1	1
PERSONNEL & ADMINISTRATION	148	3	3
PUBLIC HEALTH AND ENVIRONMENT	112	1	0 ▼
REGULATORY AGENCIES	54	1	0 ▼
REVENUE	148	2	1 ▼
TRANSPORTATION	46	0	0 ▼
TOTAL	998	38	12 ▼

SOURCE: Office of the State Auditor's audit recommendation database.
NOTE: ▼ indicates that the number of outstanding high priority audit recommendations decreased in 2015 compared to 2014.

The appendices of this report provide additional information on the outstanding performance and IT audit recommendations that are considered high priority.

OVERALL CONCLUSIONS

When considering the number of recommendations that the OSA made to state agencies and other audited organizations over the 5-year review period, the summary information in this report shows that they generally agree with our recommendations and usually implement them in a timely manner. Further, the number of older audit recommendations that have been outstanding has decreased compared to our 2014 *Annual Report*. The chart below compares the older outstanding recommendations, as reported in our 2013 *Annual Report*, 2014 *Annual Report*, and this 2015 report.



SOURCE: Office of the State Auditor's audit recommendation database.

Although state agencies and other audited organizations have made progress in implementing outstanding audit recommendations over the past year, approximately 4 percent of recommendations covering the period July 2009 through June 2014 have not been fully implemented

and remain outstanding. This report provides the General Assembly information on the recommendations that have not been fully implemented, and are considered high priority, so policy makers have the oversight tools needed to hold state agencies and other audited organizations accountable.



DEPARTMENT OF AGRICULTURE

Between July 1, 2009 and June 30, 2014, the Department of Agriculture (Department) agreed or partially agreed to implement 42 audit recommendations. Of these 42 recommendations, 18 (43 percent) were from financial audit reports, and 24 (57 percent) were from performance and/or information technology (IT) audit reports.

FINANCIAL AUDIT RECOMMENDATIONS

As of June 30, 2015, the OSA's follow-up audit process determined that five of the 18 financial audit recommendations (28 percent) that the Department agreed to implement are still outstanding. In our *2014 Annual Report of Audit Recommendations Not Fully Implemented (2014 Annual Report)*, the Department had one outstanding financial audit recommendation.

The following table summarizes the outstanding financial audit recommendations by the level of deficiency, topic area, and number of months since the Department's original implementation dates. All of the outstanding recommendations are considered high priority and highlighted in orange. RECOMMENDATION 2014-001 PARTS A, B, D, and E relate to accounting internal controls. RECOMMENDATION 1 from the Colorado State Fair Authority, Financial and Compliance Audit, relates to the State Fair's operations.

DEPARTMENT OF AGRICULTURE FINANCIAL AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED AS OF JUNE 30, 2015								
AUDIT	REC. NO.	FIRST FY REC. MADE	CURRENT DEFICIENCY LEVEL	TOPIC AREA	IMPLEMENTATION STATUS	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Statewide Single Audit, Fiscal Year Ended June 30, 2014	001A	2014	Material Weakness	Accounting Controls	Not Implemented	5/31/2015	12/31/2015	7
	001B	2014	Material Weakness	Accounting Controls	Not Implemented	6/30/2015	2/29/2016	8
	001D	2014	Material Weakness	Accounting Controls	Partially Implemented	6/30/2014	9/30/2015	15
	001E	2014	Material Weakness	Accounting Controls	Partially Implemented	1/31/2015	12/31/2015	11
Colorado State Fair Authority, Financial and Compliance Audit, Fiscal Years Ended June 30, 2014 and 2013	7	2002	Not Classified/ Not an Internal Control Issue	State Fair Operations	Not Implemented	10/31/2003	7/31/2015	141

SOURCE: Office of the State Auditor's audit recommendation database.

PERFORMANCE AND/OR IT AUDIT RECOMMENDATIONS

As of June 30, 2015, the Department reports that three of the 24 performance and/or IT audit recommendations (13 percent) that it agreed to implement are still outstanding. In our 2014 *Annual Report*, the Department also had three outstanding performance and/or IT audit recommendations.

The following table provides information on the Department's outstanding performance and/or IT recommendations, including the number of months since the Department's original implementation dates. RECOMMENDATION 3D from the *Anhydrous Ammonia Program* performance audit report was to improve tank-level inspection data management systems and practices. RECOMMENDATION 7A was to identify data, system, and reporting capabilities needed to manage tank registration, inspection, and enforcement effectively. These two recommendations are considered high priority and highlighted in orange because they are from audit reports released 3 years ago or more.

DEPARTMENT OF AGRICULTURE
 PERFORMANCE AND IT AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED
 AS OF JUNE 30, 2015

AUDIT	REC. NO.	TOPIC AREA	IMPLEMENTATION STATUS ¹	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Anhydrous Ammonia Program, Inspection and Consumer Services Division, Performance Audit, July 2010	3D	Program Administration	Partially Implemented	7/31/2012	6/30/2016	47
	7A	IT - Information System Analysis Conversion, Migration, and Implementation	Partially Implemented	7/31/2012	6/30/2016	47
Cash Funds Uncommitted Reserves, Performance Audit, June 2014	1A	Inspection and Consumer Service Cash Fund	Partially Implemented	6/30/2015	12/31/2016	18

SOURCE: Office of the State Auditor's audit recommendation database.
¹ Implementation status is self-reported by the Department and not audited by the OSA.



DEPARTMENT OF CORRECTIONS

Between July 1, 2009 and June 30, 2014, the Department of Corrections (Department) agreed or partially agreed to implement seven audit recommendations. All of these recommendations were from performance and/or information technology (IT) audit reports.

PERFORMANCE AND/OR IT AUDIT RECOMMENDATIONS

As of June 30, 2015, the Department reports that four of the seven performance and/or IT audit recommendations (57 percent) that it agreed to implement are still outstanding. In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, the Department had no outstanding performance and/or IT audit recommendations.

The following table provides information on the Department's outstanding performance and/or IT recommendations, including the number of months since the Department's original implementation dates.

DEPARTMENT OF CORRECTIONS PERFORMANCE AND IT AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED AS OF JUNE 30, 2015						
AUDIT	REC. NO.	TOPIC AREA	IMPLEMENTATION STATUS ¹	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Victim's Restitution, Performance Audit, Judicial Department and Department of Corrections, April 2014	1	Statutory Compliance	Not Implemented	7/31/2015	3/31/2016	8
	2	Statutory Compliance	Partially Implemented	7/31/2015	3/31/2016	8
	3	Statutory Compliance	Partially Implemented	7/31/2015	12/31/2015	5
	6	Information Systems	Not Implemented	7/31/2015	3/31/2016	8

SOURCE: Office of the State Auditor's audit recommendation database.

¹ Implementation status is self-reported by the Department and not audited by the OSA.



DEPARTMENT OF EDUCATION

Between July 1, 2009 and June 30, 2014, the Department of Education (Department) agreed or partially agreed to implement 62 audit recommendations. Of these 62 recommendations, 23 (37 percent) were from financial audit reports, and 39 (63 percent) were from performance and/or information technology (IT) reports.

FINANCIAL AUDIT RECOMMENDATIONS

As of June 30, 2015, the OSA's follow-up audit process determined that the Department has no outstanding financial audit recommendations. In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented* (2014 *Annual Report*), the Department had two outstanding financial audit recommendations.

PERFORMANCE AND/OR IT AUDIT RECOMMENDATIONS

As of June 30, 2015, the Department reports that it has no outstanding performance and/or IT audit recommendations. In our 2014 *Annual Report*, the Department had one outstanding performance audit recommendation.



GOVERNOR'S OFFICE

Between July 1, 2009 and June 30, 2014, the Governor's Office, including the Governor's Office of Information Technology, agreed or partially agreed to implement 529 audit recommendations. Of these 529 recommendations, 195 (37 percent) were from financial audit reports, and 334 (63 percent) were from performance and/or information technology (IT) audit reports.

FINANCIAL AUDIT RECOMMENDATIONS

As of June 30, 2015, the OSA's follow-up audit process determined that 17 of the 195 financial audit recommendations (9 percent) that the Governor's Office agreed to implement are still outstanding. In our *2014 Annual Report of Audit Recommendations Not Fully Implemented (2014 Annual Report)*, the Governor's Office had 28 outstanding financial audit recommendations.

The following table summarizes the outstanding financial recommendations by the level of deficiency, topic area, and number of months since the original implementation dates provided by the Governor's Office. Of these outstanding recommendations, the 12 significant deficiencies outstanding 3 years or more are considered high priority and highlighted in orange. RECOMMENDATION 2014-006 PARTS A, B, C, G, and H relate to general IT controls for the KRONOS System. RECOMMENDATION 2014-019 PARTS A, D, E, F, and G relate to general IT controls for the Colorado Personnel Payroll System (CPPS). RECOMMENDATION 2013-3 relates to IT Contract Management. RECOMMENDATION 2010-38C relates to GenTax System Disaster Recovery Plan Testing.

ANNUAL REPORT: STATUS OF OUTSTANDING AUDIT RECOMMENDATIONS AS OF JUNE 30, 2015

GOVERNOR'S OFFICE FINANCIAL AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED AS OF JUNE 30, 2015								
AUDIT	REC. NO.	FIRST FY REC. MADE	CURRENT DEFICIENCY LEVEL	TOPIC AREA	IMPLEMENTATION STATUS	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Statewide Single Audit, Fiscal Year Ended June 30, 2014	2014-006A	2011	Significant Deficiency	KRONOS IT Controls	Not Implemented	6/30/2012	3/31/2017	57
	2014-006B	2011	Significant Deficiency	KRONOS IT Controls	Not Implemented	6/30/2012	3/31/2017	57
	2014-006C	2011	Significant Deficiency	KRONOS IT Controls	Not Implemented	6/30/2012	3/31/2017	57
	2014-006D	2011	Significant Deficiency	KRONOS IT Controls	Not Implemented	12/31/2012	3/31/2017	51
	2014-006E	2011	Significant Deficiency	KRONOS IT Controls	Deferred Implementation	10/31/2012	3/31/2017	53
	2014-019A	2012	Significant Deficiency	GPPTS IT Controls	Not Implemented	6/30/2014	6/30/2018	48
	2014-019B	2012	Significant Deficiency	GPPTS IT Controls	Not Implemented	12/31/2014	6/30/2018	42
	2014-019C	2012	Significant Deficiency	GPPTS IT Controls	Not Implemented	12/31/2014	6/30/2018	42
	2014-019D	2012	Significant Deficiency	GPPTS IT Controls	Not Implemented	12/31/2014	6/30/2018	42
	2014-019E	2012	Significant Deficiency	GPPTS IT Controls	Not Implemented	12/31/2014	6/30/2018	42
	2014-019F	2012	Significant Deficiency	GPPTS IT Controls	Not Implemented	12/31/2014	6/30/2018	42
	2014-73C	2012	Significant Deficiency	CUBS & CATS IT Controls	Deferred Implementation ²	12/31/2016	1/31/2017	1
2014-73D	2012	Significant Deficiency	CUBS & CATS IT Controls	Deferred Implementation ²	12/31/2016	1/31/2017	1	
2014-002A	2014	Significant Deficiency	Financial Reporting	Partially Implemented	4/30/2015	1/31/2016	9	
Statewide Single Audit, Fiscal Year Ended June 30, 2013	2013-3	2012	Significant Deficiency	IT Contract Management	Partially Implemented	12/31/2013	7/31/2017	45
	2013-1B	2013	Deficiency in Internal Control	GenTax IT Controls	Partially Implemented	3/31/2014	12/31/2015	21
Statewide Single Audit, Fiscal Year Ended June 30, 2012	2012-4C	2012	Deficiency in Internal Control	Information Security Policies	Partially Implemented	7/31/2013	10/31/2015	27
Statewide Single Audit, Fiscal Year Ended June 30, 2010	2010-38C	2010	Significant Deficiency	GenTax IT Controls	Partially Implemented	8/31/2011	12/31/2015	52

SOURCE: Office of the State Auditor's audit recommendation database.

¹ The Implementation Status of this recommendation is deferred and has not been determined by the OSA because the Governor's Office provided an original implementation date of October 2012 when the recommendation was made in the Statewide Single Audit, Fiscal Year Ended June 30, 2011 Report, and then the Governor's Office revised the implementation date to March 2017.

² The Implementation Status of this recommendation is deferred and has not been determined by the OSA because the Governor's Office provided an original implementation date of December 2016.

PERFORMANCE AND/OR IT AUDIT RECOMMENDATIONS

As of June 30, 2015, the Governor’s Office reports that two of the 334 performance and/or IT audit recommendations (1 percent) that it agreed to implement are still outstanding. In our 2014 *Annual Report*, the Governor’s Office had 28 outstanding performance and/or IT audit recommendations.

The following table provides information on the two outstanding performance and/or IT audit recommendations for the Governor’s Office, including the number of months since the original implementation dates provided by the Governor’s Office. RECOMMENDATION 3 from the *Consolidation of Executive Branch Information Technology* performance audit report was to perform a full inventory of hardware and software assets. RECOMMENDATION 8F from the *Office of Cyber Security* performance audit report was to protect critical web applications with firewalls. These two recommendations are considered high priority and highlighted in orange because they are from reports released 3 years ago or more.

GOVERNOR’S OFFICE PERFORMANCE AND IT AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED AS OF JUNE 30, 2015						
AUDIT	REC. No.	TOPIC AREA	IMPLEMENTATION STATUS ¹	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Consolidation of Executive Branch Information Technology, Performance Audit, March 2012		Program Administration	Partially Implemented	7/31/2012	9/30/2016	50
Office of Cyber Security, Governor’s Office of Information Technology, Performance Audit, November 2010 PUBLIC REPORT	8F	IT Information System Security	Partially Implemented	7/31/2011	6/30/2017	71
SOURCE: Office of the State Auditor’s audit recommendation database.						
¹ Implementation status is self-reported by the Governor’s Office and not audited by the OSA.						



DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

Between July 1, 2009 and June 30, 2014, the Department of Health Care Policy and Financing (Department) agreed or partially agreed to implement 206 audit recommendations. Of these 206 recommendations, 181 (88 percent) were from financial audit reports, and 25 (12 percent) were from performance and/or information technology (IT) audit reports. As of June 30, 2015, the Department reports that it has no outstanding performance and/or IT audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented* (2014 *Annual Report*), the Department also had no outstanding performance and/or IT audit recommendations.

FINANCIAL AUDIT RECOMMENDATIONS

As of June 30, 2015, the OSA's follow-up audit process determined that eight of the 181 financial audit recommendations (4 percent) that the Department agreed to implement are still outstanding. In our 2014 *Annual Report*, the Department had 14 outstanding financial audit recommendations.

The following table summarizes the outstanding financial recommendations by the level of deficiency, topic area, and number of months since the Department's original implementation dates. Of these outstanding recommendations, the two significant deficiencies outstanding 3 years or more are considered high priority and highlighted in orange. RECOMMENDATION 2014-035 relates to monitoring health and safety surveys and certifications. RECOMMENDATION 2014-036B relates to Medicaid claims processing.

ANNUAL REPORT: STATUS OF OUTSTANDING AUDIT RECOMMENDATIONS AS OF JUNE 30, 2015

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING FINANCIAL AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED AS OF JUNE 30, 2015									
AUDIT	REC. NO.	FIRST FY REC. MADE	CURRENT DEFICIENCY LEVEL	TOPIC AREA	IMPLEMENTATION STATUS	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)	
Statewide Single Audit, Fiscal Year Ended June 30, 2014	2014-035	2011	Significant Deficiency	Monitoring of Health/Safety Surveys & Certifications	Not Implemented	7/31/2012	11/30/2016	52	
	2014-036B	2010	Significant Deficiency	Medicaid Claims Processing	Partially Implemented	6/30/2011	11/30/2016	65	
	2014-033	2013	Significant Deficiency	Federal Reporting - CBHP & Medicaid	Not Implemented	6/30/2014	12/31/2015	18	
	2014-034	2012	Significant Deficiency	Personnel Costs for Federal Programs	Not Implemented	6/30/2013	12/31/2015	30	
	2014-038B	2012	Significant Deficiency	Medicaid Provider Eligibility	Deferred Implementation ¹	3/31/2016	11/30/2016	8	
	2014-038C	2012	Significant Deficiency	Medicaid Provider Eligibility	Deferred Implementation ¹	3/31/2016	11/30/2016	8	
	2014-039	2011	Material Weakness	Medicaid Provider Eligibility	Deferred Implementation ¹	3/31/2016	11/30/2016	8	
Statewide Single Audit, Fiscal Year Ended June 30, 2013	2013-72B	2013	Deficiency in Internal Control	Regional Centers Waiver Reimbursement Rates	Partially Implemented	6/30/2014	12/31/2015	18	

SOURCE: Office of the State Auditor's audit recommendation database.

¹ The Implementation Status of this recommendation is deferred and has not been determined by the OSA because the Department of Health Care Policy and Financing provided an original implementation date of March 2016.

DEPARTMENT OF HIGHER EDUCATION

Between July 1, 2009 and June 30, 2014, the Department of Higher Education (Department) agreed or partially agreed to implement 50 audit recommendations. Of these 50 recommendations, 19 (38 percent) were from financial audit reports, and 31 (62 percent) were from performance and/or information technology audit reports. Based on the OSA's follow-up audit process and information reported by the Department, as of June 30, 2015, it has no outstanding audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, the Department also had no outstanding audit recommendations.



ADAMS STATE UNIVERSITY

Between July 1, 2009 and June 30, 2014, Adams State University (University) agreed or partially agreed to implement 11 audit recommendations. All of these recommendations were from financial audit reports. Based on the OSA's follow-up audit process, as of June 30, 2015, the University has no outstanding financial audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, the University also had no outstanding audit recommendations.



AURARIA HIGHER EDUCATION CENTER

Between July 1, 2009 and June 30, 2014, the Auraria Higher Education Center received no audit recommendations.



COLLEGE ASSIST (COLORADO STUDENT LOAN PROGRAM)

Between July 1, 2009 and June 30, 2014, College Assist agreed or partially agreed to implement three audit recommendations. All of these recommendations were from financial audit reports. Based on the OSA's follow-up audit process, as of June 30, 2015, College Assist has no outstanding financial audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, College Assist also had no outstanding audit recommendations.



COLLEGEINVEST

Between July 1, 2009 and June 30, 2014, CollegeInvest agreed or partially agreed to implement 55 audit recommendations. Of these 55 recommendations, five (9 percent) were from financial audit reports, and 50 (91 percent) were from performance and/or information technology audit reports. Based on the OSA's follow-up audit process and information reported by CollegeInvest, as of June 30, 2015, it has no outstanding audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, CollegeInvest also had no outstanding audit recommendations.



COLORADO COMMUNITY COLLEGE SYSTEM

Between July 1, 2009, and June 30, 2014, the Colorado Community College System (System) agreed or partially agreed to implement 60 audit recommendations. All of these recommendations were from financial audit reports.

FINANCIAL AUDIT RECOMMENDATIONS

As of June 30, 2015, the OSA's follow-up audit process determined that six of the 60 financial audit recommendations (10 percent) that the System agreed to implement are still outstanding. In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, the System had one outstanding financial audit recommendation.

The following table summarizes the outstanding financial audit recommendations by the level of deficiency, topic area, and number of months since the System's original implementation dates.

ANNUAL REPORT: STATUS OF OUTSTANDING AUDIT RECOMMENDATIONS AS OF JUNE 30, 2015

COLORADO COMMUNITY COLLEGE SYSTEM FINANCIAL AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED AS OF JUNE 30, 2015								
AUDIT	REC. NO.	FIRST FY REC. MADE	CURRENT DEFICIENCY LEVEL	TOPIC AREA	IMPLEMENTATION STATUS	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Colorado Community College System, Financial and Compliance Audit, Fiscal Years Ended June 30, 2013 and 2014	2014-1A	2014	Significant Deficiency	Financial Reporting	Partially Implemented	1/31/2014	8/31/2015	19
	2014-1C	2014	Significant Deficiency	Financial Reporting	Not Implemented	5/31/2014	8/31/2015	15
	2014-2A	2014	Significant Deficiency	Financial Reporting	Partially Implemented	7/31/2014	7/31/2015	12
	2014-2B	2014	Significant Deficiency	Financial Reporting	Partially Implemented	7/31/2014	7/31/2015	12
	2014-2C	2014	Significant Deficiency	Financial Reporting	Partially Implemented	7/31/2014	7/31/2015	12
Statewide Single Audit, Fiscal Year Ended June 30, 2014	2014-045	2014	Significant Deficiency	Student Financial Aid	Partially Implemented	1/31/2015	12/31/2015	11

SOURCE: Office of the State Auditor's audit recommendation database.

COLORADO MESA UNIVERSITY

Between July 1, 2009 and June 30, 2014, Colorado Mesa University (University) agreed to implement one audit recommendation. This recommendation was from a performance audit report. As of June 30, 2015, the University reports that it has no outstanding performance audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, the University also had no outstanding audit recommendations.



COLORADO SCHOOL OF MINES

Between July 1, 2009 and June 30, 2014, the Colorado School of Mines (School) agreed or partially agreed to implement six audit recommendations. All of these recommendations were from financial audit reports. Based on the OSA's follow-up audit process, as of June 30, 2015, the School has no outstanding financial audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, the School also had no outstanding audit recommendations.



COLORADO STATE UNIVERSITY SYSTEM

Between July 1, 2009 and June 30, 2014, the Colorado State University System (System) agreed or partially agreed to implement 30 audit recommendations. Of these 30 recommendations, 26 (87 percent) were from financial audit reports, and four (13 percent) were from performance and/or information technology (IT) audit reports. As of June 30, 2015, the System reports that it has no outstanding performance and/or IT audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented* (2014 *Annual Report*), the System also had no outstanding performance and/or IT audit recommendations.

FINANCIAL AUDIT RECOMMENDATIONS

As of June 30, 2015, the OSA's follow-up audit process determined that two of the 26 financial audit recommendations (8 percent) that the System agreed to implement are still outstanding. In our 2014 *Annual Report*, the System also had two outstanding financial audit recommendations.

The following table summarizes the outstanding financial audit recommendations by the level of deficiency, topic area, and number of months since the System's original implementation dates. The outstanding recommendations are material weaknesses, considered high priority, and highlighted in orange. RECOMMENDATIONS 2014-040A and 2014-040B relate to student financial aid for the Pueblo campus.

ANNUAL REPORT: STATUS OF OUTSTANDING AUDIT RECOMMENDATIONS AS OF JUNE 30, 2015

COLORADO STATE UNIVERSITY SYSTEM FINANCIAL AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED AS OF JUNE 30, 2015								
AUDIT	REC. NO.	FIRST FY REC. MADE	CURRENT DEFICIENCY LEVEL	TOPIC AREA	IMPLEMENTATION STATUS	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Statewide Single Audit, Fiscal Year Ended June 30, 2014, Colorado State University-Pueblo	2014-040A	2014	Material Weakness	Student Financial Aid	Not Implemented	5/31/2015	6/30/2016	13
Statewide Single Audit, Fiscal Year Ended June 30, 2014, Colorado State University-Pueblo	2014-040B	2014	Material Weakness	Student Financial Aid	Not Implemented	5/31/2015	6/30/2016	13

SOURCE: Office of the State Auditor's audit recommendation database.

FORT LEWIS COLLEGE

Between July 1, 2009 and June 30, 2014, Fort Lewis College (College) agreed or partially agreed to implement three audit recommendations. All of these recommendations were from financial audit reports. Based on the OSA's follow-up audit process, as of June 30, 2015, the College has no outstanding financial audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, the College also had no outstanding audit recommendations.



HISTORY COLORADO

Between July 1, 2009 and June 30, 2014, History Colorado agreed or partially agreed to implement 18 audit recommendations. All of these recommendations were from financial audit reports.

FINANCIAL AUDIT RECOMMENDATIONS

As of June 30, 2015, the OSA's follow-up audit process determined that one of the 18 financial audit recommendations (6 percent) that History Colorado agreed to implement is still outstanding. In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, History Colorado had no outstanding audit recommendations.

The following table summarizes the outstanding financial audit recommendation by the level of deficiency, topic area, and number of months since History Colorado's original implementation date.

HISTORY COLORADO FINANCIAL AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED AS OF JUNE 30, 2015								
AUDIT	REC. NO.	FIRST FY REC. MADE	CURRENT DEFICIENCY LEVEL	TOPIC AREA	IMPLEMENTATION STATUS	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Statewide Single Audit, Fiscal Year Ended June 30, 2014	2014-009B	2014	Not Significant Deficiency	Controls over Accounting Transactions	Partially Implemented	1/31/2015	1/31/2016	12

SOURCE: Office of the State Auditor's audit recommendation database.



METROPOLITAN STATE UNIVERSITY OF DENVER

Between July 1, 2009 and June 30, 2014, Metropolitan State University of Denver (University) agreed or partially agreed to implement 30 audit recommendations. Of these 30 recommendations, 29 (97 percent) were from financial audit reports, and one (3 percent) was from a performance audit report. As of June 30, 2015, the University reports that the performance audit recommendation is no longer outstanding.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented* (2014 *Annual Report*), the University also had no outstanding performance and/or IT audit recommendations.

FINANCIAL AUDIT RECOMMENDATIONS

As of June 30, 2015, the OSA's follow-up audit process determined that two of the 29 financial audit recommendations (7 percent) that the University agreed to implement are still outstanding. In our 2014 *Annual Report*, the University had one outstanding financial audit recommendation.

The following table summarizes the outstanding financial audit recommendations by the level of deficiency, topic area, and number of months since the University's original implementation dates.

METROPOLITAN STATE UNIVERSITY OF DENVER FINANCIAL AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED AS OF JUNE 30, 2015								
AUDIT	REC. NO.	FIRST FY REC. MADE	CURRENT DEFICIENCY LEVEL	TOPIC AREA	IMPLEMENTATION STATUS	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Statewide Single Audit, Fiscal Year Ended June 30, 2014	2014-048	2014	Significant Deficiency	Title IV Funds	Not Implemented	6/30/2014	8/31/2015	14
	2014-053	2013	Significant Deficiency	Title IV Funds	Not Implemented	6/30/2014	1/31/2016	19

SOURCE: Office of the State Auditor's audit recommendation database.



UNIVERSITY OF COLORADO SYSTEM

Between July 1, 2009 and June 30, 2014, the University of Colorado System (System) agreed or partially agreed to implement 13 audit recommendations. All of these recommendations were from financial audit reports. Based on the OSA's follow-up audit process, as of June 30, 2015, the University has no outstanding financial audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, the System also had no outstanding audit recommendations.



UNIVERSITY OF NORTHERN COLORADO

Between July 1, 2009 and June 30, 2014, the University of Northern Colorado (University) agreed or partially agreed to implement seven audit recommendations. All of these recommendations were from financial audit reports.

FINANCIAL AUDIT RECOMMENDATIONS

As of June 30, 2015, the OSA's follow-up audit process determined that the University has no outstanding financial audit recommendations. In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, the University had one outstanding financial audit recommendation.



WESTERN STATE COLORADO UNIVERSITY

REPORT OF THE COLORADO STATE AUDITOR

Between July 1, 2009 and June 30, 2014, Western State Colorado University (University) agreed to implement two audit recommendations. Both of these recommendations were from financial audit reports. Based on the OSA's follow-up audit process, as of June 30, 2015, the University has no outstanding financial audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, the University also had no outstanding audit recommendations.



DEPARTMENT OF HUMAN SERVICES

Between July 1, 2009 and June 30, 2014, the Department of Human Services (Department) agreed or partially agreed to implement 507 audit recommendations. Of these 507 recommendations, 373 (74 percent) were from financial audit reports, and 134 (26 percent) were from performance and/or information technology (IT) audit reports.

FINANCIAL AUDIT RECOMMENDATIONS

As of June 30, 2015, the OSA's follow-up audit process determined that 17 of the 373 financial audit recommendations (5 percent) that the Department agreed to implement are still outstanding. In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented (2014 Annual Report)*, the Department had three outstanding financial audit recommendations.

The following table summarizes the outstanding financial audit recommendations by the level of deficiency, topic area, and number of months since the Department's original implementation dates. Of these outstanding recommendations, the two material weaknesses are considered high priority and highlighted in orange. RECOMMENDATIONS 2014-056A and 2014-056B relate to eligibility and payment error rates for the Supplemental Nutrition Assistance Program (SNAP).

ANNUAL REPORT: STATUS OF OUTSTANDING AUDIT RECOMMENDATIONS AS OF JUNE 30, 2015

DEPARTMENT OF HUMAN SERVICES FINANCIAL AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED AS OF JUNE 30, 2015								
AUDIT	REC. NO.	FIRST FY REC. MADE	CURRENT DEFICIENCY LEVEL	TOPIC AREA	IMPLEMENTATION STATUS	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Statewide Single Audit, Fiscal Year Ended June 30, 2014	2014-056A	2013	Material Weakness	SNAP	Partially Implemented	6/30/2015	11/30/2016	17
	2014-056B	2013	Material Weakness	SNAP	Partially Implemented	6/30/2015	11/30/2016	17
	2014-012A	2014	Significant Deficiency	Living Centers' Accounting Controls	Partially Implemented	6/30/2015	9/30/2015	3
	2014-012C	2014	Significant Deficiency	Living Centers' Accounting Controls	Partially Implemented	6/30/2015	9/30/2015	3
	2014-054B	2012	Deficiency in Internal Control	TANF	Partially Implemented	12/31/2014	7/31/2015	7
	2014-055B	2013	Deficiency in Internal Control	Child Care	Partially Implemented	12/31/2014	10/31/2015	10
	2014-058D	2013	Deficiency in Internal Control	Vocational Rehabilitation	Partially Implemented	7/31/2014	2/29/2016	19
	2014-059F	2012	Deficiency in Internal Control	Vocational Rehabilitation	Partially Implemented	7/31/2013	12/31/2015	29
	2014-064A	2013	Significant Deficiency	Vocational Rehabilitation	Partially Implemented	7/31/2014	2/29/2016	19
	2014-064B	2013	Significant Deficiency	Vocational Rehabilitation	Partially Implemented	10/31/2014	2/29/2016	16
	2014-066C	2012	Deficiency in Internal Control	Vocational Rehabilitation	Partially Implemented	7/31/2013	12/31/2015	29
	2014-069A	2012	Deficiency in Internal Control	Vocational Rehabilitation	Partially Implemented	7/31/2013	12/31/2015	29
	2014-069C	2012	Deficiency in Internal Control	Vocational Rehabilitation	Partially Implemented	7/31/2013	12/31/2015	29
	2014-070A	2013	Deficiency in Internal Control	Vocational Rehabilitation	Partially Implemented	7/31/2014	12/31/2015	17
	2014-070B	2013	Deficiency in Internal Control	Vocational Rehabilitation	Partially Implemented	7/31/2014	12/31/2015	17
	2014-070C	2013	Deficiency in Internal Control	Vocational Rehabilitation	Partially Implemented	10/31/2014	12/31/2015	14
	2013-65A	2013	Deficiency in Internal Control	Vocational Rehabilitation	Partially Implemented	7/31/2014	12/31/2015	17

SOURCE: Office of the State Auditor's audit recommendation database.

PERFORMANCE AND/OR IT AUDIT RECOMMENDATIONS

As of June 30, 2015, the Department reports that two of the 134 performance and/or IT audit recommendations (1 percent) that it agreed to implement are still outstanding. In our 2014 *Annual Report*, the Department had two outstanding performance audit recommendations.

The following table provides information on the Department's outstanding performance audit recommendations, including the number of months since the Department's original implementation dates.

DEPARTMENT OF HUMAN SERVICES PERFORMANCE AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED AS OF JUNE 30, 2015						
AUDIT	REC. NO.	TOPIC AREA	IMPLEMENTATION STATUS ¹	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Property Tax, Rent, and Heat Rebate Program, Departments of Revenue and Human Services, Performance Audit, August 2013	5A	Program Administration	Partially Implemented	1/31/2015	1/31/2016	12
	5B	Program Administration	Not Implemented	7/31/2015	9/30/2015	2

SOURCE: Office of the State Auditor's audit recommendation database.
¹ Implementation status is self-reported by the Department and not audited by the OSA.



JUDICIAL DEPARTMENT

Between July 1, 2009 and June 30, 2014, the Judicial Department (Department) agreed or partially agreed to implement 65 audit recommendations. Of these 65 recommendations, one (2 percent) was from a financial audit report, and 64 (98 percent) were from performance and/or information technology (IT) audit reports. Based on the OSA's follow-up audit process, as of June 30, 2015, the Department has no outstanding financial audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented (2014 Annual Report)*, the Department also had no outstanding financial audit recommendations.

PERFORMANCE AND/OR IT AUDIT RECOMMENDATIONS

As of June 30, 2015, the Department reports that four of the 64 performance and/or IT audit recommendations (6 percent) that it agreed to implement are still outstanding. In our 2014 *Annual Report*, the Department had one outstanding IT audit recommendation.

The following table provides information on the Department's outstanding performance and/or IT recommendations, including the number of months since the Department's original implementation dates.

**JUDICIAL DEPARTMENT
PERFORMANCE AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED
AS OF JUNE 30, 2015**

AUDIT	REC. NO.	TOPIC AREA	IMPLEMENTATION STATUS ¹	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Victim's Restitution Performance Audit, Judicial Department and Department of Corrections, April 2014	1	Statutory Compliance	Partially Implemented	7/31/2015	3/31/2016	8
	3	Statutory Compliance	Partially Implemented	7/31/2015	3/31/2016	8
	5B	Statutory Compliance	Not Implemented	7/31/2015	3/31/2016	8
	5D	Information System Operations	Not Implemented	6/30/2018	3/31/2016	-27 ²

SOURCE: Office of the State Auditor's recommendation database.

¹ Implementation status is self-reported by the Department and not audited by the OSA.

² The Delay (Months) is a negative number because the Judicial Department revised its current implementation date to a date earlier than its original implementation date. In the Victim's Restitution audit report, the Department reported that this recommendation would be implemented by June 2018, but the Department recently revised its implementation date to March 2016.

DEPARTMENT OF LABOR AND EMPLOYMENT

Between July 1, 2009 and June 30, 2014, the Department of Labor and Employment (Department) agreed or partially agreed to implement 105 audit recommendations. Of these 105 recommendations, 44 (42 percent) were from financial audit reports, and 61 (58 percent) were from performance and/or information technology (IT) reports.

FINANCIAL AUDIT RECOMMENDATIONS

As of June 30, 2015, the OSA's follow-up audit process determined that two of the 44 financial audit recommendations (5 percent) that the Department agreed to implement are still outstanding. In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented* (2014 *Annual Report*), the Department also had two outstanding financial audit recommendations.

The following table summarizes the outstanding financial audit recommendations by the level of deficiency, topic area, and number of months since the Department's original implementation dates.

DEPARTMENT OF LABOR AND EMPLOYMENT FINANCIAL AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED AS OF JUNE 30, 2015								
AUDIT	REC. NO.	FIRST FY REC. MADE	CURRENT DEFICIENCY LEVEL	TOPIC AREA	IMPLEMENTATION STATUS	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Statewide Single Audit, Fiscal Year Ended June 30, 2014	2014-073C	2012	Significant Deficiency	CUBS & CATS IT Controls	Deferred Implementation ¹	12/31/2016	1/31/2017	1
	2014-073D	2012	Significant Deficiency	CUBS & CATS IT Controls	Deferred Implementation ¹	12/31/2016	1/31/2017	1

SOURCE: Office of the State Auditor's audit recommendation database.
¹ The Implementation Status of this recommendation is deferred and has not been determined by the OSA because the Department of Labor and Employment provided an original implementation date of December 2016.

PERFORMANCE AND/OR IT AUDIT RECOMMENDATIONS

As of June 30, 2015, the Department reports that three of the 61 performance and/or IT audit recommendations (5 percent) that it agreed to implement are still outstanding. In our 2014 *Annual Report*, the Department also had three outstanding performance and/or IT audit recommendations.

The following table provides information on the outstanding performance audit recommendations, including the number of months since the Department's original implementation dates. The three outstanding recommendations are from the *Unemployment Insurance Program* performance audit. RECOMMENDATION 1C was to ensure claimants meet state and federal requirements by eliminating the paper affidavit form for affirming legal presence. RECOMMENDATION 3D was to add language to the claims filing system requiring claimants to conduct a work search and provide job contact information on a weekly basis. RECOMMENDATION 4A was to improve the efficiency of claims reviews by reprogramming the Colorado Unemployment Benefits System to increase automation. These recommendations are considered high priority and highlighted in orange because they are from reports released 3 years ago or more.

DEPARTMENT OF LABOR AND EMPLOYMENT PERFORMANCE AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED AS OF JUNE 30, 2015							
AUDIT	REC. NO.	TOPIC AREA	IMPLEMENTATION STATUS ¹	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)	
Unemployment Insurance Program, Performance Audit, October 2011	1C	Program Administration	Not Implemented	12/31/2011	1/31/2017	61	
	3D	Program Administration	Partially Implemented	12/31/2012	1/31/2017	49	
	4A	Program Administration	Partially Implemented	9/30/2012	1/31/2017	52	
SOURCE: Office of the State Auditor's recommendation database.							
¹ Implementation status is self-reported by the Department and not audited by the OSA.							

DEPARTMENT OF LAW

Between July 1, 2009 and June 30, 2014, the Department of Law (Department) agreed or partially agreed to implement 13 audit recommendations. All of these recommendations were from performance and/or information technology (IT) audit reports. As of June 30, 2015, the Department reports that it has no outstanding performance and/or IT audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, the Department also had no outstanding audit recommendations.



DEPARTMENT OF LOCAL AFFAIRS

Between July 1, 2009 and June 30, 2014, the Department of Local Affairs (Department) agreed or partially agreed to implement 20 audit recommendations. Of these 20 recommendations, three (15 percent) were from financial audit reports, and 17 (85 percent) were from performance and/or information technology (IT) audit reports. Based on the OSA's follow-up audit process, as of June 30, 2015, the Department has no outstanding financial audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented* (2014 *Annual Report*), the Department also had no outstanding financial audit recommendations.

PERFORMANCE AND/OR IT AUDIT RECOMMENDATIONS

As of June 30, 2015, the Department reports that it has no outstanding performance and/or IT audit recommendations. In our 2014 *Annual Report*, the Department had one outstanding performance audit recommendation.



DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

Between July 1, 2009 and June 30, 2014, the Department of Military and Veterans Affairs (Department) agreed or partially agreed to implement 23 audit recommendations. Of these 23 recommendations, one (4 percent) was from a financial audit report, and 22 (96 percent) were from performance and/or information technology audit reports. Based on the OSA's follow-up audit process and information reported by the Department, as of June 30, 2015, it has no outstanding audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, the Department also had no outstanding audit recommendations.



DEPARTMENT OF NATURAL RESOURCES

Between July 1, 2009 and June 30, 2014, the Department of Natural Resources (Department) agreed or partially agreed to implement 89 audit recommendations. Of these 89 recommendations, 18 (20 percent) were from financial audit reports, and 71 (80 percent) were from performance and/or information technology (IT) audit reports.

FINANCIAL AUDIT RECOMMENDATIONS

As of June 30, 2015, the OSA's follow-up audit process determined that three of the 18 financial audit recommendations (17 percent) that the Department agreed to implement are still outstanding. In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented* (2014 *Annual Report*), the Department had four outstanding financial audit recommendations.

The following table summarizes the outstanding financial audit recommendations by the level of deficiency, topic area, and number of months since the Department's original implementation dates.

DEPARTMENT OF NATURAL RESOURCES FINANCIAL AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED AS OF JUNE 30, 2015								
AUDIT	REC. NO.	FIRST FY REC. MADE	CURRENT DEFICIENCY LEVEL	TOPIC AREA	IMPLEMENTATION STATUS	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Statewide Single Audit, Fiscal Year Ended June 30, 2013	2013-11A	2012	Deficiency in Internal Controls	Financial Statements	Partially Implemented	12/31/2013	9/30/2016	33
	2013-11B	2012	Deficiency in Internal Controls	Financial Statements	Partially Implemented	6/30/2013	9/30/2016	39
	2013-11C	2012	Deficiency in Internal Controls	Financial Statements	Partially Implemented	6/30/2014	1/31/2016	19

SOURCE: Office of the State Auditor's audit recommendation database.

PERFORMANCE AND/OR IT AUDIT RECOMMENDATIONS

As of June 30, 2015, the Department reports that four of the 71 performance and/or IT audit recommendations (6 percent) that it agreed to implement are still outstanding. In our 2014 *Annual Report*, the Department had one outstanding performance audit recommendation.

The following table provides information on the Department's outstanding performance audit recommendations, including the number of months since the Department's original implementation dates. RECOMMENDATION 4 from the *Cash Funds* report was made to the Department because it was not in compliance with state regulations regarding its cash funds balance. While the table shows the recommendation made in the most recent *Cash Funds* audit report, the OSA has made this recommendation to the Department annually for 4 consecutive years and the Department has delayed implementation each year. This recommendation is considered high priority and highlighted in orange because it is from an audit report released 3 years ago or more.

DEPARTMENT OF NATURAL RESOURCES PERFORMANCE AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED AS OF JUNE 30, 2015						
AUDIT	REC. NO.	TOPIC AREA	IMPLEMENTATION STATUS ¹	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Cash Funds Uncommitted Reserves, Performance Audit, June 2014	4 ²	Oil and Gas Conservation Cash Fund	Partially Implemented	6/30/2012	6/30/2016	48
Performance Evaluation of the Dam Safety Program, Division of Water Resources, February 2014	1D	Program Administration	Partially Implemented	6/30/2015	11/30/2015	5
	2B	Program Administration	Partially Implemented	6/30/2015	11/30/2015	5
	5D	Program Administration	Partially Implemented	6/30/2014	11/30/2015	17

SOURCE: Office of the State Auditor's recommendation database.

¹ Implementation status is self-reported by the Department and not audited by the OSA.

² This recommendation was originally made in the October 2011 Cash Funds Uncommitted Reserves performance audit.

DEPARTMENT OF PERSONNEL & ADMINISTRATION

Between July 1, 2009 and June 30, 2014, the Department of Personnel & Administration (Department) agreed or partially agreed to implement 204 recommendations. Of these 204 recommendations, 56 (27 percent) were from financial audit reports, and 148 (73 percent) were from performance and/or information technology (IT) audit reports.

FINANCIAL AUDIT RECOMMENDATIONS

As of June 30, 2015, the OSA's follow-up audit process determined that six of the 56 financial audit recommendations (11 percent) that the Department agreed to implement are still outstanding. In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented* (2014 *Annual Report*), the Department had seven outstanding financial audit recommendations.

The following table summarizes the outstanding financial audit recommendations by the level of deficiency, topic area, and number of months since the Department's original implementation dates. Of these outstanding recommendations, the five significant deficiencies outstanding for 3 years or more are considered high priority and highlighted in orange. RECOMMENDATION 2014-019, PARTS A, D, E, F, and G relate to the Department's IT controls for the Colorado Personnel Payroll System (CPPS).

DEPARTMENT OF PERSONNEL & ADMINISTRATION FINANCIAL AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED AS OF JUNE 30, 2015								
AUDIT	REC. No.	FIRST FY REC. MADE	CURRENT DEFICIENCY LEVEL	TOPIC AREA	IMPLEMENTATION STATUS	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Statewide Single Audit, Fiscal Year Ended June 30, 2014	2014-019A	2012	Significant Deficiency	GPFS IT Controls	Not Implemented	6/30/2014	6/30/2018	48
	2014-019B	2012	Significant Deficiency	GPFS IT Controls	Not Implemented	12/31/2014	6/30/2018	42
	2014-019E	2012	Significant Deficiency	GPFS IT Controls	Not Implemented	12/31/2014	6/30/2018	42
	2014-019F	2012	Significant Deficiency	GPFS IT Controls	Not Implemented	12/31/2014	6/30/2018	42
	2014-019G	2012	Significant Deficiency	GPFS IT Controls	Not Implemented	12/31/2014	6/30/2018	42
	2014-016A	2014	Significant Deficiency	Central Payroll Financial Reporting Controls	Partially Implemented	6/30/2015	9/30/2015	3

SOURCE: Office of the State Auditor's audit recommendation database.

PERFORMANCE AND/OR IT AUDIT RECOMMENDATIONS

As of June 30, 2015, the Department reports that four of the 148 performance and/or IT audit recommendations (3 percent) that it agreed to implement are still outstanding. In our 2014 *Annual Report*, the Department had 17 outstanding performance and/or IT audit recommendations.

The following table provides information on the Department's outstanding performance audit recommendations, including the number of months since the Department's original implementation dates. The *Tax Processing* performance audit RECOMMENDATION 1C was to utilize the State's budgeting process to identify and reduce or reallocate positions and expenses between the Department and the Department of Revenue related to the tax processing pipeline. RECOMMENDATION 2 from the same report directs the Department to determine the Department of Revenue's service needs that Central Services can address and identify cost savings opportunities.

RECOMMENDATION 3A from the *Office of Administrative Courts* performance audit was for the Courts to streamline presentations to the public, including improving its website. These three recommendations are considered high priority and highlighted in orange because they are from audit reports released 3 years ago or more.

**DEPARTMENT OF PERSONNEL & ADMINISTRATION
PERFORMANCE AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED
AS OF JUNE 30, 2015**

AUDIT	REC. NO.	TOPIC AREA	IMPLEMENTATION STATUS ¹	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Department of Revenue Tax Processing, Performance Audit, September 2011	1C	Program Oversight	Partially Implemented	7/31/2012	1/31/2016	42
	2	Program Administration	Partially Implemented	7/31/2012	10/31/2016	51
Office of Administrative Courts, Performance Audit, September 2012	3A	Program Administration	Partially Implemented	6/30/2013	12/31/2016	42
Evaluation of the Department's Annual Compensation Survey for Fiscal Year 2014, June 2013	9	Program Administration	Not Implemented	8/31/2014	7/31/2016	23

SOURCE: Office of the State Auditor's recommendation database.
¹ Implementation status is self-reported by the Department and not audited by the OSA.



DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

Between July 1, 2009 and June 30, 2014, the Department of Public Health and Environment (Department) agreed or partially agreed to implement 131 audit recommendations. Of these 131 recommendations, 19 (15 percent) were from financial audit reports, and 112 (85 percent) were from performance and/or information technology (IT) audit reports.

FINANCIAL AUDIT RECOMMENDATIONS

As of June 30, 2015, the OSA's follow-up audit process determined that the Department has no outstanding financial audit recommendations. In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented (2014 Annual Report)*, the Department had one outstanding financial audit recommendation.

PERFORMANCE AND/OR IT AUDIT RECOMMENDATIONS

As of June 30, 2015, the Department reports that four of the 112 performance and/or IT audit recommendations (4 percent) that it agreed to implement are still outstanding. In our 2014 *Annual Report*, the Department had eight outstanding performance and/or IT audit recommendations.

The following table provides information on the Department's outstanding performance and/or IT recommendations, including the number of months since the Department's original implementation dates.

ANNUAL REPORT: STATUS OF OUTSTANDING AUDIT RECOMMENDATIONS AS OF JUNE 30, 2015

**DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
PERFORMANCE AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED
AS OF JUNE 30, 2015**

AUDIT	REC. NO.	TOPIC AREA	IMPLEMENTATION STATUS ¹	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Medical Marijuana Regulatory System Part II, Performance Audit, June 2013	7A	Information System Controls	Partially Implemented	5/31/2014	3/31/2016	22
	7B	Information System Controls	Partially Implemented	5/31/2014	3/31/2016	22
	7C	Information System Controls	Partially Implemented	5/31/2014	3/31/2016	22
	7E	Information System Security	Partially Implemented	12/31/2013	3/31/2016	27

SOURCE: Office of the State Auditor's recommendation database.
¹Implementation status is self-reported by the Department and not audited by the OSA.

DEPARTMENT OF PUBLIC SAFETY

Between July 1, 2009 and June 30, 2014, the Department of Public Safety (Department) agreed or partially agreed to implement 27 audit recommendations. Of these 27 recommendations, three (11 percent) were from financial audit reports, and 24 (89 percent) were from performance and/or information technology audit reports. Based on the OSA's follow-up audit process and information reported by the Department, as of June 30, 2015, it has no outstanding audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, the Department also had no outstanding audit recommendations.



DEPARTMENT OF REGULATORY AGENCIES

Between July 1, 2009 and June 30, 2014, the Department of Regulatory Agencies (Department) agreed or partially agreed to implement 54 audit recommendations. All of these recommendations were from performance and/or information technology (IT) audit reports.

PERFORMANCE AND/OR IT AUDIT RECOMMENDATIONS

As of June 30, 2015, the Department reports that one of the 54 performance and/or IT audit recommendations (2 percent) that it agreed to implement is still outstanding. In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, the Department had two outstanding performance audit recommendations.

The following table provides information on the Department's outstanding performance audit recommendation, including the number of months since the Department's original implementation date.

DEPARTMENT OF REGULATORY AGENCIES PERFORMANCE AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED AS OF JUNE 30, 2015						
AUDIT	REC. NO.	TOPIC AREA	IMPLEMENTATION STATUS ¹	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Cash Funds Uncommitted Reserves, Performance Audit, June 2014	7C	Home Owners Association Information and Resource Center Cash Fund	Partially Implemented	6/30/2014	6/30/2016	24

SOURCE: Office of the State Auditor's recommendation database.
¹ Implementation status is self-reported by the Department and not audited by the OSA.



DEPARTMENT OF REVENUE

Between July 1, 2009 and June 30, 2014, the Department of Revenue (Department) agreed or partially agreed to implement 205 audit recommendations. Of these 205 recommendations, 57 (28 percent) were from financial audit reports, and 148 (72 percent) were from performance and/or information technology (IT) audit reports.

FINANCIAL AUDIT RECOMMENDATIONS

As of June 30, 2015, the OSA's follow-up audit process determined that one of the 57 financial audit recommendations (2 percent) that the Department agreed to implement is still outstanding. In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented (2014 Annual Report)*, the Department had five outstanding financial audit recommendations.

The following table summarizes the outstanding financial audit recommendation by the level of deficiency, topic area, and number of months since the Department's original implementation date. The recommendation is a significant deficiency outstanding for 3 years or more, considered high priority, and highlighted in orange. RECOMMENDATION 2010-38C relates to IT controls for the GenTax System.

DEPARTMENT OF REVENUE FINANCIAL AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED AS OF JUNE 30, 2015								
AUDIT	REC. NO.	FIRST FY REC. MADE	CURRENT DEFICIENCY LEVEL	TOPIC AREA	IMPLEMENTATION STATUS	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Statewide Single Audit, Fiscal Year Ended June 30, 2010	2010-38C	2010	Significant Deficiency	GenTax IT Controls	Partially Implemented	8/31/2011	12/31/2015	52
SOURCE: Office of the State Auditor's audit recommendation database.								

PERFORMANCE AND/OR IT AUDIT RECOMMENDATIONS

As of June 30, 2015, the Department reports that one of the 148 performance and/or IT audit recommendations (1 percent) that it agreed to implement is still outstanding. In our 2014 *Annual Report*, the Department had three outstanding performance audit recommendations.

The following table provides information on the Department's outstanding performance audit recommendation, including the number of months since the Department's original implementation date. RECOMMENDATION 2 from the *Tax Processing* performance audit report was for the Department to use Central Services for outgoing mail processing and warrant printing and reallocate or eliminate staff positions made unnecessary. This recommendation is considered high priority and highlighted in orange because it is from an audit report released 3 years ago or more.

DEPARTMENT OF REVENUE PERFORMANCE AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED AS OF JUNE 30, 2015						
AUDIT	REC. NO.	TOPIC AREA	IMPLEMENTATION STATUS ¹	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Tax Processing, Performance Audit, September 2011	2	Program Administration	Partially Implemented	7/31/2012	10/31/2016	51
SOURCE: Office of the State Auditor's recommendation database.						
¹ Implementation status is self-reported by the Department and not audited by the OSA.						

DEPARTMENT OF STATE (SECRETARY OF STATE)

Between July 1, 2009 and June 30, 2014, the Department of State (Department) agreed or partially agreed to implement 15 audit recommendations. Of these 15 recommendations, 10 (67 percent) were from financial audit reports, and five (33 percent) were from performance and/or information technology (IT) audit reports. As of June 30, 2015, the Department reports that it has no outstanding performance and/or IT audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented (2014 Annual Report)*, the Department also had no outstanding performance and/or IT audit recommendations.

FINANCIAL AUDIT RECOMMENDATIONS

As of June 30, 2015, the OSA's follow-up audit process determined that three of the 10 financial audit recommendations (30 percent) that the Department agreed to implement are still outstanding. In our 2014 *Annual Report*, the Department had no outstanding financial audit recommendations.

The following table summarizes the outstanding financial audit recommendations by the level of deficiency, topic area, and number of months since the Department's original implementation dates.

ANNUAL REPORT: STATUS OF OUTSTANDING AUDIT RECOMMENDATIONS AS OF JUNE 30, 2015

DEPARTMENT OF STATE (SECRETARY OF STATE) FINANCIAL AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED AS OF JUNE 30, 2015								
AUDIT	REC. NO.	FIRST FY REC. MADE	CURRENT DEFICIENCY LEVEL	TOPIC AREA	IMPLEMENTATION STATUS	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Statewide Single Audit, Fiscal Year Ended June 30, 2014	2014-024A	2014	Significant Deficiency	Controls over Financial Reporting	Partially Implemented	6/30/2015	7/31/2017	25
	2014-025A	2013	Significant Deficiency	Procurement	Partially Implemented	7/31/2014	7/31/2016	24
	2014-025B	2013	Significant Deficiency	Procurement	Partially Implemented	7/31/2014	7/31/2016	24

SOURCE: Office of the State Auditor's audit recommendation database.

DEPARTMENT OF TRANSPORTATION

Between July 1, 2009 and June 30, 2014, the Department of Transportation (Department) agreed or partially agreed to implement 60 audit recommendations. Of these 60 recommendations, 14 (23 percent) were from financial audit reports, and 46 (77 percent) were from performance and/or information technology (IT) audit reports.

FINANCIAL AUDIT RECOMMENDATIONS

As of June 30, 2015, the OSA's follow-up audit process determined that two of the 14 financial audit recommendations (14 percent) that the Department agreed to implement are still outstanding. In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented* (2014 *Annual Report*), the Department had no outstanding financial audit recommendations.

The following table summarizes the outstanding financial audit recommendations by the level of deficiency, topic area, and number of months since the Department's original implementation dates.

DEPARTMENT OF TRANSPORTATION FINANCIAL AUDIT RECOMMENDATIONS NOT FULLY IMPLEMENTED AS OF JUNE 30, 2015								
AUDIT	REC. NO.	FIRST FY REC. MADE	CURRENT DEFICIENCY LEVEL	TOPIC AREA	IMPLEMENTATION STATUS	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION DATE	DELAY (MONTHS)
Statewide Single Audit, Fiscal Year Ended June 30, 2014	2014-076B	2014	Significant Deficiency	Subrecipient Monitoring Compliance	Partially Implemented	6/30/2015	4/30/2016	10
	2014-076D	2014	Significant Deficiency	Subrecipient Monitoring Compliance	Partially Implemented	6/30/2015	4/30/2016	10

SOURCE: Office of the State Auditor's audit recommendation database.

PERFORMANCE AND/OR IT AUDIT RECOMMENDATIONS

As of June 30, 2015, the Department reports that it has no outstanding performance and/or IT audit recommendations. In our 2014 *Annual Report*, the Department had six outstanding performance and/or IT audit recommendations.

DEPARTMENT OF TREASURY

Between July 1, 2009 and June 30, 2014, the Department of Treasury (Department) agreed or partially agreed to implement 16 audit recommendations. Of these 16 recommendations, six (38 percent) were from financial audit reports, and 10 (62 percent) were from performance and/or information technology audit reports. Based on the OSA's follow-up audit process and information reported by the Department, as of June 30, 2015, it has no outstanding audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, the Department also had no outstanding audit recommendations.



GREAT OUTDOORS COLORADO

Between July 1, 2009 and June 30, 2014, Great Outdoors Colorado (GOCO) agreed to implement two audit recommendations. Both of these recommendations were from financial audit reports.

FINANCIAL AUDIT RECOMMENDATIONS

As of June 30, 2015, the OSA's follow-up audit process determined that GOCO has no outstanding financial audit recommendations. In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, GOCO had one outstanding financial audit recommendation.



PINNACOL ASSURANCE

Between July 1, 2009 and June 30, 2014, Pinnacol Assurance (Pinnacol) agreed or partially agreed to implement 36 audit recommendations. Of these 36 recommendations, eight (22 percent) were from financial audit reports, and 28 (78 percent) were from performance and/or information technology audit reports. Based on the OSA's follow-up audit process and information reported by Pinnacol, as of June 30, 2015, it has no outstanding audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, Pinnacol also had no outstanding audit recommendations.



PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION

Between July 1, 2009 and June 30, 2014, the Public Employees' Retirement Association (PERA) agreed to implement three audit recommendations. All of these recommendations were from financial audit reports. Based on the OSA's follow-up audit process, as of June 30, 2015, PERA has no outstanding financial audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, PERA also had no outstanding audit recommendations.



REGIONAL TRANSPORTATION DISTRICT

Between July 1, 2009 and June 30, 2014, the Regional Transportation District (RTD) agreed or partially agreed to implement 40 audit recommendations. All of these recommendations were from performance and/or information technology (IT) audit reports. As of June 30, 2015, RTD reports that it has no outstanding performance and/or IT audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, RTD also had no outstanding audit recommendations.



STATEWIDE INTERNET PORTAL AUTHORITY

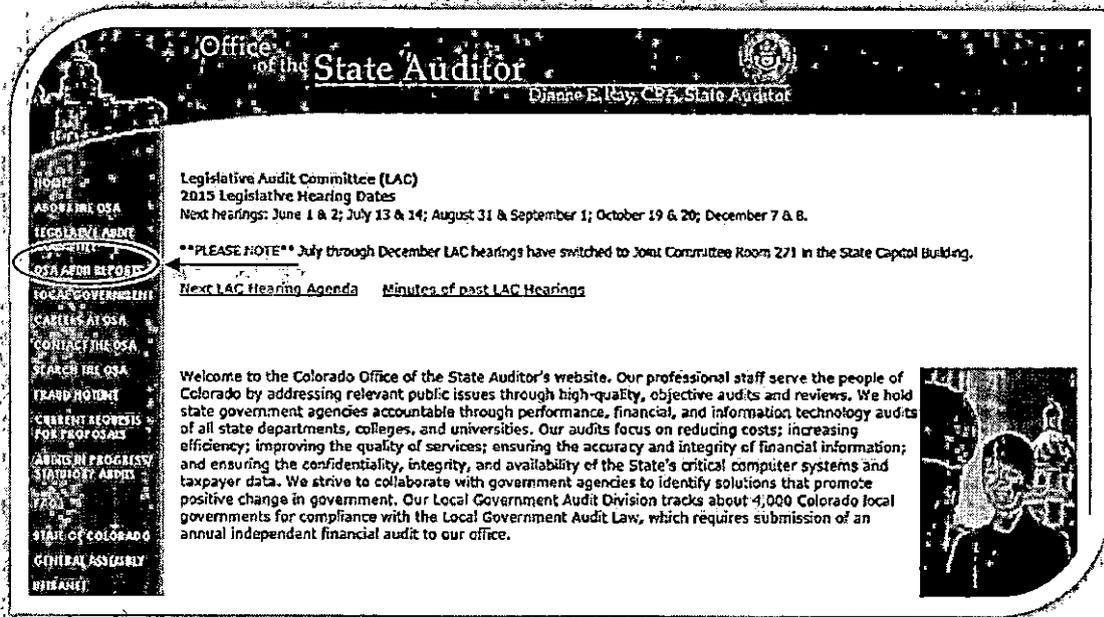
Between July 1, 2009 and June 30, 2014, the Statewide Internet Portal Authority (SIPA) agreed or partially agreed to implement 28 audit recommendations. All of these recommendations were from performance and/or information technology (IT) audit reports. As of June 30, 2015, SIPA reports that it has no outstanding performance and/or IT audit recommendations.

In our 2014 *Annual Report of Audit Recommendations Not Fully Implemented*, SIPA also had no outstanding audit recommendations.

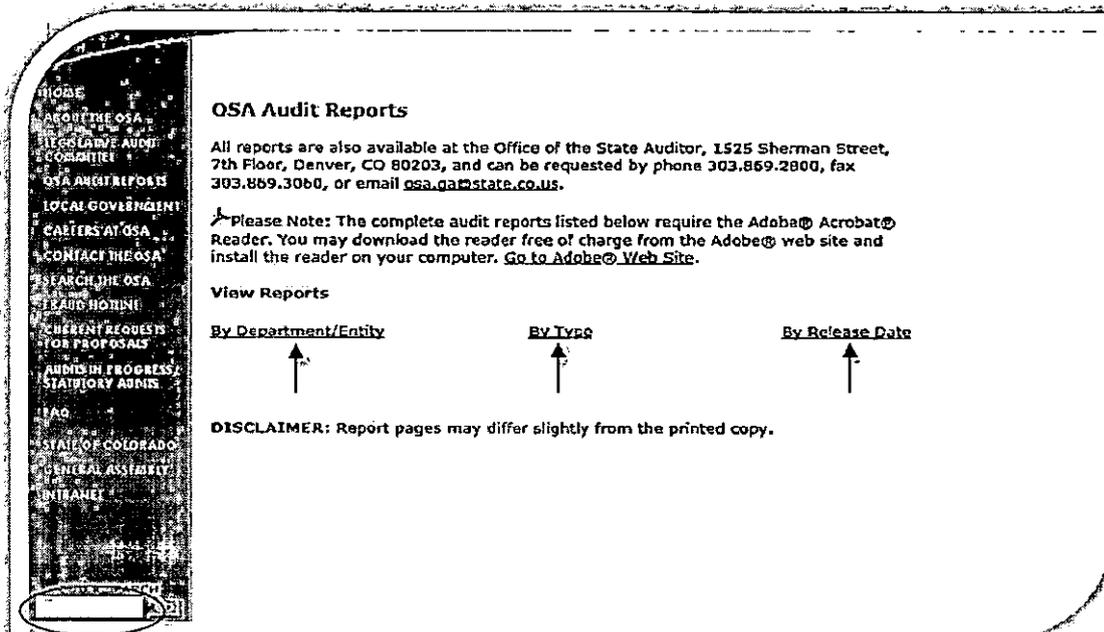


HOW TO LOCATE AN OSA REPORT

All audit reports issued by the Office of the State Auditor (OSA) since 1999 are available on the OSA's web site at www.state.co.us/auditor under the OSA AUDIT REPORTS link.



OSA reports can be accessed by audited Department/Entity, Audit Type (financial, performance, or other), or Date Released by the Legislative Audit Committee. Use the QUICK SEARCH box to search for reports containing key words or phrases. Hard copy reports are also available at the OSA at 1525 Sherman St., 7th Floor, Denver, Colorado 80203, and can be requested by calling 303.869.2800 or emailing osa.ga@state.co.us.



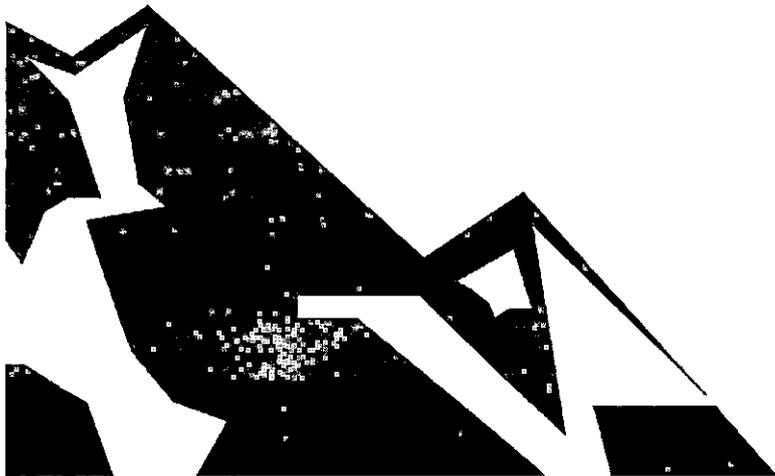




SA

We Set the Standard for Good Government

FISCAL YEAR
2015



ANNUAL REPORT

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MESSAGE FROM THE STATE AUDITOR

Fiscal Year 2015 was a successful year filled with many accomplishments for the Colorado Office of the State Auditor (OSA). First, the OSA issued 53 financial, performance, and IT audit reports and other work products. These audits and other work products provided agencies, the General Assembly, and the public with thorough, credible, and impartial assessments of the operation of state programs and information for use by decision makers. Every day of the year, the OSA and its staff work to improve government for the people of Colorado.



In May 2015, the OSA successfully underwent an external peer review of its audit operations. In accordance with *Government Auditing Standards*, the OSA undergoes an independent, external peer review once every 3 years. The OSA received a rating of PASS on the review, which is the highest level of assurance that an external peer review team can provide. The review was coordinated by the National State Auditors Association and conducted by a team of experienced auditors from other state audit organizations and the U.S. Department of Health and Human Services' Office of the Inspector General. The purpose of the peer review was to determine if the OSA's system of quality control has been suitably designed and complied with to provide reasonable assurance of conformance with applicable professional standards.

The OSA continues to be recognized for its work, public leadership, and investment in its employees. In June 2015, the OSA's *History*

Colorado Performance Audit (June 2014) received a Certificate of Impact Award from the National Legislative Program Evaluation Society. Certificate of Impact Awards are given to offices that release reports documenting public policy impact within their respective states.

In May 2015, I was named the recipient of the 2015 Leo Riethmayer Award for the Top Public Administrator in Colorado. This award is given by the University of Colorado-Denver's School of Public Affairs and recognizes individuals who demonstrate outstanding public administration leadership.

In February 2015, the OSA was named one of the top five Healthiest Employers by the *Denver Business Journal* in the small-sized company category. The OSA received a wellness grant from the Department of Personnel & Administration and used the grant funds for wellness training and challenges for its employees.

This annual report details other accomplishments and provides more information about the audits and other work products the OSA issued during Fiscal Year 2015.

A handwritten signature in black ink, appearing to read "Dianne E. Ray". The signature is stylized and somewhat cursive.

Dianne E. Ray, CPA
State Auditor

OSA MISSION

Through a comprehensive strategic planning process, the OSA has defined a mission statement, vision statements, and underlying goal for carrying out its statutory and professional responsibilities. The OSA regularly assesses these mission, vision, and goal statements to ensure their completeness, applicability, and responsiveness to the OSA's current and future needs and operating environment.

OSA MISSION STATEMENT

- To improve government for the people of Colorado.

OSA VISION STATEMENTS

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

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.

ROLE OF THE OSA

The OSA is the nonpartisan government watchdog for the citizens of Colorado. We provide the General Assembly, agencies, and the public with thorough, credible, and impartial assessments of the operation of state programs. The OSA's audits provide solution-based recommendations that focus on reducing costs, increasing efficiency, promoting the achievement of legislative intent, improving effectiveness 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 government agencies accountable for the use of public resources.

Section 2-3-103, C.R.S., grants the State Auditor broad authority to conduct performance, financial, and information technology (IT) audits of all state departments and agencies, public colleges and universities, most special purpose authorities, any state entity designated as an enterprise, and other political subdivisions as required by law.

Colorado's Local Government Audit Law [Section 29-1-601, et seq., C.R.S.] requires every local government in the state to undergo an annual financial audit conducted by an independent certified public accountant (CPA). The State Auditor is required to examine these audit reports to determine compliance with accounting standards and other requirements. Local governments with revenues or expenditures less than \$500,000 may apply to the State Auditor for an exemption from audit. Senate Bill 15-024 increased this threshold to \$750,000 for fiscal years beginning on or after January 1, 2015.

FINANCIAL BENEFITS

The OSA's audits often identify potential financial benefits to the State and opportunities to help ensure responsible stewardship of taxpayer money. Financial benefits may include potential cost savings, collection of fees or debts owed, General Fund cost recoveries, policies that could be changed to increase revenue, improving the management of funds, leveraging State resources with matching funds, or increases in the value of assets in the State's accounting system.

One of the OSA's goals is to achieve at least a 3:1 ratio of benefits to costs.

5-YEAR AVERAGE FISCAL YEARS 2011-2015	
Potential Annual Financial Benefits Identified in Reports	\$35.0 million
Net Annual OSA Operating Costs*	\$6.7 million
Ratio of Benefits to Costs	5.2 : 1
*Net annual operating costs calculated from General Fund appropriations less General Fund reversions.	

The following table shows the total potential financial benefits identified in OSA audit reports for the past 5 fiscal years.

POTENTIAL FINANCIAL BENEFITS IDENTIFIED IN AUDIT REPORTS (IN MILLIONS) FISCAL YEARS 2011-2015					
2011	2012	2013	2014	2015	ANNUAL AVERAGE
\$16.9	\$67.8	\$28.5	\$19.1	\$42.9	\$35.0

SOURCE: Office of the State Auditor's analysis of financial benefits reported in audit reports released during Fiscal Years 2011 through 2015.

Our Fiscal Year 2015 audits identified a total of \$42.9 million in potential financial benefits to the State. The majority of these potential financial benefits—\$39 million—were identified in the

Consumer-Directed Attendant Support Services Performance Audit
(May 2015):

- It cost the State between \$39 and \$49 million more to provide services to clients through the Consumer-Directed Attendant Support Services Program during Fiscal Year 2014 than it would have cost to provide services through traditional delivery methods. Department management and policy makers need additional information to fully evaluate the cost-effectiveness of the Program, determine whether any additional benefits it provides justify the higher costs, and determine whether opportunities exist to make changes to the Program to reduce costs.

The OSA's *Child Welfare Performance Audit* (October 2014), *Medicaid Prescription Drugs Performance Audit* (May 2015), and *Waste Tire Processor and End User Program Performance Audit* (June 2014) collectively identified an additional \$3.9 million in potential financial benefits.

AUDIT RECOMMENDATIONS

During Fiscal Year 2015, the OSA issued 489 audit recommendations to state agencies and higher education institutions. Audit recommendations, as well as agencies' responses to the recommendations and planned implementation dates, if applicable, are included as part of the individual published reports.

Our audit recommendations promote positive change in government and are an important part of holding agencies and institutions accountable for addressing the problems and issues identified by our financial, performance, and IT audits and studies.

IMPLEMENTATION OF AUDIT RECOMMENDATIONS

Each fall, the OSA issues its *Annual Report of Audit Recommendations Not Fully Implemented*, which compiles and summarizes all performance, financial, and IT audit recommendations made during a rolling 5-year period. Through our reporting to the Legislative Audit Committee, the Joint Budget Committee, and all of the committees of reference, the OSA provides important information to policy makers and the public about agencies' progress toward implementing audit recommendations. The increased visibility created by this report and the related committee hearings has been a strong motivation for state agencies to implement their outstanding audit recommendations. This annual report is also an important part of fulfilling the OSA's statutory reporting responsibilities under the State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act.

The most recent report, issued in November 2014, covers the 3,321 financial, performance, and IT audit recommendations that the OSA made to state agencies during the period July 1, 2008, through June 30, 2013, and had not been fully implemented by those agencies as

of June 30, 2014. State agencies agreed or partially agreed to implement 99 percent of the audit recommendations made during this 5-year period.

Overall, agencies have made significant progress making the changes they agreed or partially agreed to make. As of June 30, 2014, state agencies had implemented approximately 95 percent of the audit recommendations with which they agreed. However, there are still some audit recommendations that have not been fully implemented.

- 73 of the 1,449 financial audit recommendations (5 percent) that agencies agreed or partially agreed to implement were still outstanding as of June 30, 2014. The number of unimplemented financial audit recommendations decreased since the prior year.
- 67 of the 1,828 performance and IT audit recommendations (4 percent) that agencies agreed or partially agreed to implement were still outstanding as of June 30, 2014. The number of unimplemented performance and IT audit recommendations decreased since the prior year.

ALLOCATION OF RESOURCES

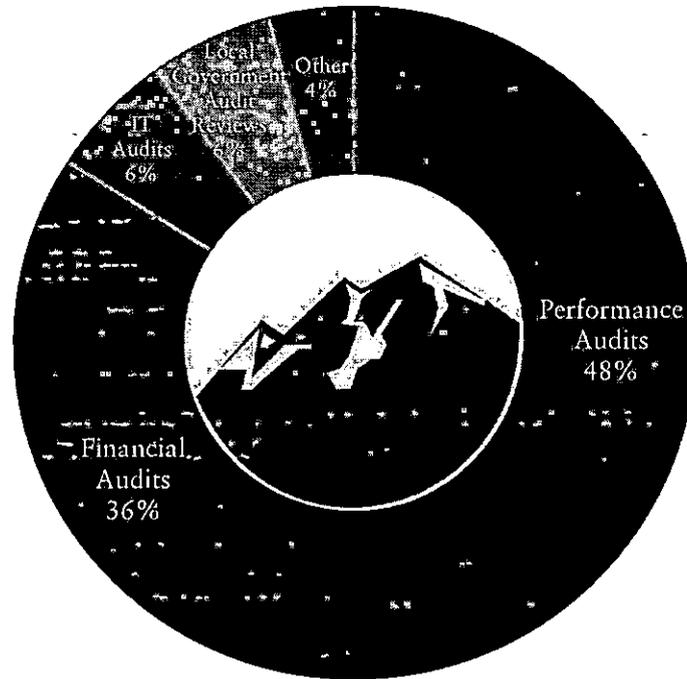
During Fiscal Year 2015, the OSA issued a total of 53 financial, performance, and IT audit reports and other work products. The OSA completed these audits and other work products for the following reasons:

- 38 audit reports and other work products (72 percent) were completed in response to statutory or other legal requirements, including the *Statewide Single Audit for the Fiscal Year Ended June 30, 2014*, which was conducted to comply with the requirements of the federal Single Audit Act.
- 8 audit reports and other work products (15 percent) were completed in response to requests from state legislators. The OSA works with the Legislative Audit Committee to review legislative requests and, if approved by the Legislative Audit Committee, incorporate them as part of the OSA's ongoing audit plan.
- 7 audit reports and other work products (13 percent) were completed at the State Auditor's discretion based on risk, audit coverage, and other considerations.

A complete listing of the audit reports and other work products the OSA issued during Fiscal Year 2015 is located on pages 34 through 37 of this report. In addition, the OSA reviewed financial audit reports and Exemption from Audit applications submitted by Colorado's 4,000 local governments.

The OSA has 72 professional and administrative support staff who are dedicated to furthering the OSA's mission and goals. The following chart shows how the OSA's audit staff hours were allocated during Fiscal Year 2015.

FISCAL YEAR 2015 ALLOCATION OF AUDIT STAFF RESOURCES



PERFORMANCE AUDITS

Performance audits address whether programs are operated in an effective and efficient manner to accomplish their intended goals and in compliance with laws and regulations. During Fiscal Year 2015, the OSA issued 15 performance audits and evaluations. These audits and evaluations identified concerns across a range of state agencies and institutions.

- CHILD WELFARE, PERFORMANCE AUDIT, OCTOBER 2014, DEPARTMENT OF HUMAN SERVICES
KEY FINDING: Deficiencies exist in the oversight of, and guidance for, county departments of human/social services, particularly with respect to screening and assessing child abuse and neglect allegations. In our review of 20 screened out referrals and 10 referrals of incidents reviewed by the Child Fatality Review Team, it was unclear that counties had followed statutes and rules to make appropriate screen-out decisions for six referrals.
- WASTE TIRE PROCESSOR AND END USER PROGRAM, PERFORMANCE AUDIT, JUNE 2014, DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
KEY FINDINGS: The current recycling rate is not sufficient to eliminate the 61 million waste tires in storage facilities by 2024, when statute requires these facilities in the state to close. The Program lacks goals and strategies related to the Program's purpose, lack of alignment between the reimbursement rate and the Program's goals, and a need for stronger controls over reimbursement payments.
- CHILD PROTECTION OMBUDSMAN PROGRAM, PERFORMANCE AUDIT, JUNE 2014, DEPARTMENT OF HUMAN SERVICES
KEY FINDINGS: The Program's current organizational structure may not be ideal to achieve the optimal level of independence. The Program also has insufficient rules, contract provisions, and

contract management practices to ensure the completion of effective reviews, the production of timely and complete reports and recommendations, and the performance of other statutorily required duties that generate positive change for the state's child welfare system.

- CONNECT FOR HEALTH COLORADO, LIMITED PERFORMANCE AUDIT, OCTOBER 2014, COLORADO HEALTH INSURANCE BENEFITS EXCHANGE
KEY FINDING: The audit identified problems with 35 out of 92 sampled vendor and grantee payments and contracts (38 percent), resulting, in part, in \$412,137 in questioned costs due to noncompliance with federal or contract requirements. Connect for Health Colorado is unable to ensure that public funds have been spent in accordance with federal requirements, that staff follow internal financial and accounting policies and procedures consistently, and that financial controls adequately safeguard resources as the federal grant enters its final stage and the organization moves to become self-sustaining.
- COLORADO CORRECTIONAL INDUSTRIES, PERFORMANCE AUDIT, JANUARY 2015, DEPARTMENT OF CORRECTIONS
KEY FINDINGS: Colorado Correctional Industries has earned little or no profits from its industries operations in recent years and has insufficient controls to ensure financial independence from the Department of Corrections. Colorado Correctional Industries also lacks information needed to monitor operations and measure performance.
- HISTORY COLORADO, PERFORMANCE AUDIT, JUNE 2014, DEPARTMENT OF HIGHER EDUCATION
KEY FINDINGS: History Colorado lacks sufficient oversight and accountability for a broad range of its functions and operations, including inadequate controls over procurement cards. As of March 12, 2014, more than half of History Colorado's 131.4 staff (79 staff) each had a procurement card. Approval of cards for staff is not tied to the employee's job responsibilities.

Additionally, the composition of History Colorado's Board of Directors lacks state representation and is not defined in statute, which creates challenges for History Colorado in meeting state fiscal responsibilities while operating as a nonprofit charitable organization.

- MEDICAID PRESCRIPTION DRUGS, PERFORMANCE AUDIT, MAY 2015, DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
KEY FINDING: Between February 2012 and January 2014, the Department violated state regulations when it paid over \$1.1 million for 5,154 Medicaid prescription drug claims that did not have approval to be dispensed. The Department lacks sufficient oversight, internal controls, and information systems to ensure the State (1) only pays for allowable and covered outpatient prescription drug benefits provided to Medicaid recipients and (2) identifies and prevents fraud, waste, and abuse related to recipients' prescription drug use and providers' prescribing activities.

- CONSUMER-DIRECTED ATTENDANT SUPPORT SERVICES, PERFORMANCE AUDIT, MAY 2015, DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
KEY FINDINGS: The average total cost of services provided to Program clients is significantly higher than the cost of similar services provided to clients through alternative service delivery options. The Program also lacks controls to ensure that enrollment requirements are consistently met, client funding allocations align with client needs, and case managers adequately monitor clients.

- MEDICATION MANAGEMENT FOR COMMITTED YOUTH AT DIVISION OF YOUTH CORRECTION FACILITIES, PERFORMANCE EVALUATION, AUGUST 2014, DEPARTMENT OF HUMAN SERVICES
KEY FINDINGS: In 24 of 60 sampled cases, the facilities did not adhere to Division policies and/or national standards when prescribing medications, meaning either that the Division lacks controls to ensure that prescribers follow accepted practices or

the controls are not working. For example, in 22 of the cases, the medical record did not indicate what diagnosis or symptoms prescribed medications were intended to treat. The audit also identified problems related to the administration, monitoring, and disposal of prescription medications.

- U.S.-36 PUBLIC-PRIVATE PARTNERSHIP (P3) PROJECT,
PERFORMANCE AUDIT, MARCH 2015, DEPARTMENT OF
TRANSPORTATION

KEY FINDINGS: Delays in procuring the project increased the total payment for the project by \$5 million due to interest rate increases. The audit identified a lack of consistency with industry standard practices in some areas of the project, including (1) inadequate information, education, and involvement of two key stakeholder groups—legislators and the public—in the project development and procurement stages and (2) a lack of systematic processes for monitoring operations and maintenance activities to ensure the concessionaire meets performance standards once the project is open for operations.

FINANCIAL AUDITS

The OSA conducts an annual audit of the State's basic financial statements and an audit of federal grants on a statewide level, as well as other required financial audits. During Fiscal Year 2015, the OSA issued 33 financial audits, including the *Statewide Single Audit for the Fiscal Year Ended June 30, 2014*.

The OSA's financial auditors completed two standalone audit reports related to the Taxpayer's Bill of Rights (TABOR): *Schedule of TABOR Revenue* (September 2014) and *Schedule of Computations Required Under Article X, Section 20, of the State Constitution* (February 2015).

The OSA's financial auditors also helped to identify high-risk areas, such as History Colorado, which was subsequently assigned as a standalone performance audit and fully staffed with financial auditors.

STATEWIDE SINGLE AUDIT

The purpose of the *Statewide Single Audit for the Fiscal Year Ended June 30, 2014*, was to express an opinion on the State's financial statements and Schedule of Expenditures of Federal Awards; review internal accounting and administrative control procedures; evaluate compliance with applicable state and federal laws, rules, and regulations; and evaluate progress in implementing prior years' audit recommendations.

FINANCIAL STATEMENT FINDINGS

- The State's financial statements covered \$33.9 billion in total assets and \$26.8 billion in total expenditures.
- We issued an unmodified opinion on the State's financial statements for the Fiscal Year Ended June 30, 2014. That means the State's financial statements presented fairly, in all material respects, the State's financial position, results of all financial operations, and cash flows, in conformance with generally

accepted accounting principles.

- We identified 27 internal control weaknesses related to compliance with internal control over financial reporting and other matters.

FEDERAL PROGRAM FINDINGS

- The State expended approximately \$10.9 billion in federal funds in Fiscal Year 2014. The four largest federal programs were:
 - ▶ Medicaid: \$3.5 billion
 - ▶ Student Financial Assistance: \$1.4 billion
 - ▶ Supplemental Nutrition Assistance Program: \$840 million
 - ▶ Unemployment Insurance: \$799 million
- We identified 50 internal control issues related to the State's compliance with requirements applicable to major federal programs.
- We identified nearly \$440,000 in questioned costs related to federal awards granted to the State.

STANDALONE FINANCIAL AUDITS

The OSA also contracted with CPA firms for standalone financial audits of Colorado higher education institutions and other entities, including the State Board of the Great Outdoors Colorado Trust Fund, the Colorado Lottery, Pinnacle Assurance, and the Colorado Public Employees' Retirement Association (PERA). The Fiscal Year 2013 PERA financial audit covered about \$47.4 billion in retirement funds.

IT AUDITS

The OSA's IT audit team reviews policies, procedures, and technology to ensure the confidentiality, integrity, and availability of the State's critical computer systems and taxpayer data.

During Fiscal Year 2015, the OSA issued two standalone IT work products.

- **SYSTEMS BACKUP AND RECOVERY, IT PERFORMANCE AUDIT, OCTOBER 2014, GOVERNOR'S OFFICE OF INFORMATION TECHNOLOGY**
KEY FINDINGS: Deficiencies exist in the Governor's Office of Information Technology's (OIT) governance over system backup and recovery processes within the Executive Branch. All five of the systems tested had control failures across multiple backup and recovery controls. Two of the five systems tested had failures in every control category. The audit also identified inconsistencies between management's expectations of backup and recovery requirements identified in Colorado Information Security Policies and OIT personnel's understanding and application of these policies.
- **INFORMATION SECURITY ASSESSMENT, PERFORMANCE EVALUATION, NOVEMBER 2014, GOVERNOR'S OFFICE OF INFORMATION TECHNOLOGY AND JUDICIAL BRANCH**
KEY FINDINGS: The Governor's Office of Information Technology (OIT) and the Judicial Branch collectively have 252 technical security vulnerabilities that should be remediated. Using a nationally recognized classification system, the assessment identified 27 "critical" vulnerabilities, 74 "high" vulnerabilities, and 142 "medium" vulnerabilities at OIT and 3 "high" vulnerabilities and 6 "medium" vulnerabilities at the Judicial Branch. Additionally, disaster recovery plans do not

exist for the two critical enterprise applications reviewed at OIT and the one critical enterprise application reviewed at the Judicial Branch.

In addition to its standalone work products, the OSA's IT audit team contributed to the OSA's performance and financial audits by evaluating controls over critical information systems and applying computer-assisted audit techniques that automated or simplified audit processes, thereby making audits more efficient and extending audit coverage (e.g., testing the entire population instead of a sample).

LOCAL GOVERNMENT AUDIT DIVISION

The OSA's Local Government Audit Division tracks about 4,000 Colorado local governments for compliance with the Local Government Audit Law, which requires local governments, such as cities, counties, special districts, school districts, authorities, and political subdivisions, to submit an annual independent financial audit or an Exemption from Audit application to the OSA.

The Local Government Audit Division examines annual financial audits to determine compliance with accounting standards and other requirements. Under certain circumstances, the State Auditor has the authority to cause an audit to be conducted of a local government. When requested, the Local Government Audit Division also provides technical assistance to local governments and their independent auditors.

During Fiscal Year 2015, the Local Government Audit Division also produced the following standalone reports:

- *Fiscal Health Analysis of Colorado School Districts* (July 2014 and May 2015)
- *School Capital Construction Report* (January 2015)
- *Cash Funds Uncommitted Reserves for the Fiscal Year Ended June 30, 2014* (February 2015)

The award-winning *Fiscal Health Analysis of Colorado School Districts* report is prepared annually and provides a set of financial indicators for each school district that may be used by the Colorado Department of Education, school districts, local government officials, and citizens to evaluate the financial health of Colorado's school districts. These financial indicators can warn of financial stress that may require further examination and remedial action by the appropriate parties.

In October 2013, the OSA issued a similar fiscal health analysis tool for Colorado counties and municipalities. The OSA's Local Government Audit Division continues to use this fiscal analysis tool, which is available on the OSA's website, when reviewing the independent financial audit reports that Colorado counties and municipalities are required to submit to the OSA.

OTHER WORK PRODUCTS

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

In August 2014, the OSA issued the *Colorado Child Welfare County Workload Study*. This study was prompted by a legislative request and established a comprehensive picture of existing child welfare workload and staffing levels as well as estimated staffing needs across Colorado's counties. The study included 54 counties and about 1,300 participating child welfare caseworkers. Overall, the study concluded that the estimated amount of time required to complete mandated child welfare activities and meet program objectives exceeded the amount of time available from the existing number of Colorado child welfare caseworkers. This study provided important information to decision makers to help evaluate resources and potentially make staffing changes to ensure the child welfare system best serves Colorado's children and families. This study directly led to the introduction and passage of Senate Bill 15-242, which provides additional resources to counties for the purpose of hiring new child welfare staff.

As mentioned previously, in November 2014, the OSA also continued its annual reporting to the Legislative Audit Committee, Joint Budget Committee, and all the committees of reference through the *Annual Report of Recommendations Not Fully Implemented*.

ABOUT THE STATE AUDITOR

The State Auditor is a constitutionally established position with broad authority to audit state agencies and departments, institutions of higher education, and the Legislative and Judicial Branches. The General Assembly appoints the State Auditor without regard to political affiliation. The State Auditor serves a 5-year term and must be a CPA licensed to practice in Colorado.

The current State Auditor, Dianne E. Ray, has specialized in governmental and nonprofit accounting and auditing for more than 25 years. Dianne possesses in-depth knowledge of Colorado's state and local governments and has established effective relationships with elected officials, executive directors, and business and community leaders.

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 Riethmayer Award for the Top Public Administrator in Colorado.

Dianne participates in various professional organizations, including the American Institute of Certified Public Accountants, the Colorado Society of Certified Public Accountants, the Government Finance Officers Association, and the National State Auditors Association. In June 2015, Dianne became President of the National State Auditors Association for the 2015-2016 term. Dianne is also a member of the Board for the Colorado Housing and Finance Authority and former Board Chair.

Prior to her appointment as State Auditor in 2011, Dianne served as the OSA's Deputy State Auditor primarily responsible for the annual financial audit of the State of Colorado. Dianne began her career at the OSA in 2002 as the Director of the Local Government Audit Division. Before joining the OSA, Dianne worked in local governments for 15 years, including as the Director of Finance and Administration for the City of Louisville, Colorado.

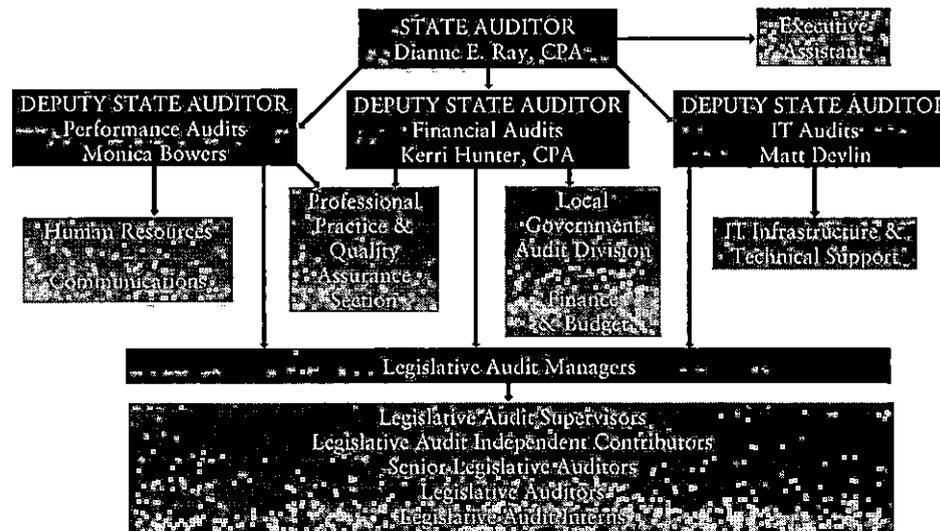
Dianne holds a Bachelor of Science degree in Accounting from Arizona State University and a Master of Public Administration degree from the University of Colorado. She is a licensed CPA in Colorado and Arizona.

OSA AUDIT STAFF

Collectively, the OSA's auditors possess more than 330 years of auditing experience. The OSA's auditors are highly educated; many auditors hold advanced degrees, such as master's degrees, law degrees, and Ph.Ds. Additionally, 40 percent of the OSA's auditors hold professional licenses and certifications, 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
- Certification in Risk and Information Systems Control
- Certification in Risk Management Assurance

ORGANIZATIONAL STRUCTURE



AUDIT INDUSTRY 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 accountability community.

PEER ORGANIZATIONS

The OSA's management and staff remain active in two national organizations whose memberships comprise state audit organizations:

- NATIONAL STATE AUDITORS ASSOCIATION (NSAA). Members of the OSA's senior management team and audit managers serve on several NSAA standing committees: Audit Standards and Reporting, Auditor Training, E-Government, Executive Committee, Nominations, Peer Review, Performance Audit, and Single Audit. Additionally, three of the OSA's performance audit managers have participated on or led NSAA peer review teams assigned to conduct quality control evaluations of audit organizations in other states. In June 2015, State Auditor Dianne Ray was named as NSAA President for the 2015-2016 term.
- NATIONAL LEGISLATIVE PROGRAM EVALUATION SOCIETY (NLPES). NLPES is a staff section of the National Conference of State Legislatures and its purpose is to advance the profession of legislative performance auditing and program evaluation. The OSA's active participation in NLPES's fall professional development seminars affords management and staff the opportunity to better understand and address the changing environment and unique demands facing legislative audit and evaluation organizations. One of the OSA's performance audit managers has served as a member of the NLPES Executive Committee since 2009. The OSA will host the NLPES fall professional development seminar in Denver in October 2015.

EXTERNAL PRESENTATIONS

The OSA regularly presents information about its work to various audiences, including government officials, members of audit industry organizations, and students attending Colorado higher education institutions.

During Fiscal Year 2015, OSA management and staff gave formal presentations or were guest lecturers/speakers associated with the following organizations and events:

- University of Denver, School of Accountancy, Industry Panel Discussion (Denver, CO), May 2015
- University of Colorado-Denver, School of Public Affairs, Spring Banquet & Awards Ceremony (Denver, CO), May 2015
- Colorado State University, School of Social Work, Policy Analysis Class (Fort Collins, CO), April 2015
- Metropolitan State University of Denver, Political Science Class (Denver, CO), April 2015
- Colorado Government Finance Officers Association Webinar (Denver, CO), April 2015
- University of Colorado-Denver, School of Public Affairs, Masters in Public Administration Class (Denver, CO), March 2015
- National State Auditors Association, Peer Review Program Webinar (Denver, CO), January 2015
- Colorado Department of Human Services, Federal Grant Reform Training (Denver, CO), January 2015
- Colorado Government Finance Officers Association, Annual Conference (Vail, CO), November 2014
- Colorado State University, School of Social Work, Policy Analysis Class (Fort Collins, CO), November 2014
- National Association of State Auditors, Treasurers, and Controllers, High-Impact Audits and Reports Webinar (Denver, CO), November 2014
- University of Colorado-Denver, School of Public Affairs, Masters in Public Administration Class (Denver, CO), October 2014
- Colorado Society of Certified Public Accountants, Governmental

Conference (Denver, CO) October 2014

- National Legislative Program Evaluation Society, Fall Professional Development Seminar (Raleigh, NC), October 2014
- National State Auditors Association, IT Workshop and Conference (Grand Rapids, MI), September 2014
- Regis University, Accounting Class (Denver, CO), September 2014
- Mountain & Plains Intergovernmental Audit Forum, 20th Biennial Forum (Denver, CO), August 2014
- National Conference of State Legislatures, Legislative Summit (Minneapolis, MN), August 2014
- Colorado Government Finance Officers Training Course (Durango, CO; Fort Morgan, CO; Pueblo, CO; Rifle, CO), July/August 2014

PROFESSIONAL ASSOCIATIONS

The OSA's auditors remain active members in several professional associations that provide opportunities for professional development and training, and to share best practices and exchange useful industry information:

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

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 recommended in audit reports, and holds state agencies accountable for addressing issues raised in audit reports. In addition, every 5 years the LAC recommends a candidate to the General Assembly for appointment as State Auditor.

CALENDAR YEAR 2015 LAC MEMBERS



SENATOR
Lucia Guzman
CHAIR



REPRESENTATIVE
Dan Nordberg
VICE-CHAIR



SENATOR
Chris Holbert



SENATOR
Cheri Jahn



SENATOR
Tim Neville



REPRESENTATIVE
Dianne Primavera



REPRESENTATIVE
Su Ryden



REPRESENTATIVE
Lori Saine

STATUTORY CHANGE

The OSA serves the people of Colorado by issuing high-quality, objective audits and reviews that address relevant public issues and promote accountability in government. In some cases, the General Assembly may seek statutory change to address the concerns and recommendations raised in our reports. Audit-related legislation originates through the Legislative Audit Committee or from agencies working directly with individual legislators. For legislation that is sponsored by the Legislative Audit Committee and relates to an audit recommendation, OSA staff work with the Legislative Audit Committee, agency representatives, and bill drafters to provide written and testimonial information.

LEGISLATIVE AUDIT COMMITTEE BILLS

During the 2015 Legislative Session, five bills sponsored by the Legislative Audit Committee were enacted into law related to issues raised in the OSA's audits and other work products, as well as the OSA's audit authority and statutory responsibilities.

- HOUSE BILL 15-1188—CLARIFICATIONS TO THE STATE
VOCATIONAL REHABILITATION PROGRAM

Made numerous changes to the Vocational Rehabilitation Program. The definition of “person with a disability” was updated to conform with state and federal standards, and provisions in conflict with current federal regulations were removed. Program staff must complete a comprehensive assessment and work with each participant to develop an individualized employment outcome or goal. Services may only be authorized if they are necessary to address the rehabilitation needs of the participant. The Program must establish reasonable time frames for employment plans and close the record of services within a timely manner and in accordance with federal guidelines. All vocational rehabilitation services provided

through the Program must be at the public cost only to the extent that the participant requires financial assistance in accordance with State rules and regulations.

RELATED AUDIT: *Vocational Rehabilitation Program, Performance Audit, November 2013, Department of Human Services*

- HOUSE BILL 15-1247—STATE ENGINEER DAM SAFETY REVIEW FEES
Increased the fees charged by the State Engineer for dam project design review from \$3 to \$6 per \$1,000 of the estimated project cost. The cap on this fee was set at \$30,000 per project. Fee increases are effective September 1, 2016. The OSA's evaluation found that the level of revenue brought in by design review fees was much lower than the cost to conduct the reviews. Taxpayers across the state benefit from the design review function, which helps to ensure that dams are constructed to operate safely. Dam owners also receive a substantial benefit from the design review services because dam owners must obtain approval of their plans before they can construct, modify, or repair their dams.

RELATED EVALUATION: *Dam Safety Program, Performance Evaluation, February 2014, Department of Natural Resources*

- SENATE BILL 15-225—STATE HISTORICAL SOCIETY GOVERNANCE
Changed the way the board of directors for the State Historical Society is selected. Beginning July 1, 2015, the Governor appoints five members of the board of directors with the consent of the Senate. Four additional members are recommended by the board of directors and submitted to the Governor for approval and appointment with the consent of the Senate. Established the Director's Council of the State Historical Society to advise the board of directors. Members of the Director's Council are elected by members of the State Historical Society.

RELATED AUDIT: *History Colorado, Performance Audit, June 2014, Department of Higher Education*

▪ SENATE BILL 15-019—COLORADO HEALTH BENEFIT EXCHANGE
AUDIT AUTHORITY

Expanded the authority of the State Auditor to conduct full performance audits of the Colorado Health Benefit Exchange. To ensure a complete and thorough audit of the operation of the Colorado Health Benefit Exchange, performance audits may cover the operation, contract management, project management, and performance of the shared eligibility system and any other related State systems. Performance audits may be conducted whenever the State Auditor or the Legislative Audit Committee deems such an audit to be appropriate.

RELATED AUDIT: *Connect for Health Colorado, Limited Performance Audit, October 2014, Colorado Health Insurance Benefits Exchange.*

▪ SENATE BILL 15-024—UPDATES TO THE LOCAL GOVERNMENT
AUDIT LAW

Changed the dollar threshold for an exemption from the statutory requirement that local governments have their financial statements audited on an annual basis. Specifically, for fiscal years commencing on or after January 1, 2015, local governments with total fiscal year revenues or expenditures of at least \$100,00, but less than \$750,000 may apply to the State Auditor for an exemption from audit. Made additional updates to terminology in the Local Government Audit Law to be consistent with accounting standards adopted by the Governmental Accounting Standards Board.

OTHER AUDIT-RELATED BILLS

In addition to those bills sponsored by the Legislative Audit Committee, 10 bills were enacted during the 2015 Legislative Session that related to or were motivated in part by issues raised in OSA audits and other work products.

▪ HOUSE BILL 15-1261—CASH FUNDS MAXIMUM RESERVE

RELATED AUDIT: *Cash Funds Uncommitted Reserves, Fiscal Year Ended June 30, 2013, Performance Audit, February 2014*

- HOUSE BILL 15-1280—CREATION OF A CAPITAL RESERVE IN CASH FUNDS
 RELATED AUDIT: *Cash Funds Uncommitted Reserves, Fiscal Year Ended June 30, 2013, Performance Audit, February 2014*
- SENATE BILL 15-014—MEDICAL MARIJUANA CAREGIVERS
 RELATED AUDIT: *Medical Marijuana Regulatory System (Part II), Performance Audit, June 2013, Department of Public Health and Environment and Department of Revenue*
- SENATE BILL 15-100—IMPLEMENTATION OF RECOMMENDATIONS IN CONNECTION WITH LEGISLATIVE REVIEW OF RULES AND REGULATIONS OF STATE AGENCIES
 RELATED AUDIT: *Child Welfare, Performance Audit, October 2014, Department of Human Services*
- SENATE BILL 15-195—SPENDING SAVINGS FROM THE AWARDING OF EARNED TIME TO INMATES
 RELATED AUDIT: *Colorado Correctional Industries, Performance Audit, January 2015, Department of Corrections*
- SENATE BILL 15-236—REORGANIZATION OF FUNDS EXPENDED BY THE STATE HISTORICAL SOCIETY
 RELATED AUDIT: *History Colorado, Performance Audit, June 2014, Department of Higher Education*
- SENATE BILL 15-241—COLLABORATIVE MANAGEMENT OF MULTI-AGENCY SERVICES PROVIDED TO CHILDREN AND FAMILIES
 RELATED AUDIT: *Child Welfare, Performance Audit, October 2014, Department of Human Services*
- SENATE BILL 15-242—ALLOCATION TO COUNTIES FOR THE PURPOSE OF HIRING NEW CHILD WELFARE STAFF
 RELATED AUDIT: *Colorado Child Welfare Workload Study, August 2014, Department of Human Services*
- SENATE BILL 15-204—INDEPENDENT FUNCTIONING OF THE OFFICE OF THE CHILD WELFARE PROTECTION OMBUDSMAN
 RELATED AUDIT: *Child Protection Ombudsman Program,*

- SENATE BILL 15-243—PROHIBITION ON THE TRANSFER OF STATE-OPERATED BEDS UNDER THE WAIVER FOR HOME AND COMMUNITY-BASED SERVICES FOR INDIVIDUALS WITH INTELLECTUAL AND DEVELOPMENTAL DISABILITIES
RELATED AUDIT: *Regional Centers for People with Developmental Disabilities, Performance Audit, November 2013, Department of Human Services*

AUDIT REPORTS & OTHER WORK PRODUCTS

Reports and other work products can be requested by phone at 303.869.2800 or accessed via the OSA's website at: www.state.co.us/auditor.

REPORT NAME	TYPE	No.
COLLEGES-AND UNIVERSITIES		
Adams State University, Fiscal Years Ended June 30, 2014 and 2013	Financial	1406F
Auraria Higher Education Center, Fiscal Years Ended June 30, 2014 and 2013	Financial	1407F
Colorado Community College System, Fiscal Years Ended June 30, 2014 and 2013	Financial	1411F
Colorado Mesa University, Fiscal Years Ended June 30, 2014 and 2013	Financial	1412F
Colorado School of Mines, Fiscal Years Ended June 30, 2014 and 2013	Financial	1414F
Colorado State University-Global Campus, Fiscal Years Ended June 30, 2014 and 2013	Financial	1416F-A
Colorado State University System, Fiscal Years Ended June 30, 2014 and 2013	Financial	1416F-B
Colorado State University-Pueblo, Fiscal Year Ended June 30, 2014	Financial	1416F-C
Colorado State University, NCAA Agreed-Upon Procedures, Fiscal Year Ended June 30, 2014	Financial	1416F-D
Fort Lewis College, Fiscal Years Ended June 30, 2014 and 2013	Financial	1421F
Metropolitan State University of Denver, Fiscal Years Ended June 30, 2014 and 2013	Financial	1423F
University of Colorado, Fiscal Years Ended June 30, 2014 and 2013	Financial	1436F
University of Colorado at Boulder, NCAA Agreed-Upon Procedures, Fiscal Year Ended June 30, 2014	Financial	1436F-A
University of Northern Colorado, Fiscal Years Ended June 30, 2014 and 2013	Financial	1437F
University of Northern Colorado, NCAA Agreed-Upon Procedures, Fiscal Year Ended June 30, 2014	Financial	1437F-A
Western State Colorado University, Fiscal Years Ended June 30, 2014 and 2013	Financial	1438F

REPORT NAME	TYPE	No.
DEPARTMENT OF AGRICULTURE		
Colorado State Fair Authority, Fiscal Years Ended June 30, 2014 and 2013	Financial	1415F
DEPARTMENT OF CORRECTIONS		
Colorado Correctional Industries, January 2015	Performance	1350P
DEPARTMENT OF EDUCATION		
School Capital Construction Report, January 2015	Other	1447S
DEPARTMENT OF HEALTH CARE POLICY AND FINANCING		
Consumer-Directed Attendant Support Services, May 2015	Performance	1413P
Medicaid Prescription Drugs, May 2015	Performance	1407P
DEPARTMENT OF HIGHER EDUCATION		
CollegeInvest, College Savings Program Funds, Fiscal Years Ended June 30, 2014 and 2013	Financial	1409F-B
CollegeInvest, Prepaid Tuition Fund, Fiscal Years Ended June 30, 2014 and 2013	Financial	1409F-A
Colorado Student Loan Program, dba College Assist, Fiscal Years Ended June 30, 2014 and 2013	Financial	1408F
Higher Education TABOR Enterprise Status, Fiscal Year Ended June 30, 2014	Other	1446F
History Colorado, June 2014	Performance	1405P
DEPARTMENT OF HUMAN SERVICES		
Child Protection Ombudsman Program, June 2014	Performance	1345P
Child Welfare, October 2014	Performance	1303P
Child Welfare Workload Study, August 2014	Other	1354S
Colorado State Veterans Center at Rifle, Fiscal Year Ended June 30, 2014	Financial	1424F
Medication Management for Committed Youth at Division of Youth Correction Facilities, August 2014	Performance	1351P
DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT		
Waste Tire Processor and End User Program, June 2014	Performance	1341P
DEPARTMENT OF REVENUE		
Colorado Lottery, Fiscal Years Ended June 30, 2014 and 2013	Financial	1420F
Division of Gaming, Fiscal Years Ended June 30, 2014 and 2013	Financial	1419F
DEPARTMENT OF TRANSPORTATION		
Colorado Bridge Enterprise, Fiscal Years Ended June 30, 2014 and 2013	Financial	1433F

REPORT NAME	TYPE	No.
Colorado High Performance Transportation Enterprise, Fiscal Years Ended June 30, 2014 and 2013	Financial	1432F
U.S. 36 Public-Private Partnership (P3) Project, March 2015	Performance	1415P
DEPARTMENT OF TREASURY		
Statement of Federal Land Payments, Fiscal Year Ended September 30, 2014	Financial	1401F-B
GOVERNOR'S OFFICE		
State Energy Program, November 2014	Performance	1346P
Information Security Assessment, November 2014	Performance	1404P
Systems Backup and Recovery, October 2014	Performance	1403P
LOCAL GOVERNMENTS		
Fiscal Health Analysis of Colorado School Districts, July 2014	Other	1439S
Fiscal Health Analysis for Colorado School Districts, May 2015	Other	1539S
OTHER ENTITIES		
Census Data Attestation for Colorado Public Employees Retirement Association (PERA) 2014 Annual Financial Audit, March 2015	Financial	1501F-AT
Colorado Health Insurance Benefits Exchange: Connect for Health Colorado, October 2014	Performance	1348P
Colorado Public Employees' Retirement Association, Fiscal Year Ended December 31, 2013 ¹	Financial	1318F
Pinnacle Assurance, Fiscal Years Ended December 31, 2014 and 2013	Financial	1445F
State Board of the Great Outdoors Colorado Trust Fund, Fiscal Years Ended June 30, 2014 and 2013	Financial	1422F
STATE OF COLORADO (ALL AGENCIES)		
Annual Report of Audit Recommendations Not Fully Implemented, October 2014	Other	1442S
Cash Funds Uncommitted Reserves Report, Fiscal Year Ended June 30, 2014	Performance	1411P
Schedule of Computations Required Under Article X, Section 20, of the State Constitution (TABOR), February 2015	Financial	1401F-A
Schedule of TABOR Revenue, September 2014	Performance	1406P
Statewide Single Audit, Fiscal Year Ended June 30, 2014 ²	Financial	1401F

NOTES:

The Colorado Public Employees' Retirement Association's (PERA) Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended December 31, 2013, was prepared by PERA and audited by an independent CPA firm under contract with the OSA. PERA's CAFR is available on the OSA's website.

The State of Colorado's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2014, was prepared by the Office of the State Controller and audited by the OSA as part of its Statewide Audit. The State's CAFR is available on the OSA's website.



We Set the Standard for Good Government

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

Phone: 303.869.2800
E-mail: osa.ga@state.co.us
Website: www.state.co.us/auditor



STATE OF COLORADO

DEPARTMENT OF HIGHER EDUCATION

John Hickenlooper
Governor

Lt. Gov. Joseph A. Garcia
Executive Director

Colorado General Assembly
Mike Mauer, Director, Legislative Council Staff
State Capitol, Rm. 029
Denver, CO 80203

Dear Legislative Council Staff and Mr. Mauer:

The Colorado Department of Higher Education ("Department") respectfully submits the following document in fulfillment of the statutory requirement set forth in HB12-1008. For clarification, only the Division of Private Occupational School (DPOS) and the Colorado Opportunity Scholarship Initiative within the Department engages in rulemaking.

2015-2016 COLORADO DEPARTMENT OF HIGHER EDUCATION REGULATORY AGENDA

Below is the anticipated 2015-2016 rulemaking by the Division of Private Occupational Schools within the Department of Higher Education as required by HB 12-1008

Title/Description Proposed Rule	Basis and/or Statutory Authority	Purpose of Proposed Rule	Estimated Rule-making Schedule 2015	Parties Potentially Affected
Revise 8 CCR 1504-1, Section III – Minimum Standards, B. Approval of Education Services, (by adding 1. Programs and stand alone courses must have: b. a description of the components of education sufficient to allow students to understand the course content and means of delivery, and c. programs and courses offered must be supplemented by 3 evaluator reports that comply with instructions provided by the Division to the school).	Section 12-59-105.3(1), C.R.S.	To clarify the educational content and quality to better inform decisions and to compare offerings to other schools or programs; and evaluator reports ensure qualified evaluators verify adequacy of objectives, equipment, instructional materials, instructional staff, and other and standards.	January	<p>Affected positively: Members of general public; residents of Colorado desiring to seek admission in an approved Private Occupational School; and approved private occupational school owners and staff who can be assured the standards of occupational education will be qualitatively improved and necessary standards enforced.</p> <p>Affected negatively: Unlawful actors who have or intend to conceal or compromise the clarity of or quality of occupational education in Colorado.</p> <p>There is no anticipated fiscal impact.</p>

Title/Description Proposed Rule	Basis and/or Statutory Authority	Purpose of Proposed Rule	Estimated Rule-making Schedule 2015	Parties that may be Affected by Adoption of Proposed Rule
Revise 8 CCR 1504-1, S III. F. 1."	Section 12-59-105.3(1), C.R.S.,	To clarify educational service need not be limited to a "diploma" but may also include a "certificate	January	<p>Affected positively: Persons desiring to seek admission in an approved Private Occupational School; approved private occupational school owners and staff.</p> <p>Affected negatively: None</p> <p>There is no anticipated fiscal impact.</p>
Revise 8 CCR 1504-1, III. F. 9. (to state Clarify through revision that the cosmetology schools who have computed their programs and courses in credit hours will be required to revert to the clock hour conversion that all other states use under revisions to Office of Barbering and Cosmetology ("OBC") resulting from SB 15-106	SB 15-106	The purpose of the proposed amendment is to align the Division's rules with the Office of Barbering and Cosmetology who dictates the rules and regulations governing licensing standards for this industry; More specifically, the Board intends to bring uniformity to the means of calculating hours in the schools.	The Division will amend this rule once the OBC has finalized its regulations under its Sunset Review of 2015.	<p>Affected positively: Persons needing clarification on calculating occupational educational hours. Occupational Schools may find this change simplifies calculations in state, across state lines and also with accrediting bodies and the USDOE.</p> <p>Affected negatively: Schools who are invested in maintaining the current method of calculating credit hours and all schools who have to make the initial changes to a new calculation method will need to revise and resubmit their programs and stand alone courses to the Division to comport with new calculation method as of July 1, 2015 thus may incur an increase in workload and a one-time cost to obtain re-approval.</p> <p>Anticipated fiscal impact on schools and Division due to increase workload initially.</p>
Revise 8 CCR 1504-1, III. H. 1. r..	Section 12-59-105.3(1), C.R.S.	Technical change to clarify that Agents are not licensed but are "approved" by the Board/Division of Private	January	<p>Affected positively: Persons seeking clarification on the process for authorizing agents, the only persons permitted to enter an enrollment agreement with the students</p> <p>Affected negatively: None.</p>

		Occupational Schools.		There is no anticipated fiscal impact.
Title/Description Proposed Rule	Basis and/or Statutory Authority	Purpose of Proposed Rule	Estimated Rule-making Schedule 2015	Stakeholders/Persons/Parties that may be Affected Positively or Negatively by Adoption of Proposed Rule
Revise 8 CCR 1504-1, IV. E. 1. To clarify that the Board has the authority and may use its discretion to file notice of claim upon or otherwise attach a school's surety or bond if the school fails to replace its surety or bond 15 days prior to the expiry date of the existing surety or bond.	Section 12-59-105.3(1), C.R.S. Powers and Duties of the Board.	Clarify the powers of the Board and explain the consequences of failing to adequately maintain its surety or bond to safeguard educational investments and prepaid unearned tuition of students.	January	Affected positively: Students who would be adversely affected by bond lapse; current bonds in good standing are necessary to safeguard student's interests are adequately protected. Affected negatively: Unlawful actors or school owners who do not timely renew the statutorily mandated surety or bond coverage; a claim on the bond may impact the school's/owner's ability to secure future bonds and/or may incur financial dealings.
Title/Description Proposed Rule	Basis and/or Statutory Authority	Purpose of Proposed Rule	Estimated Rule-making Schedule 2015	Stakeholders/Persons/Parties that may be Affected Positively or Negatively by Adoption of Proposed Rule
Rescind 8 CCR 1504-1, IV. F. 4. In order to be consistent with the removal of statutory language mandated by federal state authorization regulations.	34 CFR 600.9(a)(1) and all other regulations concerning state authorization and Section 12-59-105.3(1), C.R.S.	The purpose of the proposed rescission is to ensure compliance with federal regulations and state statutory revisions.	January	Affected positively: All stakeholders and Parties. There is no anticipated fiscal impact.
Title/Description Proposed Rule	Basis and/or Statutory Authority	Purpose of Proposed Rule	Estimated Rule-making Schedule 2015	Stakeholders/Persons/Parties that may be Affected Positively or Negatively by Adoption of Proposed Rule
Revise 8 CCR 1504-1, IV. E. 4. c. to omit the language "which is doing business in Colorado and"	Section 12-59-105.3(1), C.R.S.	To clarify that a bank or financial institution funding the surety/bond need not be located in or doing business in Colorado; the	The Division will address this amendment early in 2015.	Affected positively: All parties and persons benefit from the clarification and the facts that schools securing and maintaining surety or bond instruments that are backed by sound institutions. Affected negatively: None

		necessity is that the financial institution must be insured by a federal depositor's corporation and otherwise demonstrate good standing and financial solvency.		There is no anticipated fiscal impact.
Title/Description Proposed Rule	Basis and/or Statutory Authority	Purpose of Proposed Rule	Estimated Rule-making Schedule 2015	Stakeholders/Persons/Parties that may be Affected Positively or Negatively by Adoption of Proposed Rule
Rescind 8 CCR 1504-1, VII. T. & U	Section 12-59-105.3(1), C.R.S.	The purpose of the proposed rescission is to ensure compliance with federal regulations and state statutory revisions.	The Division will address this amendment early in 2015.	Affected positively: Members of general public; residents of Colorado, business owners and entrepreneurs who may be otherwise be clear that all flight schools are governed by the FAA and not under the Private Occupational School Act. Affected negatively: None There is no anticipated fiscal impact.
Title/Description Proposed Rule	Basis and/or Statutory Authority	Purpose of Proposed Rule	Estimated Rule-making Schedule 2015	Stakeholders/Persons/Parties that may be Affected Positively or Negatively by Adoption of Proposed Rule
Revise 8 CCR 1504-1, XI. A. to explain cease and desist power.	SB 15-171 And section 12-59-105.3(1), C.R.S.	To clarify the process and procedures the Board will follow to invoke its cease and desist power over institutions that fall under the jurisdictions of the Private Occupational School Act but are operating as an unauthorized of illegal private occupational school.	January	Affected positively: Members of general public; residents of Colorado desiring to ensure that all private occupational schools are treated similarly and that those who choose to act outside of the law will be brought to justice swiftly and efficiently. School owners and institutions operating legitimately will be protected from actors who refuse to follow applicable regulations yet continue to compete with legitimate operations that are disadvantaged and potentially harmed by actors who are not subject to regulatory measures designed to ensure equity and compliance with the law.

				<p>Affected negatively: Actors or institutions that have been operating without authorization.</p> <p>There is no anticipated fiscal impact.</p>
Increase Fee Schedule posted under 8 CCR 1504-1, II.	Sections 12-59-116 and 12-59-105.3(1), C.R.S.	To adjust fee schedule so that the revenue generated from fees approximates the direct and indirect costs of administering the Private Occupational Schools Act.	December	<p>Affected positively: All persons relying on the continued</p> <p>Affected negatively: None.</p> <p>There will be a fiscal impact to the schools required to meet the increase in fees schedule.</p>

Below is the anticipated 2015-2016 rulemaking by the Colorado Opportunity Scholarship Initiative within the Department of Higher Education as required by HB 12-1008.

Title/Description Proposed Rule	Basis and/or Statutory Authority	Purpose of Proposed Rule	Estimated Rule-making Schedule 2015	Parties Potentially Affected
8 CCR 1504-9: rules for the administration of the Colorado Opportunity Scholarship Initiative	HB 14-1384	Statute requires Colorado Opportunity Scholarship Initiative Board to promulgate rules for the administration of the initiative.	<p>Notice Date: June – 2015</p> <p>Hearing Date: August – 2015</p> <p>Adoption Date: August - 2015</p>	Members of the general public, residents of Colorado desiring to seek postsecondary education, Public Institutions of Higher Education, Local municipalities.
REVISE: CCR 8 CCR 1504-9 (Emergency Rules)	OLLS Review	Revisions are required to add additional criteria for the evaluation of students and the initiative.	Adoption Date: September – 2015	Members of the general public, residents of Colorado desiring to seek postsecondary education, Public Institutions of Higher Education, Local municipalities.
REVISE: CCR 8 CCR 1504-9	OLLS Review	Revisions are required to add additional criteria for the evaluation of students and the initiative.	<p>Notice Date: October - 2015</p> <p>Hearing Date: November - 2015</p> <p>Adoption Date: November-15</p>	Members of the general public, residents of Colorado desiring to seek postsecondary education, Public Institutions of Higher Education, Local municipalities.



**Committee of Reference
SMART Government Act Hearing**

December 14, 2015



Overview

Overview of Higher Education in Colorado

SMART Act Requirements

Linking Policy to Master Plan Goals

Colorado Innovation in Higher Education

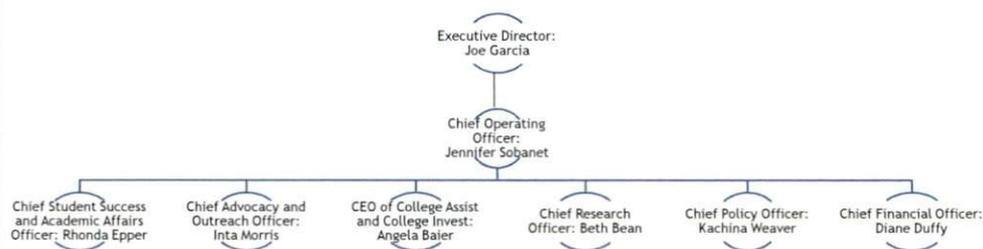
The Colorado Department of Higher Education (CDHE)



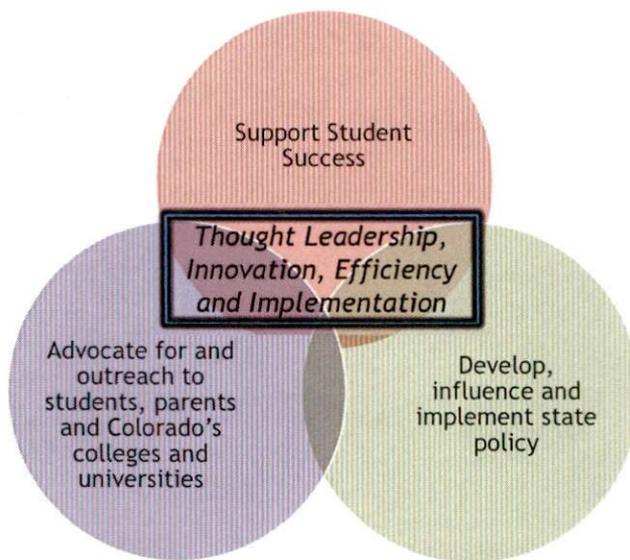
The mission of the Colorado Department of Higher Education is to improve the quality of, ensure the affordability of, and promote access to, postsecondary education for the people of Colorado.

In pursuing its mission, the Colorado Department of Higher Education will act as an advocate for the students and institutions of postsecondary education and will coordinate and, as needed, regulate the activities of the state's postsecondary education institutions.

CDHE Organizational Structure



What We Do!



The Colorado Commission on Higher Education (CCHE)

Colorado's Central Policy and Coordinating Board for Higher Education (*CCHE is not a governing/regulatory board*).

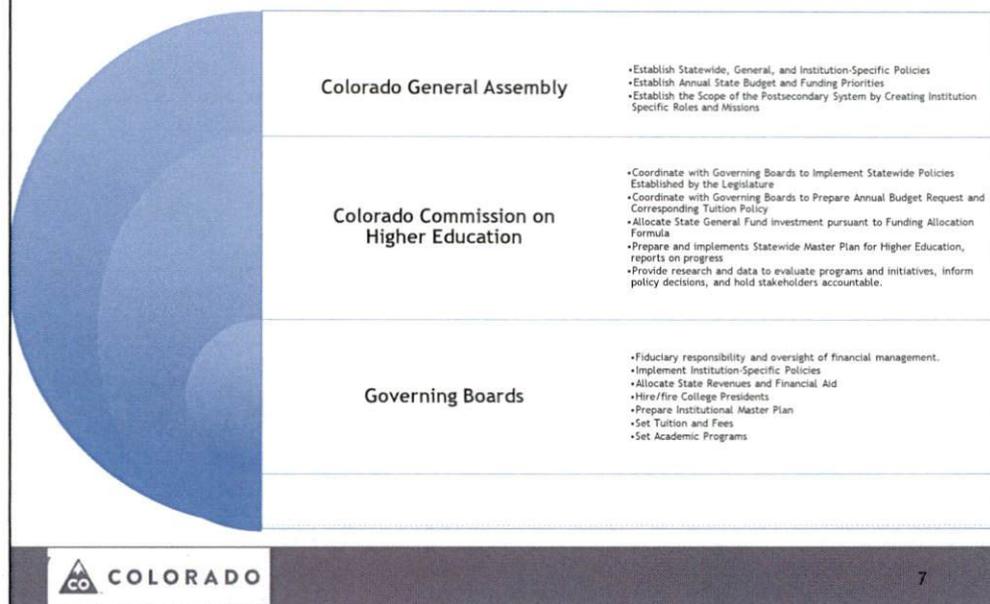
11 Commissioners

- Appointed by the Governor, confirmed by the Senate
- Four-year terms, with limit of two consecutive terms.
- At least one member from each congressional district, and at least one from West of the continental divide.

13 Member Advisory Committee

- Includes 6 legislative members, appointed by legislative leadership - *3 from each chamber, 2 from the majority party and one from the minority party*
- Plus: Faculty, Student, Non-profit Private, Institutional Finance, Academic Council, K-12, and Parent Advisory members - all appointed by their groups.

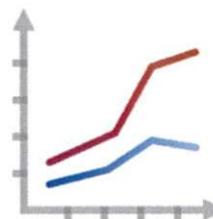
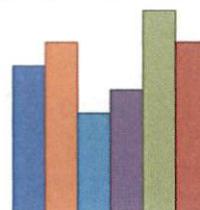
Higher Education Policy in Colorado



Resource and Experts

Our data and research provide important reports and information for policy makers:

- Postsecondary Progress and Success of High School Graduates
- District at a Glance tool
- Concurrent Enrollment Report
- Remedial Education Report
- Ed Pays Report
- Skills for Jobs Report
- Talent Pipeline Report
- Colorado Completion Progress Report
- Reports regarding graduation rates, student transfer, student retention, and STEM degree production



COLORADO

8

Colorado Institutions of Higher Education

31 Public Institutions of Higher Education (established by the Colorado General Assembly and the Colorado Constitution)

- 13 four-year and research institutions
- 15 two-year public institutions
- 3 Area Vocational Schools/Colleges

Over 370 private occupational schools (*Division of Private Occupational Schools, CRS 12-59-101 et seq*)

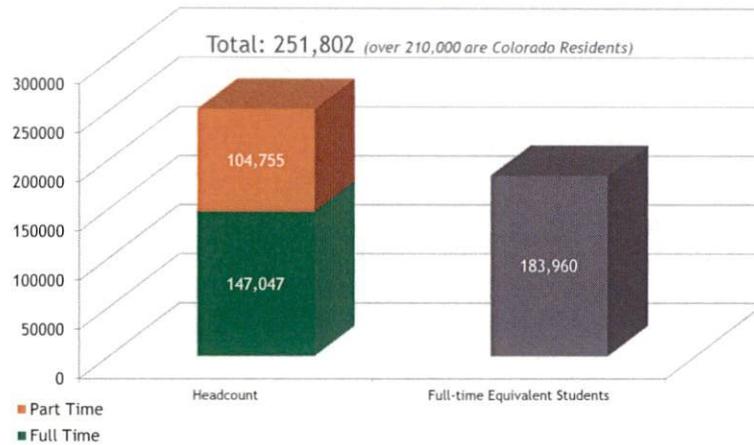
Approximately 100 degree-granting private colleges and religious training institutions (*Degree Authorization Act, CRS 23-2-101 et seq*)

The Footprint of Colorado's Public Institutions of Higher Education



Students Being Served by Colorado Higher Education

(2014-15 enrollment in public institutions)



Future Labor Market in Colorado

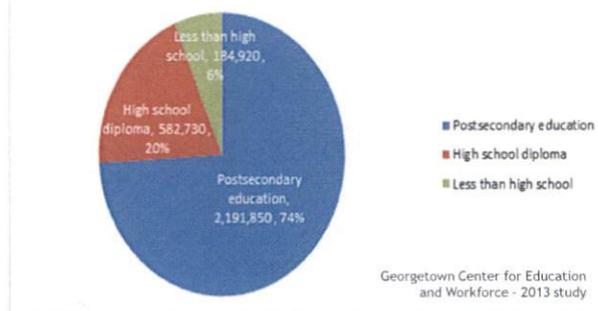
WHAT WE KNOW...

By 2020, 74% of all of the jobs in Colorado will require some level of postsecondary education (3rd highest in the nation).

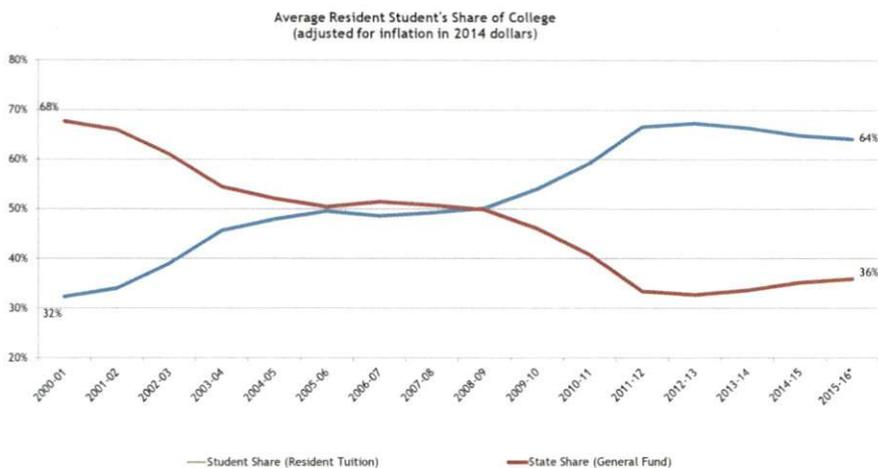
In contrast, the demand for high school-only trained adults in Colorado is the second weakest in the nation (49th in the nation).

Unemployment rates are considerably lower for individuals with some level of postsecondary completion, demonstrating the demand for this level of education.

Future Education Levels Needed for Colorado Workforce, 2020



Bearing the Cost of Higher Education The Shift to Students and Families



Colorado Institutions Are More Efficient than Other States

NATIONAL ANALYSIS OF COST DRIVERS in COLORADO

Found Colorado's public institutions, of all types:

OPERATE ON LESS - Operate on fewer resources to support basic operations, than do similar institutions in other states.

MORE EFFICIENT - Have reduced costs and are already far more efficient than other states.

SPEND LESS - Spend less than what would be expected, relative to peers across the country.

“Colorado Competes” and the SMART Act: Linking Funding to Results

Implementation of
HB 14-1319 Aligns With
Requirements of
HB 13-1299



Master Plan Goals Supported by Funding Allocation Formula

- Increase overall post-secondary completions (*this includes certificates, transfers, and traditional degrees*).
- Meeting needs of high demand fields “*top jobs*” by providing a bonus in the formula.
- Increase participation by low-income Coloradans.
- Ensure continued availability of post-secondary opportunities in all areas of the state.
- Annually identify and report on progress made.

Public Feedback Supports Efforts: Master Plan and Funding Allocation Formula



★ Location of public education and outreach meeting

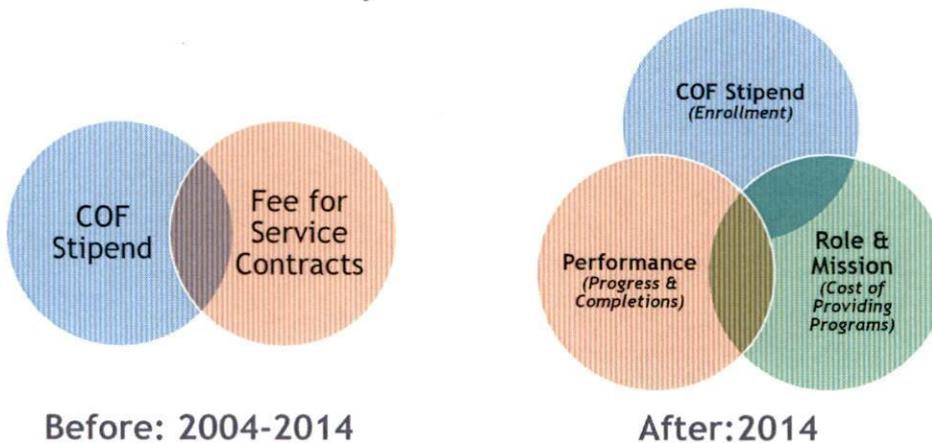
Affordability

Increasing Completions

Providing Needed Services to Low Income and Under Represented Minority Students

Access to higher education in all geographic areas of the state

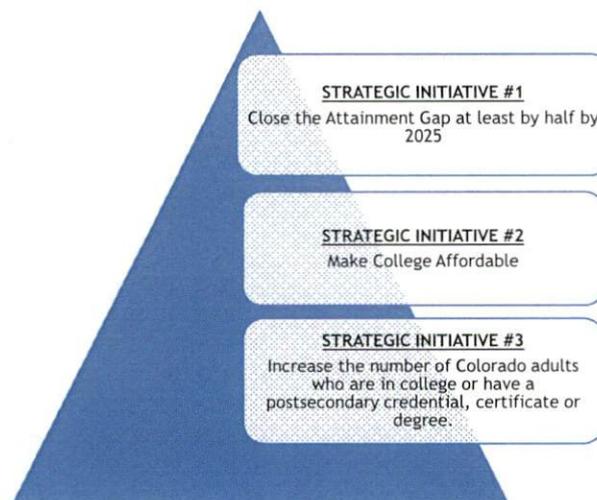
Higher Education Finance in Colorado: Before and Current



Funding Allocation Formula: Incentivizing Behavior



Strategic Policy Initiatives:



Colorado Innovation - Increasing Completions & Reducing Time to Degree

Colorado Opportunity Scholarship Initiative	Remedial Redesign	Guaranteed Transfer Pathways	Guided Pathways to Success
Concurrent Enrollment	BEL Commission / BASIC	FAFSA Completion Project - Collective Impact Strategy,	Closing the Attainment Gap
Business and Experiential Learning Commission	Markle/LinkedIn Project - Statewide Articulation Agreements	Helping Foster & Unaccompanied Youth be Successful	Prior Learning Assessments
Degree Within Reach	Math Pathways	College Admissions Tool	Own Your Future



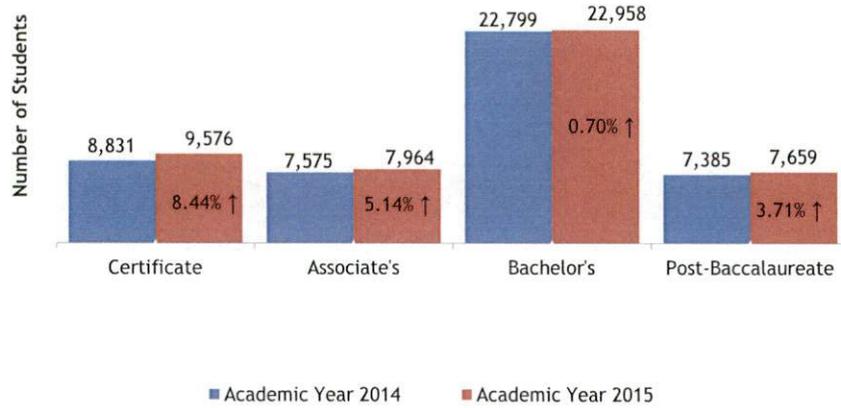
CollegeinColorado.org



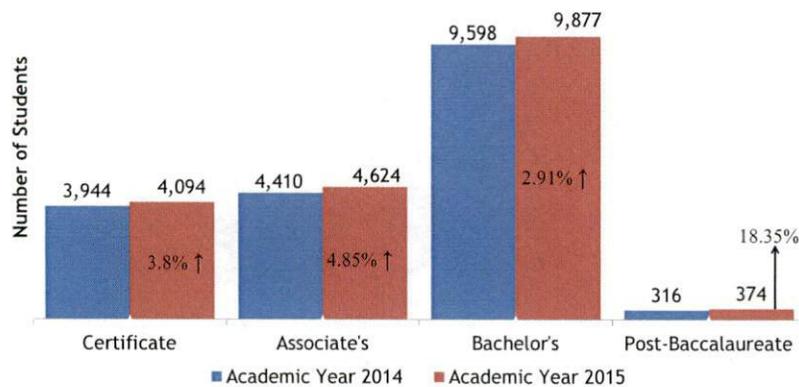
Progress To-Date What Does Our Data Tell Us:

- The Funding Allocation Formula for Higher Education has been in place for one fiscal year (FY 2014-15) so far.
- Comparative data are limited to Academic Years 2013-14 and 2014-15 at this juncture.
- The Department will continue to collect data on Colorado's progress and report annually through this SMART Act Report.
- We look forward to seeing these numbers move upward as the funding allocation formula incentivizes institutions to adjust behavior and priorities.

Our Progress: Credential Completions



Our Progress: Pell-Eligible Student Completions



TUITION POLICY - CCHE Recommendation for FY 2016-17

Governing boards shall have the authority to raise tuition rates for resident undergraduate students within specified tuition increase limits directly linked to the level of General Fund support -

- **If the state General Fund appropriation is flat or falls below** the level appropriated in FY 2015-16 (\$672 million), there will be no restrictions on tuition levels set by governing boards.
- **If the state General Fund appropriation increases** above the level appropriated for FY 2015-16, the tuition increase limit on resident undergraduate tuition is dependent upon the level of state investment.

In Addition:

- **Any governing board receiving less than the overall percentage growth**, through the new funding allocation formula, will be **permitted to increase tuition by an additional one percentage point** above the tuition recommendation limit.
- **Governing boards will also have the ability to request flexibility** above CCHE tuition increase limit through a Tuition Accountability Plan.

STATUTORY CHANGE NEEDED:

- Over the last five fiscal years, tuition has been an informational appropriation in the Long Bill. The Department and CCHE support a continuation of this practice, which has worked well for both the General Assembly and governing boards.
- Technical changes to statute will be necessary to retain this practice moving forward.

Let DHE be a resource to you

Do you have questions?
Are you looking for data or additional resources?

DHE staff is here to help:

Address

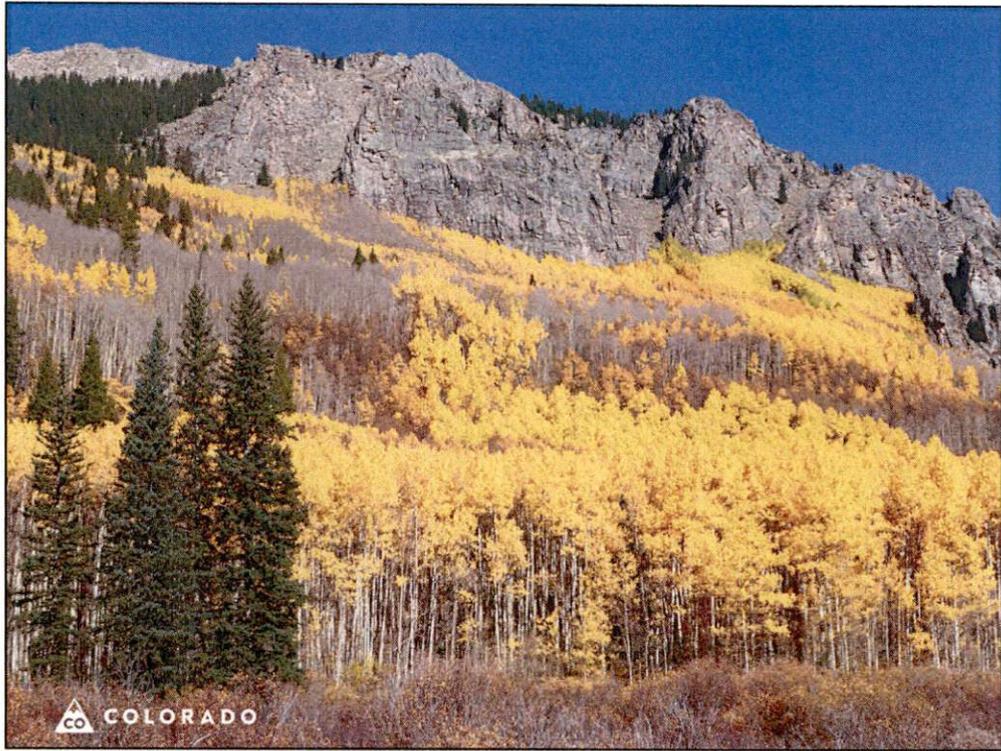
1560 Broadway, Suite 1600
Denver, CO 80202

Legislative Liaison:

Kachina Weaver
(303) 883-7076
or

kachina.weaver@dhe.state.co.us





History Colorado

SMART Presentation
to the
Joint House and Senate Education Committees

December 14, 2015



History Colorado is ...

Both:

▸ An agency of the State of Colorado (an “institution of education” under the Colorado Department of Higher Education)



▸ A qualified, 501(c)(3) charitable organization



Our Facilities Include . . .

- ▶ History Colorado Center (Denver)



- ▶ Seven Community Museums across the State (Pueblo, Montrose, Trinidad, Fort Garland, Denver, Leadville & Platteville)

- ▶ Four Historic Sites (Denver (2), Central City & Fort Garland)



- ▶ A Railroad (Georgetown)



- ▶ Three Storage & Support Facilities (Denver (2) & Pueblo)

HISTORY Colorado

Our Mission

Inspire Generations To Find Wonder
And Meaning In Our Past



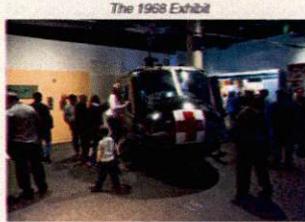
and



Engage In Creating A
Better Colorado

HISTORY Colorado

Public Programming



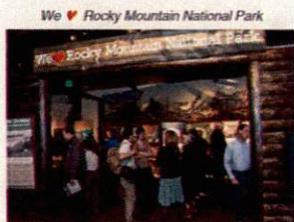
The 1968 Exhibit



Searching for Home



El Movimiento: The Chicano Movement in Colorado



We ♥ Rocky Mountain National Park



Toys of the '50s, '60s and '70s

Exhibits Featured at History Colorado Center During 2015

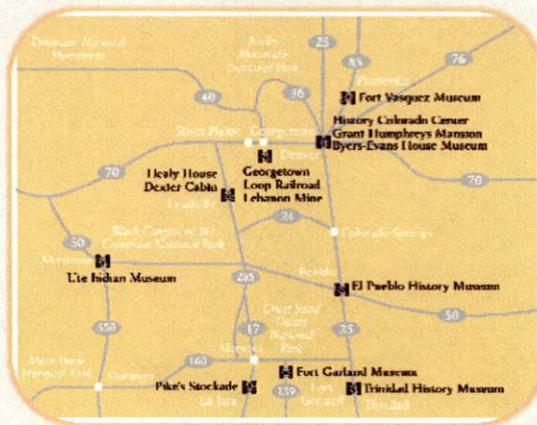
HISTORY Colorado

FY 2014-15 Visitation

» History Colorado Center:
214,421 visitors

» Community Museums:
249,881 visitors

» Railroad (Georgetown Loop):
111,510 riders



HISTORY Colorado

Creating Exhibits Designed to Provide . . .



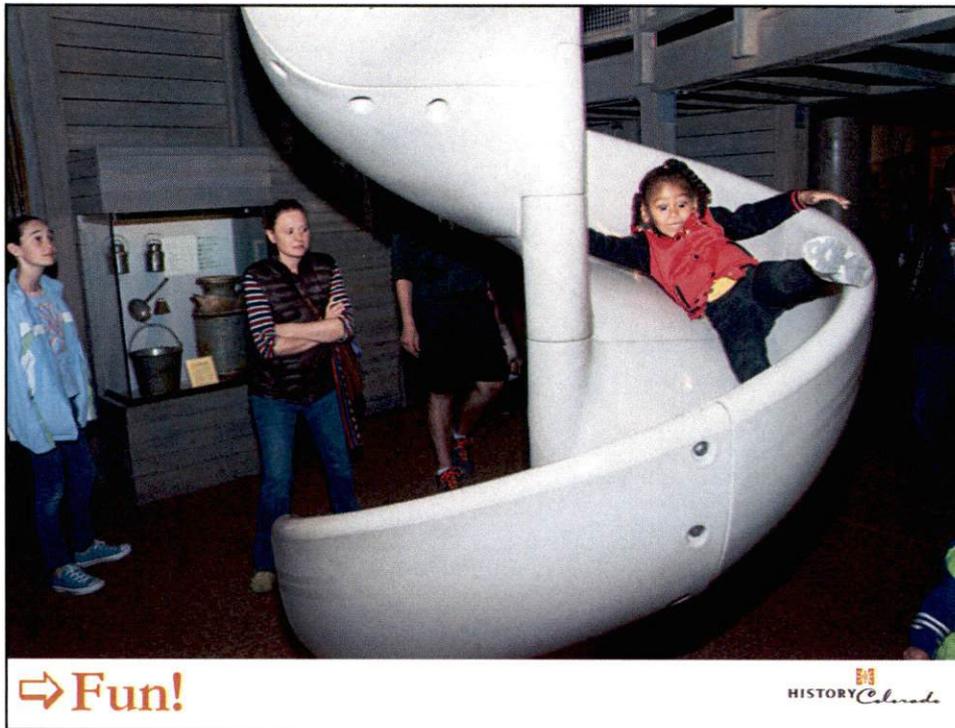
⇒ Intellectual Stimulation

HISTORY Colorado



⇒ A Sense of the Past

HISTORY Colorado

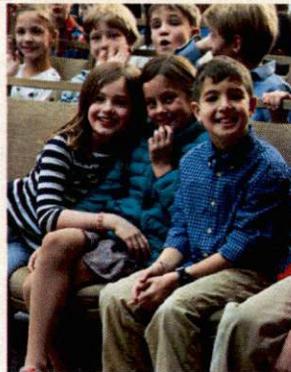


⇒ Fun!

HISTORY Colorado

Educational Programs

⇒ Providing Education and Resources in History for both Students & Teachers

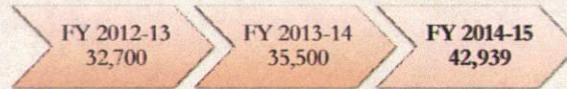


HISTORY Colorado

K-12 Education at the History Colorado Center

During School Year 2014-15:

- › 42,939 K-12 students visited the History Colorado Center



K-12 Student Attendance Growth at the History Colorado Center (2012-2015)

- › Approximately 12,500 of these students were from Title I schools
- › 4,800 teachers were served through Teacher Professional Development



K-12 Education at History Colorado Elsewhere Around the State

Elsewhere around the State in FY 2014-15:

- › 12,896 students received on-site education at Community Museums
- › 16,336 additional students were reached through the “History Take Out Program” delivered by our educators and partners
- › 12,338 students experienced Colorado History through artifact kits distributed by History Colorado to schools
- › 4,396 students took walking tours to historic downtown locations



History Colorado's Digital Experience



Online Exhibits

Amache-Carada Relocation Center

JAPANESE RELOCATION

Amache-Carada Relocation Center

During World War II, 120,000 Japanese and Japanese American men, women and children were forcibly removed from their homes in the West and placed in government-operated internment camps in Colorado. In the heart of the state, an important and overlooked opportunity.

VIEW EXHIBIT

The Program

- Colorado history delivered on-line
- Student participants earn digital badges to recognize learning achievement at each online exhibit
- Both donor and grant funded
- Three current programs
- Three additional programs in development

The Analytics:

Landing page: January 2014-July 2015

Number of online visits: 13,126

Number of page views: 24,115

Badges Earned:

Amache: 803

Bent's Fort: 411

Lincoln Hills: 281



History Colorado Badge Management

Welcome, Cheryl

Amache

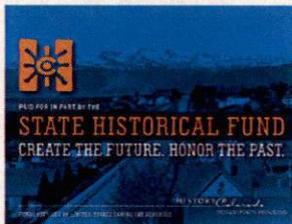
Bent's Fort

Lincoln Hills



Heritage Services

⇒ Archaeology and Historic Preservation Services



⇒ State Historical Fund

⇒ State Historic Preservation Tax Credit Program

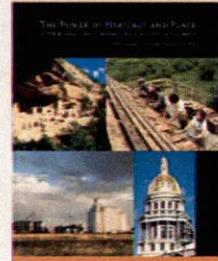


⇒ State Historic Preservation Tax Credit Program



Preservation = Local Economic Development

- \$8.6 Million in State Historical Fund grants awarded in FY 2014-15
 - An estimated \$34.4 Million overall impact to local economies around the State
- FY 2014-15 State Historic Preservation Tax Credit Program helped fund \$7.5 Million in total project costs
 - An estimated \$29.8 Million overall impact to local economies around the State
- The new State Historic Preservation Tax Credit program is expected to help fund \$37.2 Million in total project costs
 - An estimated \$149 Million overall impact to local economies around the State



HISTORY Colorado

Collections & Library

⇒ History Colorado provides stewardship of Colorado's collection of over 15 million individual historic objects and artifacts



⇒ The History Colorado Center in Denver is also the home of the Stephen H. Hart Research Center & Library

HISTORY Colorado

Civic Engagement



⇒ Statewide, History Colorado's facilities are widely used venues for significant public events



HISTORY Colorado

A Brief Sampling of 2014-15 Civic Programs

- Partnered on Colorado's first ever Civic Health Index, holding kick off press conference
- COmingle, a young adult program aimed at getting more diverse, younger audiences into the Museum to interact with the exhibits
- Hosted two Naturalization Ceremonies throughout the year in which 100 participants, representing 52 countries, became United States citizens
- Worked with community partners Denver Water, National Weather Service, One World, One Water Center and others for a series on Colorado water
- Over 555 people attended special adult programs like *FWD: RACE*, the Sand Creek Day of Remembrance, and a Smithsonian Channel film screening
- Kickoff venue for The Denver Foundation's *Closer to Home* awareness building initiative around the topic of homelessness
- El Pueblo Museum in Pueblo became the home of the local farmers' market, attracting more than 12,000 additional visitors to the Museum during summer months

HISTORY Colorado

2014-15—A Year of Challenges

- 2014 Performance Audit
- Financial Sustainability
- Board Transformation
- Organizational issues

Actions in Response

- 2014 Performance Audit
 - » All findings addressed with one exception that will be completed by Jan-16

Actions in Response

- ▶ **Financial Sustainability**
 - » Colorado Department of Higher Education, Office of the State Controller and History Colorado convened Fiscal Working Group to better quantify financial issues
 - » Board formed separate task force to develop targets and solutions—targeted \$3M improvement (revenue enhancements and cost reductions) by 2016-17
 - » Approximately 20% of employee population left in August through September through voluntary retirement (including top three executives) or involuntary layoff; non-personnel expenses cut by 11% for 2015-16
 - » Expect to reduce recurring annual losses from a projected \$2.3M down to <\$1M in 2015-16 and breakeven or better by 2016-17
 - » Continuing to work on revenue enhancement opportunities

HISTORY Colorado

Actions in Response

- ▶ **Board Transformation**
 - » Implemented statutory changes in response to the 2014 Performance Audit and JBC recommendations that changed the organization's historic practice of having Board (25-30 members) elected by the membership of the organization to provide more oversight and accountability at the Executive level
 - » Pursuant to SB 15-225, existing Board was dissolved effective July 1, 2015 and replaced with a 9-member Board appointed by the Governor (subject to Senate confirmation)

HISTORY Colorado

Actions in Response

- **Organizational Issues**
 - » **Interim leadership appointed in late August**
 - » **Handled involuntary layoffs**
 - » **Began focused effort of**
 - Improving morale
 - Providing greater transparency to employees
 - Flattening organization
 - Responsible empowerment of managers and other employees
 - Fiscal education and accountability in managers

 HISTORY Colorado

Plans in Place for the Future

- **Financial Plan** founded on long-term fiscal sustainability and accountability
- **Operational Plan** designed to enhance programming spectrum and place new emphasis on Community Museums
- **Organizational Plan** that encourages managers and employees to work more closely together as cross-functional teams and empowers them to “make things happen”
- **Governance Plan** to monitor long-term sustainability and provide better strategic direction in key areas such as revenue growth

 HISTORY Colorado

Looking Forward

- ▶ Complete Executive Director/CEO search
- ▶ Develop and implement new strategies around revenue growth
- ▶ Closely monitor financial results and hold managers responsible
- ▶ Strategically assess and implement new programming founded more directly on Colorado history and our fabulous collection
- ▶ Renew focus on Community Museums
- ▶ Maintain a closer partnership with Colorado Department of Higher Education and Office of State Planning & Budget

HISTORY *Colorado*

Supplemental Documents

- ▶ Response to Request for Information (1-Nov-2015)
- ▶ 2016-17 Performance Plan (1-Nov-2015)

HISTORY *Colorado*

Response to Request for Information
from Joint Budget Committee

November 1, 2015

HISTORY *Colorado*

Performance Plan
Fiscal Year 2016-17
as of November 1, 2015

HISTORY *Colorado*

Questions



COLORADO
Department of Education

SMART Act Hearing

Elliott Asp, PhD, Interim Commissioner
Alyssa Pearson, Interim Associate Commissioner for
Accountability, Performance and Support

December 14, 2015

CDE SMART Act Hearing

Colorado Department of Education's (CDE) SMART Act Hearing

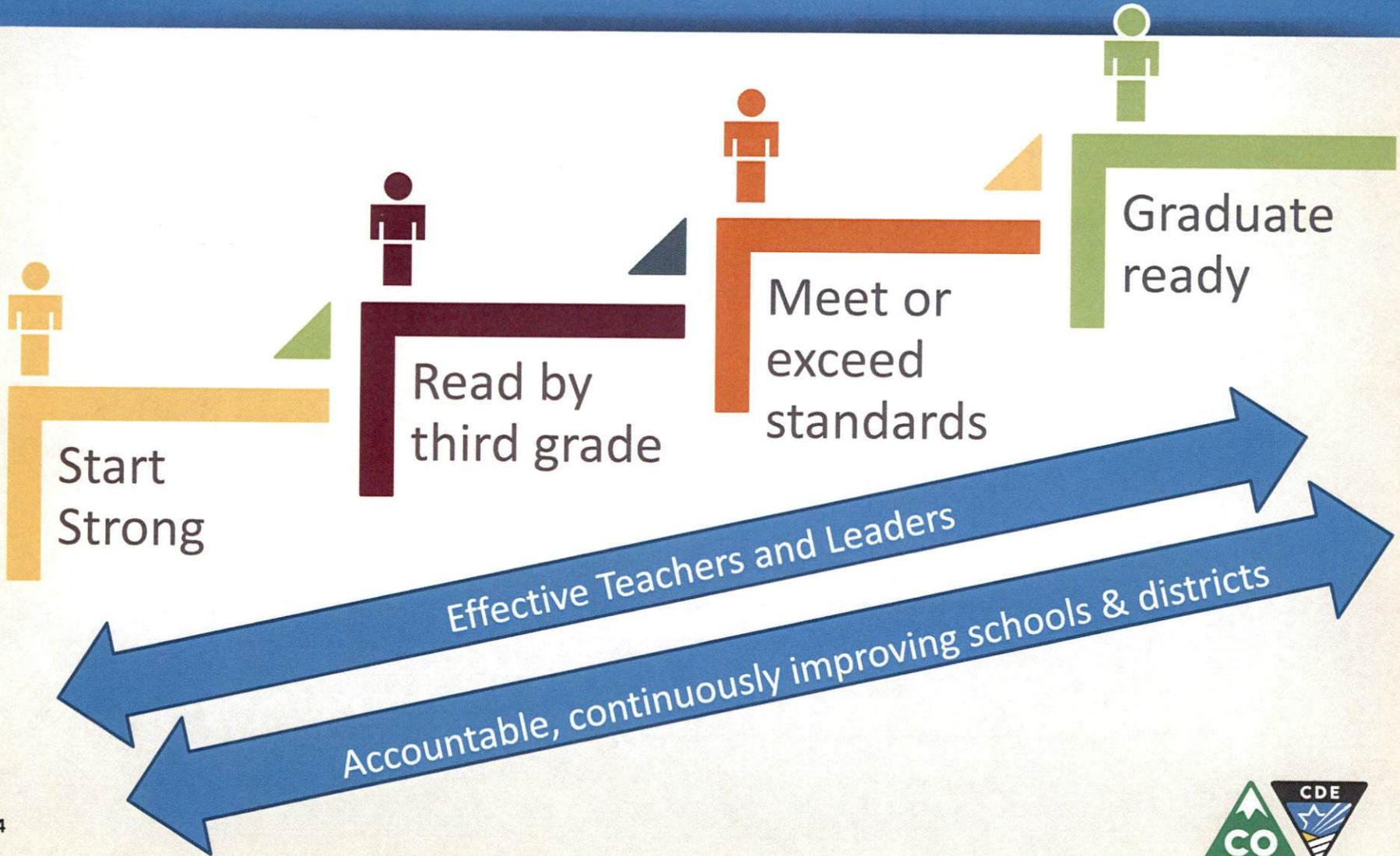
- **CDE Responsibilities**
- **CDE Performance Plan and Transition**
- **Legislative Updates**
 - Kindergarten School Readiness
 - Graduation Guidelines
 - Assessment
 - Accountability
- **Discussion**



CDE Responsibilities

- Implement state and federal education laws,
 - Disburse state and federal funds,
 - Hold schools and districts accountable for performance,
 - License all educators,
 - Provide public transparency of performance and financial data.
- Provide leadership, resources, and support to Colorado's
 - 178 school districts
 - 1,824 schools
 - 56,947 teachers
 - 5,092 administrators
 - 889,006 students

CDE's Strategic Goals: Every Student, Every Step of the Way



CDE During Transition

CDEs Performance Plan



CDE's 4 strategic Goals

Organizational Focus Areas during the transition

1. Stabilize
2. Flexible Temporary Structure
3. Critical Tasks and Functions
4. Key Initiatives: and *Strategic Imperatives*

Operational Imperative

- Customer Service

Programmatic Imperatives

- Data Privacy
- Supporting low performing Schools
- Accountability



Kindergarten School Readiness



Kindergarten School Readiness: Overview and Implementation Status

- **S.B. 08-212 (CAP4K) requires each kindergarten student to have an individualized school readiness plan based on an approved assessment to support the student's progress toward school readiness.**
 - Districts have been phasing-in since 2013-14. CDE has provided districts with the option to continue the phase-in process to 2016-17.
 - The State Board of Education has approved four assessment options.
 - In 2016, State Board will adopt system for reporting population-level results as required by statute.
- **Changes from H.B. 15-1323**
 - Allows reading assessment required by the READ Act to be used in lieu of the literacy component of the kindergarten school readiness assessment if it is given within first 60 days of school year. For students identified with a Significant Reading Deficiency, READ Plan is to be component of the school readiness plan



Kindergarten School Readiness: Lessons Learned

Implementation Lesson	CDE Actions
Districts value choice in assessment selection	Districts have a menu of school readiness assessments from which to choose.
Some parents have raised concerns over data privacy and security	CDE is working with all assessment publishers to ensure strict compliance with applicable laws and state policies.
Administrators have expressed concerns about pressure on kindergarten teachers (i.e., time needed to use assessments properly, challenges of assessment within half-day programs)	CDE has been providing ongoing training and support to kindergarten teachers and administrators. CDE has worked with publishers to provide shorter versions of the assessment tools.
Teachers have expressed confusion about the role of READ assessments in relation to school readiness assessment	Based on HB 15-1323, CDE has provided guidance allowing the use of the READ assessment to replace the literacy portion of the school readiness assessment . CDE is providing coordinated support and trainings for school readiness and the READ Act.

Graduation Guidelines



Graduation Guidelines – Overview and Timeline

- **HB 07-1118 required the development of state high school graduation guidelines.**
 - 2013: State Board of Education initial adoption
 - 2015: State Board of Education updates
- **Local school board and district options and responsibilities:**
 - Must select from a list of options that students must use to show what they know to graduate from high school beginning with the graduating class of 2021 (students entering ninth grade in 2017-18)
 - Must include at least one measure from the approved menu for demonstrating college or career readiness in English and math
 - May offer some or all of the state menu options, districts can set a higher bar and add graduation requirements in other content areas

Graduation Guidelines— Approved Menu Options

Option	English	Math
ACCUPLACER	62 Reading comprehension	61 elementary algebra
ACT	18	19
ACT Compass	79	63
ACT Work Keys	Bronze or higher	Bronze or higher
Advanced Placement	2	2
Armed Services Vocational Aptitude Battery	31	31
Concurrent Enrollment	Passing grade	Passing grade
District Capstone	Individualized	Individualized
Industry Certificate	Individualized	Individualized
International Baccalaureate	4	4
SAT	430	460
Standards-based assessment	State-wide scoring criteria	State-wide scoring criteria

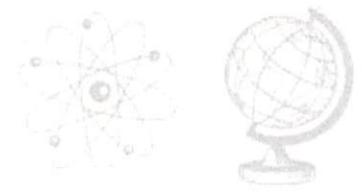
Assessment



COLORADO MEASURES OF ACADEMIC SUCCESS



COLORADO - DEVELOPED
Science and Social Studies



PARCC - DEVELOPED
English Language Arts
and Mathematics



Assessment Shifts in Response to HB 15-1323 and SB 15-056

Assessment	2014-2015	Starting in 2015-2016	Changes/Actions
English Language Arts	Grades 3-11	Grades 3-9	Discontinued in grades 10 and 11
Math	Grades 3-8 and three high school tests	Grades 3-9	Discontinued in grades 10 and 11
Science	Grades 5, 8 and 12	Grades 5, 8 and 11	Shifted high school from fall of 12 th grade to spring of 11 th grade
Social Studies	All schools in grades 4, 7 and 12	Sampling schools in grades 4 and 7	Moved to three year sampling approach. High school will begin in 2016-2017 (50% of schools).
10 th grade assessment	-----	TBD	Added a 10 th grade assessment aligned to the standards and to the college entrance exam. This is going through procurement
College Entrance Exam	ACT	TBD	Going through procurement

2015-16 CMAS Tests



ENGLISH
LANGUAGE
ARTS*



MATH*



SOCIAL
STUDIES



SCIENCE



GRADE 10
EXAM



COLLEGE
ENTRANCE
EXAM

TOTAL
HOURS

	ENGLISH LANGUAGE ARTS*	MATH*	SOCIAL STUDIES	SCIENCE	GRADE 10 EXAM	COLLEGE ENTRANCE EXAM	TOTAL HOURS
Grade 3	4.25	4	-	-	-	-	8.25
Grade 4	4.5	4	4	-	-	-	12.5
Grade 5	4.5	4	-	4	-	-	12.5
Grade 6	5.16	4	-	-	-	-	9.16
Grade 7	5.16	4	4	-	-	-	13.16
Grade 8	5.16	4	-	4	-	-	13.16
Grade 9	5.16	4.5	-	-	-	-	9.66
Grade 10	-	-	-	-	TBD	-	TBD
Grade 11	-	-	-	3	-	TBD	TBD

*PARCC-developed tests in English language arts and math are 90 minutes shorter this year.

All CMAS tests in 2016 will be given during one window from April 11 to 29.

Tests are broken down into individual sessions lasting between 60 and about 100 minutes

Some Colorado students will participate in PARCC's 90-minute field test of questions that could be used in future years.

Accountability



Accountability Overview and Changes from HB 15-1323

- Education Accountability Act of 2009 (SB 09-163)
 - Established common accountability system across the state
 - Accreditation ratings provided annually based on performance indicators that include student academic performance on assessments
 - If districts are in the lowest two tiers of accreditation plan types, a five-year accountability clock begins
- Changes from HB 15-1323
 - No accountability ratings for 2015; 2016-17 shall be considered consecutive to 2014-15
 - CDE to report progress on using assessment results to calculate fairly and in a timely manner each district's achievement of the performance indicators (at the SMART Act Hearing)



School and District Accountability

- There are different applications of school and district accountability in Colorado:
 - Public reporting of data
 - Improvement planning using school and district results
 - School and district ratings
 - Accountability clock

Considerations for an Accountability Recommendation (HB15-1323)

- Have the students, schools and districts had enough time with the Colorado Academic Standards (CAS)?
 - Standards adopted in 2010
- Have the students, schools and districts had enough time with online testing?
 - Online testing field tested in 2013; statewide in 2014
- When would new accountability data be available?
 - Dependent upon availability of assessment results (10th and 11th grade)
- Are the results of grades 3-9 assessments ready for use in accountability?
 - 2016 will be the second full administration of the ELA and Math tests
- What is the impact of student participation rates?
 - Variability of participation rates for schools and districts impact the representativeness of the results



Options for School and District Accountability for 2016-17

1. Accountability reports are not released.
2. Accountability reports are released with no rating. Accountability clock does not resume.
3. Accountability reports are released with rating. Accountability clock does not resume.
4. Accountability reports are released with ratings. Accountability clock resumes.*

***Current law**

Questions & Discussion

