

2010

MINUTES OF THE
LEGISLATIVE AUDIT
COMMITTEE



DAVID SCHULTHEIS, CHAIR
Senator
LOIS TOCHTROP, VICE CHAIR
Senator
MORGAN CARROLL
Senator
JAMES KERR
Representative

State of Colorado
LEGISLATIVE AUDIT COMMITTEE
Legislative Services Building - Second Floor
200 East 14th Avenue
Denver, Colorado 80203

FRANK McNULTY
Representative
JOE MIKLOSI
Representative
SHAWN MITCHELL
Senator
DIANNE PRIMAVERA
Representative

LEGISLATIVE AUDIT COMMITTEE
January 19, 2010
MINUTES

A meeting of the Legislative Audit Committee convened at 7:05 a.m. in the Audit Committee Hearing Room, Legislative Services Building. Chair Dianne Primavera called the meeting to order with the following members present:

MEMBERS PRESENT: Senator Carroll, Representative Kerr, Representative McNulty, Senator Schultheis, Senator Tochtrop

ABSENT: Representative Miklosi, Senator Mitchell

STAFF PRESENT: Sally Symanski, State Auditor; Dianne Ray, Cindi Stetson, Deputy State Auditors; Sarah Aurich, Eric Johnson, Michelle Colin, Jonathan Trull; other staff members were present.

ALSO PRESENT: Dr. Sandeep Wadhwa, Barbara Prehmus, Department of Health Care Policy and Financing; Karen Beye, Sharon Jacksi, Jenise May, Joscelyn Gay, Kenneth Cole, Leslie Bulicz, Department of Human Services; Debra DeMuth, CollegeInvest; Dean Winstanley, Steve Cassin, Eric Scholz, Division of Parks and Outdoor Recreation; Gary Butterworth, Colorado State Parks Board; Carol Haller, Marty Galvin, State Judicial Branch; Joan Vecchi, Steve Hooper, Department of Revenue; Jane Ritter, Jery Payne, Office of Legislative Legal Services, other representatives were present.

7:07 a.m. Election of Officers

In accordance with the rules of the Legislative Audit Committee, the Vice-Chair shall succeed to the Chair and a new Vice-Chair shall be elected. The Chair and Vice-Chair shall be members of opposite parties, and the Vice-Chair's post shall alternate chambers every two years. Therefore, Senator Schultheis assumed the Chair.

Senator Schultheis presented Representative Primavera with a plaque and thanked her for her service as Chair of the Legislative Audit Committee during 2009.

Chair Schultheis opened the nominations for Vice Chair. A motion was made by Senator Carroll and seconded by Representative Kerr to nominate Senator Tochtrop for Vice Chair. Senator Tochtrop was unanimously elected Vice-Chair.

7:08 a.m. Representative Miklosi arrived at the meeting.

7:09 a.m. **GENERAL BUSINESS**

Minutes

A motion was made by Senator Carroll and seconded by Representative McNulty to approve the minutes of December 7 & 8, 2009. Motion passed unanimously.

7:12 a.m. Senator Mitchell arrived at the meeting.

Status Reports

Controls Over Payments, Medicaid Community-Based Services for People with Developmental Disabilities Performance Audit

Cindi Stetson provided background information on the July 2009 performance audit of Controls Over Payments, Medicaid Community-Based Services for People with Developmental Disabilities.

Following introductory comments, staff from the Departments of Human Services and Health Care Policy and Financing reviewed the implementation status of recommendations from the audit.

Jenise May discussed the Departments' plan for addressing an audit recommendation related to potential conflicts in the Colorado developmental disabilities community-based service provision system.

Karen Beye told Senator Carroll that pursuing statutory change related to the functions of Community Centered Boards could be feasible during the 2010 Legislative Session.

Sally Symanski told Senator Carroll that since representatives from the Office of Legislative Legal Services had not yet arrived at the hearing, a meeting could be arranged to further discuss potential legislation related to the Community Centered Boards. Senator Carroll and Representative Primavera expressed interest in attending that meeting, after which the matter can be further discussed with the Committee.

CollegeInvest Scholarship and Loan Forgiveness Programs Performance Audit

Eric Johson provided background information about the September 2009 performance audit of CollegeInvest's Scholarship and Loan Forgiveness Programs.

Debra DeMuth reviewed the implementation status of recommendations made in the audit report.

In response to questions from Committee members, Ms. DeMuth discussed several recommendations that are still in the process of being implemented. She also discussed eligibility requirements and CollegeInvest's outreach efforts to inform students about scholarships and loan forgiveness programs.

Division of Parks and Outdoor Recreation Performance Audit

Sarah Aurich provided background information about the July 2008 performance audit of the Division of Parks and Outdoor Recreation.

Following introductions, Division staff reviewed the implementation status of recommendations made in the audit report. Staff noted that the Division has implemented more than 80 percent of the audit recommendations.

Dean Winstanley discussed a comprehensive financial plan the Division is preparing to address budget reductions and other financial issues related to the Division. He told Senator Carroll the plan would be finalized by December 2010.

In response to questions and comments from Committee members, Mr. Winstanley discussed possible strategies for addressing the Division's budget challenges resulting from the State's economic downturn.

In response to a question from Senator Carroll, Eric Scholz discussed a system the Division is implementing to track the Division's capital projects.

Department of Personnel & Administration and State Personnel Board Performance Audit

Michelle Colin provided background information on the July 2009 performance audit of the Department of Personnel & Administration and State Personnel Board. She reviewed the implementation status of the audit's recommendations as reported by the Department and Board.

Requests for Audits

Representative Primavera discussed her request for an audit of the Pueblo Mental Health Institute (Institute).

In response to questions from Committee members, Joscelyn Gay and Kenneth Cole discussed efforts by the Department of Human Services to address concerns that have been raised related to the Institute's process for monitoring and administering involuntary medication. Ms. Gay also discussed issues related to discharge planning for civil patients.

Carol Haller discussed issues related to the Judicial Branch's oversight of court-appointed counsel in mental health medication hearings.

Following discussion, a motion was made by Representative Primavera and seconded by Representative Kerr giving the State Auditor permission to conduct a preliminary investigation into this audit request. Motion passed with a no vote from Senator Schultheis.

Ms. Symanski informed the Committee that the Office of the State Auditor (OSA) will address procurement-related issues raised in an audit request from Senator Paula Sandoval on the Weatherization Program in the Governor's Energy Office in a performance audit that has already begun.

Reports to Be Released Without Benefit of a Formal Hearing

A motion was made by Representative McNulty and seconded by Representative Primavera to release the following reports without benefit of a formal hearing:

Adams State College, Financial and Compliance Audit, Fiscal Years Ended June 30, 2009 and 2008

Colorado School of Mines, Financial Audit, Years Ended June 30, 2009 and 2008, Compliance Audit, Year Ended June 30, 2009

Colorado Student Loan Program dba College Assist, Department of Higher Education, Financial and Compliance Audits, Fiscal Years Ended June 30, 2009 and 2008

Fort Lewis College, Financial Statements and Report of Independent Certified Public Accountants, For Fiscal Years Ended June 30, 2009 and 2008

Mesa State College, Financial and Compliance Audit, For Fiscal Years Ended June 30, 2009 and 2008

Western State College of Colorado, Financial Statements and Report of Independent Certified Public Accountants, For Fiscal Years Ended June 30, 2009 and 2008

8:34 a.m. Representative Kerr left the meeting.

Committee members received copies of the School Capital Construction Report. Dianne Ray told Committee members that this is a statutory report that the OSA is required to compile annually. The report provides information on State Education Fund moneys expended in the State for school capital construction.

8:36 a.m. Senator Mitchell left the meeting.

8:38 a.m. POTENTIAL LEGISLATION FOR THE 2010 LEGISLATIVE SESSION

Driver's License and Identification Card Security, LLS No. 10-0108.01

Ms. Symanski told the Committee that a new sponsor was needed for a Committee bill related to Driver's License and Identification Card Security after Senator Schultheis requested to be removed as a sponsor. Ms. Symanski also informed the Committee about an amendment to the bill that would narrow the scope of those required to have background checks under the bill.

Following discussion, Senator Schultheis stated that with the amendment attached to the bill, he would remain as a sponsor.

Colorado Child Care Assistance Program, LLS No. 10-0684.01

Mr. Johnson reviewed the bill draft. Jane Ritter, Office of Legislative Legal Services, and Leslie Bulicz, Department of Human Services, addressed Committee questions related to the bill. Following discussion, a motion was made by Senator Tochtrop and seconded by Representative Primavera to proceed with this bill. Motion passed on a voice vote with a no vote from Senator Schultheis.

Sponsors: Senator Tochtrop
Representative Miklosi
Cosponsors: Senator Carroll, Representative Primavera

The Committee requested that a safety clause be included in the bill.

Problem Drivers and Traffic Fatalities Performance Audit – Civil Liability, LLS No. 10-0691.01

Senator Carroll requested that the Committee postpone discussion of potential legislation related to the Problem Drivers and Traffic Fatalities performance audit since only one of three bills requested by the Committee were available for the Committee's review. Senator Schultheis agreed with that request.

Senator Schultheis requested that the Committee start the remainder of its hearings scheduled during the 2010 Legislative Session at 7:00 a.m., instead of 7:15 a.m.

Senator Schultheis reminded Committee members that information distributed to members prior to each hearing is confidential and should not be shared with anyone.

There being no further business to come before the Committee, the meeting recessed at 8:50 a.m. The next meeting scheduled is on February 2, at 7:00 a.m.

Minutes submitted by: Senator Lois Tochtrop
Vice-Chair



State of Colorado

DAVID SCHULTHEIS, CHAIR
Senator
LOIS TOCHTROP, VICE CHAIR
Senator
MORGAN CARROLL
Senator
JAMES KERR
Representative

LEGISLATIVE AUDIT COMMITTEE
Legislative Services Building - Second Floor
200 East 14th Avenue
Denver, Colorado 80203

FRANK McNULTY
Representative
JOE MIKLOSI
Representative
SHAWN MITCHELL
Senator
DIANNE PRIMAVERA
Representative

LEGISLATIVE AUDIT COMMITTEE February 2, 2010 MINUTES

A meeting of the Legislative Audit Committee convened at 7:01 a.m. in the Audit Committee Hearing Room, Legislative Services Building. Chair David Schultheis called the meeting to order with the following members present:

- MEMBERS PRESENT:** Senator Carroll, Representative Kerr, Representative Primavera, Senator Tochtrop
- ABSENT:** Representative McNulty, Representative Miklosi, Senator Mitchell
- STAFF PRESENT:** Sally Symanski, State Auditor; Dianne Ray, Cindi Stetson, Deputy State Auditors; Lou Skull, Monica Bowers, Jenny Page, Jonathan Trull; other staff members were present.
- ALSO PRESENT:** Brett Hanselman, Kristine McNamara, KPMG LLP; Dr. Nancy McCallin, Cliff Richardson, Barbara McDonnell, Lisa Grefrath, Colorado Community College System; Russell George, Peggy Catlin, Heather Copp, Department of Transportation; Scott Brownlee, Division of Aeronautics; Joe Thibodeau, Debra Wilcox, Colorado Aeronautical Board; Skip Spear, Office of the Attorney General; Carol Haller, Judicial Branch; Bobby Juchem, Colorado State Patrol; Kathy Sasak, Chris Wallner, Department of Public Safety; Jery Payne, Office of Legislative Legal Services, other representatives were present.

**COLORADO COMMUNITY COLLEGE SYSTEM
FINANCIAL AND COMPLIANCE AUDIT
YEARS ENDED JUNE 30, 2009 AND 2008**

KPMG LLP

Brett Hanselman, Partner
Kristine McNamara, Audit Manager

Colorado Community College System

Dr. Nancy McCallin, System President
Cliff Richardson, Vice President for Finance & Administration
Barbara McDonnell, Vice President for Legal Affairs
Lisa Grefrath, System Controller

Following introductions, Kristine McNamara reviewed financial statements for the Colorado Community College System (CCCS). It was noted that the auditors issued an unqualified opinion on the financial statements.

7:04 a.m. Representative Miklosi arrived at the meeting.

7:06 a.m. Representative McNulty arrived at the meeting.

Brett Hanselman reviewed the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance. It was noted that no material weaknesses were identified by the auditors.

Recommendations 1 – 6 were reviewed, discussed, and agreed to by representatives from CCCS.

7:18 a.m. In response to questions from Representative Miklosi, Cliff Richardson and Dr. Nancy McCallin discussed issues related to CCCS' bonding authority and bonding opportunities for community colleges using funding from the American Recovery and Reinvestment Act.

In response to a question from Senator Tochtrop, Dr. McCallin discussed efforts by CCCS to limit expenditures as a result of decreasing general fund revenue from the State and anticipated decreases in federal funding, while addressing increasing enrollment.

Dr. McCallin told Representative Primavera that revenue generated from the passage of Amendment 50 will eventually represent a significant revenue stream for CCCS. However, due to the recession, revenue is currently below projections.

7:37 a.m. In discussing Recommendation 3 and in response to a question from Senator Schultheis, Ms. Hanselman and Mr. Richardson discussed issues related to student accounts receivable and an allowance for doubtful accounts.

7:43 a.m. GENERAL BUSINESS

Minutes

A motion was made by Representative McNulty and seconded by Senator Tochtrop to approve the minutes of January 19, 2010. Motion passed unanimously.

Status Reports

Division of Aeronautics Performance Audit

Jenny Page provided background information on the February 2009 performance audit of the Division of Aeronautics.

Following introductory comments, staff from the Department of Transportation, Division of Aeronautics, and Colorado Aeronautical Board reviewed the implementation status of recommendations from the audit.

In response to a question from Representative Primavera, Scott Brownlee and Heather Copp discussed ethics training for new staff at the Department and Division.

Colorado Tourism Office Performance Audit

Dianne Ray provided background information about the June 2009 performance audit of the Colorado Tourism Office and discussed the implementation status of audit recommendation as reported by the agency.

Reports to Be Released Without Benefit of a Formal Hearing

A motion was made by Representative McNulty and seconded by Representative Kerr to release the following reports without benefit of a formal hearing:

Colorado State Fair Authority, Financial and Compliance Audit, Fiscal Years Ended June 30, 2009 and 2008

Legislative Department, State of Colorado, Compliance Audit, Financial Statements, and Report of Independent Certified Public Accountants, June 30, 2009 and 2008

Department of Transportation Report on Transportation Revenue Anticipation Notes

Committee members received a copy of a report that the Department of Transportation is statutorily required to provide annually to the Committee regarding Transportation Revenue Anticipation Notes (TRANS).

Sally Symanski told Committee members that the report contained information on the amount of the TRANS that have been issued, projects for which the TRANS have been expended, the total amount of federal transportation funds paid to the Department since the TRANS have been issued, and the total amount of proceeds from the issuance of the TRANS.

8:04 a.m. POTENTIAL LEGISLATION FOR THE 2010 LEGISLATIVE SESSION

**Problem Drivers and Traffic Fatalities Performance Audit – Zebra Stickers,
LLS No. 10-0689.01**

Jonathan Trull reviewed draft legislation related to implementing a zebra sticker traffic enforcement program. On behalf of the Colorado State Patrol, Bobby Juchem discussed concerns related to the draft legislation.

Following discussion, a motion was made by Senator Carroll and seconded by Representative Kerr to remove the draft legislation related to a zebra sticker traffic enforcement program from the Committee's consideration. Motion passed unanimously.

**Problem Drivers and Traffic Fatalities – Crime Information Enforcement Databases and
Problem Driver Information Task Force, LLS No. 10-0690.02**

Jonathan Trull discussed draft legislation related to requiring Colorado district attorneys to transmit certain criminal information over an electronic interface to the Colorado Integrated Criminal Justice Information System (CICJIS) and creating an interagency task force on problem driver information sharing. Mr. Trull also told Committee members that an alternative approach was to consider two separate draft bills, one that would require district attorneys to transmit certain criminal information over an electronic interface, and another that would create an interagency task force on problem driver information.

Representatives from the Judicial Branch and Department of Public Safety discussed issues related to the proposed legislation.

Following discussion, a motion was made by Senator Carroll and seconded by Senator Tochtrop to proceed with the bill that both requires Colorado district attorneys to transmit certain criminal information over an electronic interface to the Colorado Integrated Criminal Justice Information System (CICJIS) and creates an interagency task force on problem driver information sharing. Motion passed unanimously.

| | |
|--------------|---|
| Sponsors: | Senator Carroll Representative McNulty |
| Co-Sponsors: | Representative Kerr, Representative Primavera, Senator Schultheis, Senator Tochtrop |

A motion was made by Senator Tochtrop and seconded by Senator Carroll to include a safety clause in the bill. Motion passed on a voice vote with a no vote from Senator Schultheis.

8:43 a.m. Representative Kerr left the meeting.

**Problem Drivers and Traffic Fatalities Performance Audit – Civil Liability,
LLS No. 10-0691.01**

Jonathan Trull reviewed draft legislation related to making a person who permits an unauthorized person to drive his or her vehicle civilly liable for the damages resulting from an accident involving a motor vehicle driven in violation of Section 42-2-140, C.R.S.

Following discussion, a motion was made by Senator Carroll and seconded by Senator Tochtrop to proceed with the bill without a safety clause. Motion passed unanimously.

Sponsors: Senator Tochtrop
 Representative Miklosi
Co-Sponsors: Senator Carroll, Representative Kerr, Representative McNulty,
 Representative Primavera, Senator Schultheis

(Note: Although Representative Kerr was not present for the vote on this bill, subsequent to the meeting he informed staff at the Office of Legislative Legal Services that he would like to be listed as a co-sponsor on the bill.)

There being no further business to come before the Committee, the meeting recessed at 8:52 a.m. The next meeting scheduled is on February 16, at 7:00 a.m.

Minutes submitted by: Senator Lois Tochtrop
 Vice-Chair



DAVID SCHULTHEIS, CHAIR
Senator
LOIS TOCHTROP, VICE CHAIR
Senator
MORGAN CARROLL
Senator
JAMES KERR
Representative

State of Colorado
LEGISLATIVE AUDIT COMMITTEE
Legislative Services Building - Second Floor
200 East 14th Avenue
Denver, Colorado 80203

FRANK McNULTY
Representative
JOE MIKLOSI
Representative
SHAWN MITCHELL
Senator
DIANNE PRIMAVERA
Representative

LEGISLATIVE AUDIT COMMITTEE
February 16, 2010
MINUTES

A meeting of the Legislative Audit Committee convened at 7:01 a.m. in the Audit Committee Hearing Room, Legislative Services Building. Chair David Schultheis called the meeting to order with the following members present:

MEMBERS PRESENT: Representative Kerr, Representative McNulty, Senator Mitchell, Senator Tochtrop

ABSENT: Senator Carroll, Representative Miklosi, Representative Primavera

STAFF PRESENT: Sally Symanski, State Auditor; Dianne Ray, Cindi Stetson, Deputy State Auditors; Kerri Hunter, Pooja Tulsian, Melissa Canaday; other staff members were present.

ALSO PRESENT: David McDermott, Trevor Borgonah, Office of the State Controller; Roxy Huber, Richard Giardini, Department of Revenue; Jennifer Okes, Tanya Olsen, Department of Personnel & Administration;

STATE OF COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2009

Office of the State Controller
David McDermott, State Controller
Trevor Borgonah, Financial Reporting Analyst

7:03 a.m. Representative Primavera arrived at the meeting.

Following introductions, Dianne Ray provided introductory comments related to the State of Colorado Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2009, and the Statewide Single Audit for Fiscal Year Ended June 30, 2009.

7:13 a.m. Kerri Hunter stated that auditors issued an unqualified opinion of the State's financial statements. She reviewed notes to the financial statements.

7:15 a.m. Senator Carroll arrived at the meeting.

David McDermott reviewed information contained in the Management's Discussion and Analysis section of the Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2009.

7:21 a.m. Representative Miklosi arrived at the meeting.

In response to questions from Representative McNulty and Senator Mitchell, Mr. McDermott stated that the Office of the State Controller has not conducted a qualitative analysis of the increase in salaries and benefits for Department of Higher Education employees. In response to a follow-up question from Senator Mitchell, Mr. McDermott discussed issues related to capital development project financing.

7:42 a.m. Senator Schultheis and Representative McNulty requested additional data on the properties and other assets held in the State's TABOR reserve. Ms. Ray stated that additional data would be provided to the Committee.

In response to a question and comments from Senator Mitchell, Mr. McDermott discussed state budget issues related to the sunset of Referendum C.

**STATEWIDE SINGLE AUDIT
FOR FISCAL YEAR ENDED JUNE 30, 2009**

Department of Revenue

Roxy Huber, Executive Director

Richard Giardini, Taxpayer Service Director

Department of Personnel & Administration

Jennifer Okes, Deputy Executive Director

Tanya Olsen, Controller

7:54 a.m. A motion was made by Representative Kerr and seconded by Representative McNulty to release the Statewide Single Audit for Fiscal Year Ended June 30, 2009. Motion passed unanimously.

Recommendations 37 – 39 and 42 were reviewed, discussed, and agreed to or partially agreed to by Department of Revenue staff.

8:08 a.m. In response to questions from Representative Kerr, Richard Giardini discussed issues related to incorrectly calculated interest due on business tax refunds.

Following discussion of Recommendation 42, a motion was made by Senator Tochtrop and seconded by Representative McNulty to request a bill draft from the Office of Legislative Legal Services that would require transfer of expired business tax warrants to the Office of the State Treasurer's Unclaimed Property Division. Motion passed unanimously.

8:22 a.m. Recommendations 27 – 29 were reviewed, discussed, and agreed to or partially agreed to by Department of Personnel & Administration staff.

In discussing Recommendation 27 and in response to a question from Senator Schultheis, Jennifer Okes discussed issues related to the Department's failure to process workers' compensation claims in May and June 2009 in a timely manner.

Representative McNulty requested that appropriate Executive Directors attend upcoming Committee hearings during which recommendations to their departments contained in the Statewide Single Audit will be discussed. Sally Symanski discussed the Office of the State Auditor's (OSA's) process for notifying Executive Directors of upcoming Committee hearings.

8:34 a.m. GENERAL BUSINESS

Minutes

A motion was made by Representative Kerr and seconded by Representative McNulty to approve the minutes of February 2, 2010. Motion passed unanimously.

Status Reports

Dianne Ray told Committee members that the status report related to the September 2009 performance audit of CollegeInvest's Scholarship and Loan Forgiveness Programs had not changed since the January 19 hearing, because recommendations that have not yet been implemented require formal action by the CollegeInvest Board. Ms. Ray stated that the Committee would receive an updated status report from CollegeInvest following the Board's next meeting in March.

Representative Primavera commented on the need for additional detail in CollegeInvest's next status report to the Committee.

Request for Audit of Pueblo Mental Health Institute

Cindi Stetson discussed the OSA's preliminary research related to a request for a performance audit of state mental health services.

Following discussion, a motion was made by Senator Tochtrop and seconded by Representative Miklosi to approve proceeding with the audit. Motion passed unanimously.

Statutory Report From the Colorado Educational and Cultural Facilities Authority

Ms. Ray discussed a statutory report from the Colorado Educational and Cultural Facilities Authority on the Moral Obligation Bond program for charter schools.

Reports to Be Released Without Benefit of a Formal Hearing

A motion was made by Representative McNulty and seconded by Representative Kerr to release the following reports without benefit of a formal hearing:

Auraria Higher Education Center, Financial and Compliance Audit, June 30, 2009 and 2008

University of Northern Colorado, Athletics Department, Agreed-Upon Procedures, Year Ended June 30, 2009

Proposed 2010 Interim Calendar

Ms. Symanski discussed the proposed calendar of Committee hearings during the 2010 Interim and asked Committee members to communicate any scheduling conflicts.

Information Only

Ms. Symanski reviewed information requested by the Committee related to the Colorado Wildlife Commission's Policy on Commission Disclosures of Possible Conflicts of Interest.

She also discussed information on the status of audit recommendations that previously had been provided electronically to Committee members related to audits released during Calendar Years 2008 and 2009.

There being no further business to come before the Committee, the meeting recessed at 8:53 a.m. The next meeting scheduled is on March 2, at 7:00 a.m.

Minutes submitted by: Senator Lois Tochtrop
Vice-Chair



DAVID SCHULTHEIS, CHAIR
Senator
LOIS TOCHTROP, VICE CHAIR
Senator
MORGAN CARROLL
Senator
JAMES KERR
Representative

State of Colorado
LEGISLATIVE AUDIT COMMITTEE
Legislative Services Building - Second Floor
200 East 14th Avenue
Denver, Colorado 80203

FRANK McNULTY
Representative
JOE MIKLOSI
Representative
SHAWN MITCHELL
Senator
DIANNE PRIMAVERA
Representative

LEGISLATIVE AUDIT COMMITTEE
March 2, 2010
MINUTES

A meeting of the Legislative Audit Committee convened at 7:01 a.m. in the Audit Committee Hearing Room, Legislative Services Building. Chair David Schultheis called the meeting to order with the following members present:

MEMBERS PRESENT: Representative Kerr, Representative McNulty, Representative Primavera, Senator Tochtrop

ARRIVED AFTER ROLL CALL: Senator Mitchell

EXCUSED: Senator Carroll

ABSENT: Representative Miklosi

STAFF PRESENT: Sally Symanski, State Auditor; Dianne Ray, Cindi Stetson, Deputy State Auditors; Pooja Tulsian, Cynthia Hochmiller, Michelle Colin, Jonathan Trull; other staff members were present.

ALSO PRESENT: Joan Henneberry, Dr. Sandeep Wadhwa, Sue Williamson, Greg Tanner, Department of Health Care Policy and Financing; Rich Gonzales, Jennifer Okes, Department of Personnel & Administration; David McDermott, Office of the State Controller; Mark Couch, Richard Giardini, Department of Revenue; Bob Lackner, Office of Legislative Legal Services.

**STATE OF COLORADO
STATEWIDE SINGLE AUDIT
FOR FISCAL YEAR ENDED JUNE 30, 2009**

Department of Health Care Policy and Financing

Joan Henneberry, Executive Director

Dr. Sandeep Wadhwa, Deputy Director, Medical and CHP+ Program
Administration Office

Sue Williamson, Deputy Director, Client and Community Relations Office

Greg Tanner, Controller

This audit was released at the February 16, 2010, Legislative Audit Committee hearing.

Recommendations 6, 53, 56 – 61, and 66 were reviewed, discussed, and agreed to or partially agreed to by Department of Health Care Policy and Financing staff.

7:14 a.m. In response to a question from Senator Schultheis, Cynthia Hochmiller stated that, in some cases, auditors reviewed sample files of multiple family members.

In discussing Recommendation 53, Sue Williamson discussed the Department's progress on implementing a comprehensive action plan related to eligibility and enrollment for Medicaid and the Children's Basic Health Plan.

7:18 a.m. Senator Mitchell arrived at the meeting.

In discussing Recommendation 53, Ms. Williamson told Representative Primavera that the department plans to leverage new technology to address the recommendation.

In response to questions from Senator Tochtrop, Ms. Williamson discussed issues related to the process for determining eligibility for long-term care services and the potential use of technology to improve this process.

In response to questions from Representative McNulty and Senator Mitchell, Ms. Hochmiller stated that since sampled case files reviewed during the audit did not comprise a statistically valid sample, the error rate for Medicaid clients in the audit sample who had not demonstrated legal U.S. citizenship could not be projected to the entire Medicaid population. Joan Henneberry told Committee members that birth certificate data for Medicaid clients is reviewed through internal audits and external federal audits to help ensure only legal U.S. citizens receive Medicaid benefits.

In response to questions from Representative McNulty, Ms. Williamson discussed issues related to policies and procedures for documenting and monitoring Medicaid eligibility determination/redetermination for the Title IV-E population.

In response to questions from Committee members, Ms. Henneberry discussed challenges the Department has faced in trying to implement Recommendation 53, since it has been recommended in

the Statewide Single Audit for several consecutive years. She also discussed issues related to potentially centralizing the State's Medicaid program.

7:45 a.m. In response to questions from Senator Schultheis, Ms. Williamson and Ms. Henneberry discussed issues related to potentially recovering the cost of benefits that had been inappropriately paid for children of a state employee through the Children's Basic Health Plan.

7:57 a.m. In discussing Recommendation 56, Ms. Hochmiller told Senator Mitchell that federal regulations require Medicaid providers to be licensed. Sally Symanski and Ms. Henneberry also discussed issues related to Medicaid provider licensure.

8:16 a.m. GENERAL BUSINESS

Minutes

A motion was made by Senator Tochtrop and seconded by Representative Primavera to approve the minutes of February 16, 2010. Motion passed unanimously.

Status Reports

Michelle Colin briefly discussed background information about the June 2009 Annual Compensation Survey performance evaluation. Rich Gonzales discussed the Department of Personnel & Administration's progress in implementing recommendations from the performance evaluation.

In response to questions from Senator Schultheis and Senator Mitchell, Mr. Gonzales discussed issues related to obtaining reliable data for use in the State's annual compensation survey.

In response to a question from Senator Mitchell, Jennifer Okes discussed the Department's process for comparing salary data for different occupational groups.

In response to a question from Representative Kerr, Mr. Gonzales discussed issues related to calculating the value of the State's benefits package for state employees.

Request for Audit of State Administrative Leave

Ms. Symanski briefly reviewed a request for an audit of state administrative leave policies.

Following discussion, a motion was made by Representative McNulty and seconded by Representative Kerr to authorize the Office of the State Auditor to proceed with preliminary research on the request for an audit of state administrative leave policies. Motion passed unanimously.

Discussion of TABOR Emergency Reserve

David McDermott reviewed information regarding the components of the TABOR Emergency Reserve.

In response to questions from Committee members, Mr. McDermott discussed issues related to the liquidity of and properties designated as part of the TABOR Emergency Reserve.

Senator Schultheis requested that Mr. McDermott provide the Committee information on properties designated by the Governor as part of the TABOR Emergency Reserve and their liquidated value. Mr. McDermott stated that he would try to obtain the requested information but was unsure when the Governor's Office would provide it.

Statutory Report From the Venture Capital Authority

Ms. Symanski briefly discussed a statutory report from the Venture Capital Authority on the results of the implementation of the Venture Capital Program Act.

Proposed 2010 Interim Calendar

Ms. Symanski discussed the proposed calendar of Committee hearings during the 2010 Interim and asked Committee members to communicate any scheduling conflicts.

A motion was made by Senator Tochtrop and seconded by Representative McNulty to approve the proposed calendar for the Committee's 2010 Interim hearings. Motion passed unanimously.

Reports to Be Released Without Benefit of a Formal Hearing

A motion was made by Senator Tochtrop and seconded by Representative McNulty to release the following reports without benefit of a formal hearing. Motion passed unanimously.

CollegeInvest, Prepaid Tuition Fund, Financial Statements, June 30, 2009 and 2008

CollegeInvest, College Savings Program Funds, Financial Statements, June 30, 2009 and 2008

CollegeInvest, Student Loan Program Funds, Financial and Compliance Audit, June 30, 2009 and 2008

Colorado State Veterans Nursing Home at Homelake, Financial Statements and Additional Information with Independent Auditors' Reports, Year Ended June 30, 2009

8:53 a.m. POTENTIAL LEGISLATION FOR THE 2010 LEGISLATIVE SESSION

Tax Refund Transfers to Unclaimed Property, LLS No. 10-0959.01

Mark Couch and Richard Giardini, Department of Revenue, and Bob Lackner, Office of Legislative Legal Services, were in attendance.

Mr. Lackner briefly reviewed the bill draft. Following discussion, a motion was made by Senator Tochtrop and seconded by Representative Primavera to proceed with the bill, provided that

the date when warrants representing a state tax refund affected by the bill's provisions be changed to October 1, 2010. Motion passed unanimously.

Sponsors: Senator Tochtrop
 Representative Primavera
Co-Sponsors: Representative Kerr, Representative McNulty, Senator
 Mitchell, Senator Schultheis

Representative Primavera told Committee members that she and Representative McNulty would submit a request for an audit of the Department of Health Care Policy and Financing's HOPEFUL waiver for the Committee's consideration at the next meeting.

There being no further business to come before the Committee, the meeting recessed at 8:58 a.m. The next meeting scheduled is on March 16, at 7:00 a.m.

Minutes submitted by: Senator Lois Tochtrop
 Vice-Chair



DAVID SCHULTHEIS, CHAIR
Senator
LOIS TOCHTROP, VICE CHAIR
Senator
MORGAN CARROLL
Senator
JAMES KERR
Representative

State of Colorado
LEGISLATIVE AUDIT COMMITTEE
Legislative Services Building - Second Floor
200 East 14th Avenue
Denver, Colorado 80203

FRANK McNULTY
Representative
JOE MIKLOSI
Representative
SHAWN MITCHELL
Senator
DIANNE PRIMAVERA
Representative

LEGISLATIVE AUDIT COMMITTEE
March 16, 2010
MINUTES

A meeting of the Legislative Audit Committee convened at 7:01 a.m. in the Audit Committee Hearing Room, Legislative Services Building. Chair David Schultheis called the meeting to order with the following members present:

MEMBERS

PRESENT: Senator Carroll, Representative Primavera, Senator Tochtrop

ARRIVED

AFTER Representative Kerr, Representative McNulty, Senator Mitchell,

ROLL CALL: Representative Miklosi

STAFF

PRESENT: Sally Symanski, State Auditor; Dianne Ray, Cindi Stetson, Deputy State Auditors; Cindi Radke, Eric Johnson, Stefanie Furman, Jonathan Trull; other staff members were present.

ALSO

PRESENT: Karen Beye, George Kennedy, Reginald Jefferson, Pauline Burton, Bill Hanna, Department of Human Services; Don Marostica, Alice Kotrlik, Kevin Tilson, Colorado Office of Economic Development and International Trade.

**STATE OF COLORADO
STATEWIDE SINGLE AUDIT
FOR FISCAL YEAR ENDED JUNE 30, 2009**

Department of Human Services

Karen Beye, Executive Director

Jenise May, Deputy Executive Director, Employment and Regulatory
Affairs; Interim Deputy Executive Director, Veteran and
Disability Services

George Kennedy, Deputy Executive Director, Children, Youth, and Families

Reginald Jefferson, Deputy Executive Director, Office of Operations
and Financial Services

Pauline Burton, Deputy Executive Director, Office of Self-Sufficiency
and Independence

Bill Hanna, Director, Policy and Legislative Initiatives

This audit was released at the February 16, 2010, Legislative Audit Committee hearing.

Recommendations 11, 12, 100 – 102, 104, 114, and 125 were reviewed, discussed, and agreed to by Department of Human Services staff, with the exception of part c of Recommendation 114, with which Department staff disagreed.

7:04 a.m. Senator Mitchell arrived at the meeting.

7:07 a.m. Representative Miklosi arrived at the meeting.

7:13 a.m. In response to questions from Representative Primavera and Senator Mitchell, Reginald Jefferson discussed issues related to the rental of surplus facilities owned by the State and collection of rent payments.

In response to a question from Senator Schultheis, Mr. Jefferson discussed issues related to renting surplus facilities to nonprofit organizations at no cost.

7:18 a.m. Representative McNulty and Representative Kerr arrived at the meeting.

7:30 a.m. In discussing Recommendation 100 and in response to a question from Senator Schultheis, Stefanie Furman discussed the Supplemental Nutrition Assistance Program (SNAP)/Food Assistance benefit payments tested in the audit sample.

In response to a question from Representative Primavera, Pauline Burton and Ms. Furman discussed data related to assessed levels of internal control weakness and associated error rates for the SNAP/Food Assistance Program.

In response to a question from Senator Mitchell, Ms. Furman discussed issues related to Income, Eligibility, and Verification System discrepancies identified in five sampled case files reviewed during the audit.

7:41 a.m. In discussing Recommendation 101 and in response to a question from Senator Tochtrop, Pauline Burton discussed state efforts to help counties address problems associated with limited resources. Ms. Burton told Representative Primavera that the Department has not been sanctioned for noncompliance with federal regulations related to timely processing of SNAP/Food Assistance Program applications.

In response to questions from Senator Mitchell and Senator Carroll, Cindi Radke and Sally Symanski discussed issues related to samples tested during the audit that were not statistically valid.

8:07 a.m. In response to a question from Representative Kerr, Karen Beye discussed relationships among the Ute Mountain Ute tribe, the State of Colorado, and the State of Utah.

In response to questions from Representative Primavera and Senator Mitchell, Ms. Beye and Eric Johnson discussed issues related to potentially recovering costs inappropriately reimbursed for foster care services provided to tribe children who are not eligible under Title IV-E.

8:18 a.m. GENERAL BUSINESS

Minutes

A motion was made by Senator Carroll and seconded by Senator Tochtrop to approve the minutes of March 2, 2010. Motion passed unanimously.

Colorado Enterprise Zone Annual Report

Don Marostica presented information from the Colorado Enterprise Zone Annual Report released in December 2009.

In response to a question from Representative McNulty, Mr. Marostica stated that businesses receiving Enterprise Zone Tax Credits may not survive without those credits. Mr. Marostica also discussed tracking of other similar incentives offered by the State.

Alice Kotrlik told Senator Schultheis that nonprofit organizations rely on Enterprise Zone Tax Credits to help keep them in business.

Request for Audit of Employment Verification Law

Ms. Symanski briefly reviewed a request for an audit of the Employment Verification Law.

Following discussion, a motion was made by Senator Tochtrop and seconded by Representative McNulty to authorize the Office of the State Auditor to proceed with preliminary research on the request for an audit of the Employment Verification Law. Motion passed unanimously.

Request for Audit of HOPEFUL Waiver

Ms. Symanski briefly reviewed a request for an audit of the HOPEFUL Waiver.

Following discussion, a motion was made by Representative Primavera and seconded by Representative McNulty to authorize the Office of the State Auditor to proceed with preliminary research on the request for an audit of the HOPEFUL Waiver. Motion passed unanimously.

Request for Workpapers

Ms. Symanski discussed a request for workpapers from the American Recovery and Reinvestment Act of 2009 Internal Control Pilot Project audit.

Following discussion, a motion was made by Representative Kerr and seconded by Representative Miklosi to deny the request to release workpapers. Motion passed unanimously.

Reports to Be Released Without Benefit of a Formal Hearing

A motion was made by Representative McNulty and seconded by Representative Primavera to release the following reports without benefit of a formal hearing. Motion passed unanimously.

State of Colorado Deferred Compensation Plan, Accountants' Report and Financial Statements, June 30, 2009 and 2008

State of Colorado Public Officials and Employees Defined Contribution Retirement Plan, Accountants' Report and Financial Statements, June 30, 2009 and 2008

Schedule of Computations Required Under Article X, Section 20, of the State Constitution (TABOR), March 2010

Report of Loans and Advances

Dianne Ray briefly reviewed a statutorily required report from the Office of the State Controller summarizing the State's outstanding loans and advances as of June 30, 2009.

Information Only

Ms. Symanski provided information requested by the Committee related to a work plan from the Departments of Health Care Policy and Financing and Human Services for resolving conflicts of interest in the developmental disabilities system. In addition, Ms. Symanski provided Colorado Aeronautical Board Governance documents requested by the Committee.

Representative Primavera requested that representatives from the Departments of Health Care Policy and Financing and Human Services report back to the Committee at a future hearing to discuss their progress on implementing the work plan for resolving conflicts of interest in the developmental disabilities system. Ms. Symanski agreed to arrange for those representatives to attend a future hearing.

Ms. Symanski told Representative Miklosi that a performance audit of the Regional Transportation District was scheduled to be released and discussed by the Committee at the March 30 hearing.

There being no further business to come before the Committee, the meeting recessed at 8:45 a.m. The next meeting scheduled is on March 30, at 7:00 a.m.

Minutes submitted by: Senator Lois Tochtrop
 Vice-Chair



State of Colorado

DAVID SCHULTHEIS, CHAIR
Senator
LOIS TOCHTROP, VICE CHAIR
Senator
MORGAN CARROLL
Senator
JAMES KERR
Representative

LEGISLATIVE AUDIT COMMITTEE
Legislative Services Building - Second Floor
200 East 14th Avenue
Denver, Colorado 80203

FRANK McNULTY
Representative
JOE MIKLOSI
Representative
SHAWN MITCHELL
Senator
DIANNE PRIMAVERA
Representative

LEGISLATIVE AUDIT COMMITTEE March 30, 2010 MINUTES

A meeting of the Legislative Audit Committee convened at 7:01 a.m. in the Audit Committee Hearing Room, Legislative Services Building. Chair David Schultheis called the meeting to order with the following members present:

MEMBERS PRESENT: Senator Carroll, Representative Kerr, Representative McNulty, Representative Primavera, Senator Tochtrop

ARRIVED AFTER ROLL CALL: Representative Miklosi

ABSENT: Senator Mitchell

STAFF PRESENT: Sally Symanski, State Auditor; Dianne Ray, Cindi Stetson, Deputy State Auditors; Greg Fugate, Christopher Harless, Derek Johnson, Sarah Aurich, Kate Shiroff; other staff members were present.

ALSO PRESENT: Lee Kemp, Noel Busck, Matt Cohen, Kent Bagley, Barbara Brohl, Wally Pulliam, Christopher Martinez, John Tayer, Angie Malpiede, Tom Tobiassen, Bill James, Bill Christopher, Bruce Daly, Regional Transportation District Board of Directors; Phillip Washington, Marla Lien, Regional Transportation District; Terry Howerter, Regional Transportation District Salaried Employees' Pension Trust Board of Trustees; other representatives were present.

**EXECUTIVE COMPENSATION PRACTICES
REGIONAL TRANSPORTATION DISTRICT
PERFORMANCE AUDIT, MARCH 2010**

Regional Transportation District Board of Directors

Lee Kemp, Chairperson

Noel Busck, Second Vice Chairperson

Regional Transportation District

Phillip Washington, General Manager

Marla Lien, General Counsel

Regional Transportation District Salaried Employees' Pension Trust
Board of Trustees

Terry Howerter, Treasurer

A motion was made by Representative McNulty and seconded by Representative Kerr to release the Executive Compensation Practices, Regional Transportation District performance audit. Motion passed unanimously.

Following introductions and opening comments, Recommendations 1 – 9 and 11 – 13 were reviewed, discussed, and agreed to by District staff and the District's Board of Directors. Recommendation 10 was not discussed.

7:03 a.m. Representative Miklosi arrived at the meeting.

7:12 a.m. In response to a question from Representative Kerr, Greg Fugate stated that the audit focused primarily on reviewing the processes and practices used to establish and oversee the compensation package and employment agreement for the District's former general manager. Mr. Fugate stated that the audit considered other District compensation data for comparative purposes.

In response to a question from Representative McNulty, Lee Kemp discussed issues related to the process and methodology used to negotiate the contract for the District's former general manager. Noel Busck discussed changes to the process for establishing and overseeing the general manager's contract and compensation package.

7:28 a.m. Representative Kerr and Senator Tochtrop commented on issues raised in Recommendation 1 related to the District's former general manager's compensation package. Mr. Kemp and Mr. Busck discussed efforts by the District's Board of Directors to implement changes to the general manager's compensation package.

In discussing Recommendation 2 and in response to questions from Representative McNulty, Christopher Harless discussed issues related to the District's Board of Directors entering into employment agreements and approved compensation elements for the former general manager without first obtaining critical cost data necessary to responsibly evaluate proposed contract terms.

7:48 a.m. In response to questions from Representative Primavera, Representative Kerr, and Senator Carroll, Terry Howerter and Marla Lien discussed issues related to determining and reviewing the total compensation package for the former and current general managers of the District.

In response to questions from Senator Schultheis, Senator Carroll, and Representative Primavera, Mr. Busck and Mr. Kemp discussed issues related to conducting evaluations of the general manager's performance.

Representative Kerr requested that the Board of Directors provide information to the Committee related to the Board's evaluation of the general manager's total compensation package, including when changes in the evaluation process changed from a more comprehensive to a less comprehensive process and why the evaluation process changed. Mr. Kemp stated that the Board of Directors would provide that information to the Committee.

8:19 a.m. In discussing Recommendation 6, Representative McNulty commented on the lack of information in financial statements for the District and the District's Salaried Employees' Pension Trust related to the unique retirement and deferred compensation benefits contained in the former general manager's employment agreement.

Senator Schultheis and Representative Kerr commented on the importance of the Board increasing transparency to demonstrate accountability for spending taxpayer dollars.

8:39 a.m. A motion was made by Representative Miklosi and seconded by Senator Tochtrop to draft a letter from the Committee to the District's former general manager stating that the total amount of his compensation package was unacceptable and requesting that he return \$1.3 million to Colorado taxpayers. The motion also stated that the draft letter should be prepared in time for the Committee to review it at the June hearings. Motion passed unanimously.

Senator Schultheis requested that the District and Board present an update on the status of implementing the audit recommendations and efforts to increase the transparency and availability of data related to Board and District operations to the Committee in three months. District and Board staff agreed to the request.

8:45 a.m. Because of time constraints, Sally Symanski told Committee members that the release and discussion of the American Recovery and Reinvestment Act of 2009, Section 1512 Reporting performance audit would be postponed until the June hearings.

8:47 a.m. GENERAL BUSINESS

Minutes

A motion was made by Representative McNulty and seconded by Senator Tochtrop to approve the minutes of March 16, 2010. Motion passed unanimously.

Evaluation of Request for Audit of State Paid Administrative Leave

Cindi Stetson reviewed the Office of the State Auditor's evaluation of a request for an audit of state paid administrative leave.

A motion was made by Senator Carroll and seconded by Senator Tochtrop authorizing the Office of the State Auditor to proceed with an audit of the State's paid administrative leave. Motion passed unanimously.

Reports to Be Released Without Benefit of a Formal Hearing

A motion was made by Representative McNulty and seconded by Representative Kerr to release the following reports without benefit of a formal hearing. Motion passed unanimously.

CollegeInvest, Student Loan Program Funds, Reports on Compliance and Internal Control Over Compliance With Requirements For Loans Billed For Special Allowance Payments at the 9.5% Minimum Return Rate, For the Year Ended June 30, 2009

State of Colorado, Department of Treasury, Statement of Federal Land Payments, For the Year Ended September 30, 2009

Representative McNulty told Committee members that he may request another Committee hearing during the 2010 Legislative Session to discuss issues related to Committee operations. Senator Schultheis stated that another Committee hearing could be arranged, if necessary.

There being no further business to come before the Committee, the meeting recessed at 8:50 a.m. The next meeting scheduled is on June 7, at 10:00 a.m.

Minutes submitted by: Senator Lois Tochtrop
 Vice-Chair



DAVID SCHULTHEIS, CHAIR
Senator
LOIS TOCHTROP, VICE CHAIR
Senator
MORGAN CARROLL
Senator
JAMES KERR
Representative

State of Colorado
LEGISLATIVE AUDIT COMMITTEE
Legislative Services Building - Second Floor
200 East 14th Avenue
Denver, Colorado 80203

FRANK McNULTY
Representative
JOE MIKLOSI
Representative
SHAWN MITCHELL
Senator
DIANNE PRIMAVERA
Representative

LEGISLATIVE AUDIT COMMITTEE
June 7 & 8, 2010
MINUTES

A meeting of the Legislative Audit Committee convened at 10:00 a.m. in Hearing Room A, Legislative Services Building. Chair David Schultheis called the meeting to order with the following members present:

MEMBERS PRESENT: Senator Carroll, Representative Kerr, Representative McNulty, Representative Miklosi, Representative Primavera, Senator Mitchell

EXCUSED: Senator Tochtrop

STAFF PRESENT: Sally Symanski, State Auditor; Dianne Ray, Cindi Stetson, Deputy State Auditors; Monica Bowers, Anna Reinert, Vickie Heller, Sarah Aurich, Kate Shiroff, Michelle Colin, Jacob Wager, James Taurman, Eric Johnson; other staff members were present.

ALSO PRESENT: Gary Johnson, Pinnacol Assurance Board of Directors; Ken Ross, Jeff Tetrick, Pinnacol Assurance ; Jimmy Potts, Regulatory Consultants, Inc. (RCI); Mark Wehrle, Diane Craanen, Deloitte & Touche, LLP; Don Elliman, Chris Smith, Governor's Economic Recovery Team; Doug Dean, Lynn Notarianni, Larry Herold, Susan Travis, Public Utilities Commission; Pauline Burton, Todd Jorgensen, Department of Human Services; Debra DeMuth, CollegeInvest; Doug Lempke, Garry Kaufman, Department of Public Health and Environment; Representative Su Ryden; other representatives were present.

June 7, 2010

Morning Session

PINNACOL ASSURANCE PERFORMANCE AUDIT, MAY 2010

Regulatory Consultants, Inc. (RCI)
Nestor Romero, Chief Executive Officer

Pinnacol Assurance Board of Directors
Gary Johnson, Chair

Pinnacol Assurance
Ken Ross, Chief Executive Officer
Jeff Tetrick, Vice President, Finance

Office of the State Auditor
Sally Symanski, State Auditor
Dianne Ray, Deputy State Auditor
Monica Bowers, Managing Legislative Auditor
Anna Reinert, Legislative Auditor
Vickie Heller, Legislative Auditor

A motion was made by Representative Kerr and seconded by Senator Carroll to release the Pinnacol Assurance performance audit. Motion passed unanimously.

Following introductions and opening comments, Recommendations 1 – 12 and 14 were reviewed, discussed, and agreed to or partially agreed to by Pinnacol Assurance staff. Recommendation 13 was not discussed.

10:13 a.m. In response to questions from Representative Primavera and Senator Schultheis, Jeff Tetrick and Monica Bowers discussed the definition of combined ratio as used in the audit report.

10:22 a.m. In response to a question from Representative McNulty, Anna Reinert discussed comparisons of salaries, bonuses, and perquisites between Pinnacol's chief executive officer and chief executive officers of other state workers' compensation funds.

In response to comments from Senator Mitchell related to the audit's scope, Dianne Ray stated that statute required the Office of the State Auditor (OSA) to review Pinnacol's executive compensation, among other issues.

In response to questions from Representative Primavera, Ms. Reinert, Sally Symanski, and Ken Ross discussed how performance-based bonuses affect an employee's retirement benefits provided through the Public Employees' Retirement Association.

In discussing Recommendation 1 and in response to questions from Senator Schultheis, Gary Johnson discussed Pinnacol's process for structuring its Executive Performance Plan, including its methodology for setting executives' annual performance goals.

10:44 a.m. Senator Mitchell commented on the effectiveness of Pinnacol's management practices.

In response to questions from Representative Primavera, Mr. Johnson and Ms. Reinert discussed issues related to documentation that was not provided to audit staff during the audit.

Senator Carroll requested additional information related to change in control agreements used by quasi-governmental entities in other states that are similar to Pinnacol. Audit staff agreed to provide that information.

10:55 a.m. In response to questions from Representative Kerr, Dianne Ray discussed the audit's methodology for comparing Pinnacol's executive compensation to other quasi-governmental entities and political subdivisions in Colorado.

In discussing Recommendation 2 and in response to a question from Senator Mitchell, Ms. Ray discussed the importance of including awards paid under the Executive Performance Plan in Pinnacol's written policies and procedures.

11:10 a.m. In response to a question from Senator Schultheis, Mr. Tetrick discussed issues related to gainsharing targets and low targets set for Pinnacol's net income during first quarter of 2009.

In response to questions from Representative McNulty, Mr. Ross discussed reductions in workers' compensation rates over the past five years.

11:22 a.m. In discussing Recommendation 5 and in response to a question from Representative Kerr, Ms. Bowers told Committee members that auditors interviewed representatives and obtained information from the Colorado Division of Insurance during the audit.

In response to a question from Representative Kerr, Mr. Ross discussed workers' compensation insurance rates for high-risk industries.

In response to questions and comments from Committee members, Mr. Tetrick, Mr. Ross, and Jimmy Potts discussed issues related to methods used for selecting and applying loss cost multipliers when setting workers' compensation insurance rates.

Representative Kerr requested a copy of an audit of Pinnacol that the Colorado Division of Insurance is conducting. Pinnacol staff agreed to provide Committee members a copy of the audit when it becomes publicly available.

11:36 a.m. In response to questions from Senator Carroll and Representative Primavera, Mr. Ross discussed issues related to using a qualified actuary to assist with setting workers' compensation insurance rates.

In response to a question from Senator Carroll, Mr. Tetrick discussed issues related to rating information that Pinnacol did not file with the Colorado Division of Insurance.

11:50 a.m. Ms. Bowers told Senator Schultheis that the Division of Insurance may not be aware of instances when Pinnacol should file rating information but does not file that information.

In discussing Recommendation 9 and in response to a question from Senator Schultheis, Mr. Tetrick discussed issues related to Pinnacol's surplus policy.

12:10 p.m. Representative Primavera requested information on the amounts and types of bonuses paid to Pinnacol's claims processors. Pinnacol staff agreed to provide that information.

Senator Carroll requested information comparing percentages of claims that were admitted and denied based on how the claims were processed in the first 20 days. Pinnacol staff agreed to provide that information.

In response to questions from Senator Mitchell, Ms. Bowers and Ms. Symanski discussed issues related to comparing Pinnacol to workers' compensation insurance providers in other states.

12:23 p.m. In discussing Recommendation 11 and in response to questions from Representative Kerr and Representative Miklosi, Ms. Reinert and Mr. Ross discussed issues related to injured workers surveys.

Committee members commented on issues raised in the recommendation related to Pinnacol employee and Board travel and entertainment expenses. In response to questions from Senator Carroll and Representative Kerr, Vickie Heller explained that non-business meals that were reimbursed to Pinnacol staff were meals during business travel.

In response to a question from Senator Schultheis, Mr. Tetrick discussed Pinnacol's plans to remove all references to federal guidelines from its written expense policies.

Ms. Reinert told Representative Kerr that auditors briefly reviewed the applicability of Amendment 41. However, she noted that Pinnacol staff believe that the amendment does not apply to Pinnacol. In response to a follow-up question from Representative Kerr, Mr. Ross discussed Pinnacol's position on this issue.

Representative Primavera and Representative Kerr requested that Pinnacol provide the Committee an update on the implementation status of the audit recommendations in September.

Committee recessed at 12:40 p.m.

June 7, 2010
Afternoon Session

Committee came back to order at 2:05 p.m. in the Audit Hearing Room, Legislative Services Building.

PINNACOL ASSURANCE
FINANCIAL STATEMENTS AND OTHER FINANCIAL
INFORMATION
DECEMBER 31, 2009 and 2008

Deloitte & Touche, LLP
Mark Wehrle, Partner
Diane Craanen, Senior Manager

Pinnacol Assurance Board of Directors
Gary Johnson, Chair

Pinnacol Assurance
Ken Ross, Chief Executive Officer
Jeff Tetrick, Vice President, Finance

Office of the State Auditor
Sally Symanski, State Auditor
Dianne Ray, Deputy State Auditor
Crystal Dorsey, Managing Legislative Auditor

A motion was made by Representative Kerr and seconded by Senator Carroll to release the Pinnacol Assurance Financial Statements and Other Financial Information report. Motion passed unanimously.

Following introductions and opening comments, Mark Wehrle and Diane Craanen reviewed the financial statements. It was noted that auditors issued an unqualified opinion of Pinnacol Assurance's financial statements.

Recommendations 1 – 7 were reviewed, discussed, and agreed to by Pinnacol staff.

2:17 p.m. In response to a question from Senator Mitchell, Ms. Craanen and Mr. Wehrle discussed issues related to Pinnacol's investment portfolio in 2009.

2:27 p.m. In response to a question from Senator Schultheis, Mr. Wehrle discussed issues related to current conditions in the bond market.

In response to a question from Senator Carroll, Mr. Tetrick discussed issues related to reconciling data between Pinnacol's Workers Compensation Information System and its general

ledger.

2:45 p.m. In response questions from Representative Kerr, Representative Primavera, and Senator Mitchell, Mr. Ross discussed issues related to Pinnacol's participation in the Public Employees' Retirement Association (PERA).

Representative Kerr requested information on the number of Pinnacol employees who are vested in PERA. Pinnacol staff agreed to provide that information.

Senator Mitchell left the meeting.

2:55 p.m. **AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009
SECTION 1512 REPORTING
PERFORMANCE AUDIT, MARCH 2010**

Governor's Economic Recovery Team

Don Elliman, Chief Operating Officer and Chairman, Colorado
Economic Recovery Accountability Board
Chris Smith, Director, Governor's Economic Recovery Team

Office of the State Auditor

Sally Symanski, State Auditor
Cindi Stetson, Deputy State Auditor
Sarah Aurich, Managing Legislative Auditor
Kate Shiroff, Legislative Auditor

A motion was made by Representative McNulty and seconded by Representative Kerr to release the American Recovery and Reinvestment Act, Section 1512 Reporting performance audit. Motion passed unanimously.

Following introductions and opening comments, Kate Shiroff reviewed the audit's findings and conclusions.

3:06 p.m. In response to a question from Representative Kerr, Ms. Shiroff and Cindi Stetson discussed data in the report related to the number of jobs created or retained as a result of American Recovery and Reinvestment Act (Recovery Act) funding.

In response to a question from Senator Schultheis, Don Elliman discussed data related to \$2.85 billion in discretionary funding awarded to Colorado under the Recovery Act. Senator Schultheis requested detailed data on the amount of discretionary funding that benefited government-related entities, private sector entities, and state infrastructure improvements.

3:12 p.m. In response to a question from Representative Kerr, Mr. Elliman discussed issues related to \$24.3 million in Recovery Act funding that was awarded as a Child Care Development Block Grant to the Department of Human Services.

In response to questions from Representative Primavera, Chris Smith discussed issues related to a Workforce Investment Act grant awarded to the Department of Labor and Employment.

In response to comments from Representative Kerr, Mr. Elliman discussed issues related to tracking jobs created by Recovery Act funding.

3:27 p.m. In response to a question from Representative McNulty, Mr. Elliman discussed issues related to Recovery Act funding and state budget issues.

3:30 p.m. GENERAL BUSINESS

Minutes

A motion was made by Representative McNulty and seconded by Representative Kerr to approve the minutes of March 30, 2010. Motion passed unanimously.

Evaluation of Request for Audit of HOPEFUL Waiver

Ms. Stetson reviewed the OSA's evaluation of a request for an audit of the HOPEFUL Waiver.

A motion was made by Representative Primavera and seconded by Representative McNulty authorizing the OSA to proceed with an audit of the HOPEFUL Waiver. Motion passed unanimously.

Evaluation of Request for Audit of Employment Verification Law

Ms. Stetson reviewed the OSA's evaluation of a request for an audit of the Employment Verification Law.

In response to a question from Senator Schultheis, Ms. Symanski stated that if the Committee authorizes an audit of the Employment Verification Law, the OSA could potentially start the audit within four to six months.

Following discussion, a motion was made by Representative Primavera and seconded by Representative Kerr authorizing the OSA to proceed with an audit of the Employment Verification Law. Motion passed unanimously.

Request for Audit of the Motorcycle Operator Safety Training Program and Fund

Ms. Symanski reviewed an audit request related to the Motorcycle Operator Safety Training Program and Fund.

A motion was made by Representative McNulty and seconded by Representative Miklosi authorizing the OSA to conduct initial research related to an audit of the Motorcycle Operator Safety Training Program and Fund. Motion passed unanimously.

Request for Workpapers

Ms. Symanski reviewed a request for workpapers from the October 2003 Divisions of Banking and Financial Services performance audit.

Following discussion, a motion was made by Representative McNulty and seconded by Representative Kerr to deny the request for workpapers. Motion passed unanimously.

Draft Letter to Cal Marsella

Ms. Symanski reviewed a draft letter from the Committee to Cal Marsella, former general manager of the Regional Transportation District, requesting that Mr. Marsella return a portion of his retirement compensation.

Senator Schultheis suggested that the Committee copy members of the RTD Board on the letter.

Following discussion, a motion was made by Representative Miklosi and seconded by Senator Carroll to send the letter to Mr. Marsella with members of the RTD Board copied on the letter.

Summary of 2010 Legislation

Ms. Symanski reviewed information related to legislation sponsored by the Committee during the 2010 Session. In addition, Ms. Symanski discussed legislation containing audit requirements and other legislation of interest to the Committee.

There being no further business to come before the Committee, the meeting recessed at 4:08 p.m.

June 8, 2010 Morning Session

The June 8 meeting of the Legislative Audit Committee convened at 9:01 a.m. with the following members present: Senator Carroll, Senator Schultheis.

**COLORADO LOW-INCOME TELEPHONE ASSISTANCE
PROGRAM
PUBLIC UTILITIES COMMISSION
DEPARTMENT OF HUMAN SERVICES
PERFORMANCE AUDIT, MAY 2010**

Public Utilities Commission

Doug Dean, Director
Lynn Notarianni, Telecom Section Chief
Larry Herold, Rate/Financial Analyst
Susan Travis, Rate/Financial Analyst

Department of Human Services

Pauline Burton, Deputy Executive Director
Todd Jorgensen, Low-Income Energy Assistance Program Director

Office of the State Auditor

Sally Symanski, State Auditor
Cindi Stetson, Deputy State Auditor
Michelle Colin, Managing Legislative Auditor
James Taurman, Legislative Auditor
Jacob Wager, Legislative Auditor

A motion was made by Senator Carroll and seconded by Senator Schultheis to release the Colorado Low-Income Telephone Assistance Program performance audit. Motion passed unanimously.

Following introductions and opening comments, Recommendations 1 – 8 were reviewed, discussed, and agreed or partially agreed to by Public Utilities Commission and Department of Human Services staff.

9:04 a.m. Representative Kerr arrived at the meeting.

9:06 a.m. Representative Miklosi arrived at the meeting.

9:15 a.m. Senator Schultheis requested a list of the ten states that use the federal Lifeline program as their default telephone assistance program.

In response to a question from Senator Schultheis, Michelle Colin stated that the number of telephone landlines in Colorado has decreased.

9:22 a.m. In response to a question from Senator Carroll, Ms. Colin discussed situations when fee revenue generated through the Low-Income Telephone Assistance Program (LITAP) is higher than the program's expenses.

In discussing Recommendation 1 and in response to a question from Senator Carroll, Ms. Colin, Doug Dean, and Lynn Notarianni discussed issues related to future funding for LITAP.

In response to questions from Representative Kerr, Mr. Dean, Todd Jorgensen, and Jacob Wager discussed issues related to LITAP's long-term usage and sustainability.

9:44 a.m. Senator Schultheis requested a list of subsidy amounts for all states with state telephone assistance programs.

In response to questions from Representative Kerr and Senator Schultheis, James Taurman and Mr. Dean discussed issues related to state LITAP subsidy amounts.

In response to questions from Senator Carroll and Senator Schultheis, Ms. Notarianni discussed possible effects of a reduction in state LITAP subsidy amounts and possible federal changes to telephone assistance programs.

9:55 a.m. In discussing Recommendation 3 and in response to questions and comments from Senator Schultheis and Representative Kerr, Mr. Dean and Ms. Stetson discussed issues related to LITAP outreach efforts.

In response to a question from Senator Carroll, Mr. Wager discussed outreach efforts by other states with telephone assistance programs.

10:11 a.m. In discussing Recommendation 4, Senator Schultheis commented on the importance of adhering to LITAP's statutory requirements.

In response to questions from Representative Kerr, Mr. Jorgensen discussed costs associated with the Department of Human Services' involvement in administering LITAP.

In response to questions from Representative Kerr, Ms. Colin and Ms. Stetson discussed issues related to LITAP subscribers with invalid or duplicate Social Security Numbers associated with their Qwest telephone service accounts.

10:17 a.m. Representative McNulty arrived at the meeting.

10:39 a.m. In response to a question from Senator Schultheis, Mr. Wager discussed eligibility determination for federal telephone assistance programs.

In response to a question from Senator Carroll, Mr. Wager and Ms. Symanski discussed issues related to funding for LITAP.

In response to a question from Representative Kerr, Mr. Dean discussed issues related to the possible elimination of LITAP.

Committee members discussed whether it would be appropriate to consider potential legislation related to either continuing or eliminating LITAP. Following discussion, a motion was made by Senator Carroll and seconded by Representative Kerr to request data from the Public Utilities Commission and Department of Human Services on estimated costs to come into compliance with the audit recommendations. Motion passed with Senator Schultheis voting no. The Committee requested to receive the information within 30 days.

10:59 a.m. General Business

CollegeInvest Status Report

Debra DeMuth discussed the implementation status of recommendations made in the September 2009 performance audit of CollegeInvest's Scholarship and Loan Forgiveness Programs.

In response to a question from Representative Kerr, Ms. DeMuth discussed additional revenue expected to benefit the State as a result of the provisions of House Bill 10-1428.

Automobile Inspection and Readjustment Program Status Report

Michelle Colin provided background information about the September 2009 performance audit of the Automobile Inspection and Readjustment Program.

Garry Kaufman reviewed the implementation status of recommendations made in the audit report.

In response to questions from Committee members, Doug Lempke discussed issues related to air quality standards and measuring ambient air quality.

In response to a question from Senator Schultheis, Mr. Kaufman discussed costs associated with vehicle owners repairing vehicles with excessive evaporative emissions.

Other Business

Ms. Symanski discussed a National State Auditors Association Award that the OSA received in May 2010.

Information Only



DAVID SCHULTHEIS, CHAIR
Senator
LOIS TOCHTROP, VICE CHAIR
Senator
MORGAN CARROLL
Senator
JAMES KERR
Representative

State of Colorado
LEGISLATIVE AUDIT COMMITTEE
Legislative Services Building - Second Floor
200 East 14th Avenue
Denver, Colorado 80203

FRANK McNULTY
Representative
JOE MIKLOSI
Representative
SHAWN MITCHELL
Senator
DIANNE PRIMAVERA
Representative

LEGISLATIVE AUDIT COMMITTEE
July 12 & 13, 2010
MINUTES

A meeting of the Legislative Audit Committee convened at 10:00 a.m. in Hearing Room A, Legislative Services Building. Chair David Schultheis called the meeting to order with the following members present:

MEMBERS Senator Carroll, Representative Kerr, Representative McNulty, Senator Tochtrop

EXCUSED: Representative Miklosi, Representative Primavera

ABSENT: Senator Mitchell

STAFF PRESENT: Sally Symanski, State Auditor; Dianne Ray, Cindi Stetson, Deputy State Auditors; Monica Bowers, Sarah Aurich, Jarrod Musick, Greg Fugate, Jonathan Trull, Rosa Olveda, Derek Johnson, Chris Harless; other staff members were present.

ALSO PRESENT: Don Mares, Gary Estenson, Wayne Peel, Department of Labor and Employment; Julie Kennedy, Contract Auditor; Dr. Ned Calonge, Dr. Jillian Jacobellis, Department of Public Health and Environment; Peggy Catlin, Thomas Rivera, Department of Transportation; Travis Schack, Jim Lynn, Governor's Office of Information Technology; Tom Remington, Susan Hunt, Grady McNeil, Colorado Division of Wildlife; Lee Kemp, Noel Busck, Bruce Daily, Regional Transportation District Board of Directors; Bill Holmes, Regional Transportation District; Bob Lackner, Legislative Legal Services; other representatives were present.

July 12, 2010
Morning Session

**EVALUATION OF UNEMPLOYMENT
INSURANCE TRUST FUND, JUNE 2010**

Department of Labor & Employment

Don Mares, Executive Director
Gary Estenson, Deputy Executive Director
Wayne Peel, Chief Financial Officer

Office of the State Auditor

Sally Symanski, State Auditor
Cindi Stetson, Deputy State Auditor
Monica Bowers, Managing Legislative Auditor

Contract Auditor

Julie Kennedy

A motion was made by Representative Kerr and seconded by Representative McNulty to release the Evaluation of Unemployment Insurance Trust Fund. Motion passed unanimously.

Following introductions and opening comments, Recommendations 1 – 7 were reviewed, discussed, and agreed to by Department of Labor & Employment staff.

10:14 a.m. Representative Miklosi arrived at the meeting.

10:22 a.m. In response to a question from Senator Schultheis, Gary Estenson and Don Mares discussed federal requirements that states must comply with in order for employers to receive a credit offset from the federal government on the federal unemployment tax.

In response to a question from Senator Schultheis, Mr. Mares explained the need for 470 full-time employees to monitor the unemployment insurance program.

In response to comments from Senator Schultheis regarding eligibility requirements for unemployment benefits, Mr. Mares explained job search and other state and federal program requirements that applicants must meet in order to qualify for program benefits.

10:33 a.m. In response to a question from Senator Carroll, Mr. Mares clarified federal and state extended benefits payments and how these affect the current insolvency of the UI Trust Fund.

10:37 a.m. In response to a question from Representative Miklosi regarding the base contribution rates and the trigger, Mr. Mares explained that the tax rate table is in statute and it has not been changed because no legislation has been introduced to modify the rates.

In response to comments made by Senator Tochtrop, Mr. Mares explained the workforce system registration process and discussions in Congress on extending deadlines on interest

free loans to the states, which currently expire at the end of 2010.

10:58 a.m. In discussing Recommendation 1 and in response to a question from Senator Schultheis regarding a possible need to reduce claimant's benefits, Mr. Mares addressed the maximum chargeable wage base currently paid in Colorado and explained that Colorado pays slightly below the standard suggested by the United States Department of Labor.

11:13 a.m. In discussing Recommendation 2 and 3, Mr. Mares addressed the current economic crisis and the affect it has on the Unemployment Insurance Trust Fund.

11:30 a.m. In response to a question from Representative Kerr, Mr. Peel explained that the State's UI system is designed to react to recessions, but cannot fund benefits for multiple years of recessions. Mr. Mares commented that the number of claims are dropping by approximately 7,500 per week.

11:45 a.m. In discussing Recommendation 6 and a question from Senator Schultheis, Mr. Peel confirmed that Colorado does pay compounded interest on deferred loan payments and that state and local governments are on a reimbursement basis and will not be assessed for the interest on loans.

In response to a question from Senator Carroll, Mr. Mares commented that the Department of Labor and Unemployment will engage the interested members of the General Assembly and arrange meetings with employers to discuss solutions for the insolvency of the UI Trust Fund.

Closing comments were made by Senator Tochtrop, Representative Kerr, Senator Schultheis and Mr. Mares.

Committee recessed at 12:01 p.m.

July 12, 2010
Afternoon Session

Committee came back to order at 1:30 p.m. in the Audit Hearing Room, Legislative Services Building.

**DENTAL LOAN REPAYMENT PROGRAM
PERFORMANCE AUDIT, JUNE 2010**

Department of Public Health and Environment
Ned Calonge, M.D., Chief Medical Director
Jillian Jacobellis, Ph.D., MS, Director

Office of the State Auditor
Sally Symanski, State Auditor
Cindi Stetson, Deputy State Auditor
Sarah Aurich, Managing Legislative Auditor
Jarrod Musick, Legislative Auditor

A motion was made by Representative Kerr and seconded by Senator Tochtrop to release the Dental Loan Repayment Program performance audit. Motion passed unanimously.

Following introductions and opening comments, Sarah Aurich reviewed the audit's findings and conclusions.

Recommendations 1 and 2 were reviewed, discussed, and agreed to by Department of Public Health and Environment staff.

1:55 p.m. In response to questions from Senator Schultheis, Dr. Ned Calonge agreed to provide the Committee members with retention rates of dental professionals who remain in the practice to which they were recruited through the Dental Loan Program for more than the two year minimum requirement, and how often the federal Health Resources Services Administration updates the criteria that providers must meet to be classified as a federally qualified health center.

2:08 p.m. Dr. Calonge summarized the steps the Department of Public Health and Environment will implement to ensure contractual obligations are clear and are attained.

2:13 p.m. GENERAL BUSINESS

Minutes

A motion was made by Representative McNulty and seconded by Senator Carroll to approve the minutes of June 7 & 8, 2010. Motion passed unanimously.

Work Session

Greg Fugate presented an overview of audit sampling to the Legislative Audit Committee. Representative McNulty made a request of the Chair to consider future discussions on how the

Legislative Audit Committee could increase compliance with audit committee requests and audit findings.

Senator Tochtrop asked for clarification of the legislative oversight authority held by the Legislative Audit Committee.

Status Reports

Ms. Stetson summarized the self-reported status report provided by the Department of Labor and Employment on the American Recovery and Reinvestment Act of 2009, Workforce Investment Act, Summer Youth Program Services performance audit released in December 2009.

Ms. Ray summarized the self-reported status report provided by the Department of Revenue on the Colorado Integrated Tax Architecture Project – Phase I Implementation information technology audit released in September 2009.

Request for Workpapers

A motion was made by Senator Tochtrop and seconded by Representative Kerr to not make public the request for workpapers. Motion passed unanimously.

There being no further business to come before the Committee, the meeting recessed at 3:26 p.m.

July 13, 2010
Morning Session

The July 13 meeting of the Legislative Audit Committee convened at 9:00 a.m. with the following members present: Senator Carroll, Representative Kerr, Senator Tochtrop, Senator Schultheis.

**SAP INFORMATION SYSTEM, DEPARTMENT OF
TRANSPORTATION, INFORMATION TECHNOLOGY AUDIT,
JUNE 2010**

Department of Transportation

Peggy Catlin, Deputy Executive Director, Director
Thomas Rivera, Acting Chief Information Officer

Governor's Office of Information Technology

Leah Lewis, Acting State Chief Information Officer
Travis Schack, Acting Chief Information Security Officer
Jim Lynn, Agency Services Director

Office of the State Auditor

Sally Symanski, State Auditor
Dianne Ray, Deputy State Auditor
Jonathan Trull, Managing Legislative Auditor
Rosa Olveda, Legislative Auditor

A motion was made by Senator Tochtrop and seconded by Senator Carroll to release the SAP Information System information technology audit. Motion passed unanimously.

Following introductions and opening comments, Recommendation 1 – 5 were reviewed, discussed, and agreed to by Department of Transportation and Governor's Office of Information Technology staff.

9:03 a.m. Representative Miklosi arrived at the meeting.

9:15 a.m. In response to a question from Representative Kerr, Mr. Trull explained that a typical attack strategy by a hacker would be to compromise and leverage a computer system to attack other state computer systems that have a built-in trust relationship between systems.

Thomas Rivera assured the Committee members that measures have been taken to correct intrusion-detection and login security deficiencies identified in the audit of the SAP Information System.

In response to questions from Senator Carroll and Senator Tochtrop, Travis Schack explained the communication and implementation process controls for the Department's cyber security efforts.

9:34 a.m. In response to summary comments by Rosa Olveda of Recommendation 2, Mr. Rivera and Mr. Schack explained the process being taken to track the remediation of findings to resolution.

In response to a request from Senator Schultheis, Jim Lynn explained the working relationship between OIT and the Department of Transportation.

9:51 a.m. In response to Ms. Olveda's review of audit findings for Recommendations 3 – 5, Mr. Rivera, Mr. Schack, and Peggy Catlin explained the development of new policies, procedures, and security awareness training efforts underway.

10:10 a.m. Representative McNulty arrived at the meeting.

10:12 a.m. General Business

Land Acquisition and Management Status Report

Tom Remington discussed the implementation status of recommendations made in the July 2009 Division of Wildlife, Land Acquisition and Management performance audit.

In response to a question from Representative Kerr, Grady McNeil explained the process of appraiser selections.

In response to comments made by Senator Carroll, Representative McNulty, and Senator Tochtrop, Mr. Remington commented on the Wildlife Commission's new conflict of interest policy and potential conflict of interest disclosure issues for members serving on the Wildlife Commission.

Executive Compensation Practices Status Report

Chris Harless provided background information about the March 2010, Executive Compensation Practices, Regional Transportation District performance audit. The audit included 13 recommendations with a total of 34 parts. The District reports that they have implemented 19 of the 34 parts and 15 of the parts have been partially implemented.

In response to a request from Senator Tochtrop, Noel Busck and Lee Kemp clarified the duties of the RTD Board's Oversight Committee and the District's personnel evaluation process.

In response to comments made by Representative Kerr, Senator Tochtrop and Senator Schultheis, further discussions were held on how the RTD Board will insure transparency with respect to handling open records requests, goal setting, and meeting notifications.



DAVID SCHULTHEIS, CHAIR
Senator
LOIS TOCHTROP, VICE CHAIR
Senator
MORGAN CARROLL
Senator
JAMES KERR
Representative

State of Colorado
LEGISLATIVE AUDIT COMMITTEE
Legislative Services Building - Second Floor
200 East 14th Avenue
Denver, Colorado 80203

FRANK McNULTY
Representative
JOE MIKLOSI
Representative
SHAWN MITCHELL
Senator
DIANNE PRIMAVERA
Representative

LEGISLATIVE AUDIT COMMITTEE
August 16-17, 2010
MINUTES

A meeting of the Legislative Audit Committee convened at 10:00 a.m. in Hearing Room A, Legislative Services Building. Chair David Schultheis called the meeting to order with the following members present:

MEMBERS Senator Carroll, Representative Kerr, Representative McNulty, Representative Miklosi, Representative Primavera, Senator Tochtrop.

ABSENT: Senator Mitchell

STAFF PRESENT: Sally Symanski, State Auditor; Dianne Ray, Cindi Stetson, Deputy State Auditors; Greg Fugate, Anne Jordan, Mindy Gates, Eric Johnson, Andrew, Knauer, Nathan White, Michelle Colin, Jacob Wager, Jenny Page, Sarah Aurich; other staff members were present.

ALSO PRESENT: Jim Miller, Steve Bornmann, Pat Johnson, Department of Agriculture; Sara Alt, Board of Trustees, Public Employees' Retirement Association; Meredith Williams, Greg Smith, Jennifer Paquette, Public Employees' Retirement Association; Thomas Cavanaugh, Ed Koebel, Cavanaugh Macdonald Consulting, LLC; David Eberly, KPMG LLP; Rico Munn, Mark Cavanaugh, Department of Education; Dr. Patricia Pacey, Colorado Commission on Higher Education; Lynn Johnson, Colorado State University; Pat Doyle, Mesa State College; George Middlemist, Metropolitan State College of Denver; Larry Herold, Lynn Notarianni, Public Utilities Commission; Todd Jorgensen, Karen Beye, Joscelyn Gay, Ken Cole, Department of Human Services; other representatives were present.

August 16, 2010
Morning Session

**ANHYDROUS AMMONIA PROGRAM
INSPECTION AND CONSUMER SERVICES DIVISION
DEPARTMENT OF AGRICULTURE
PERFORMANCE AUDIT, JULY 2010**

Department of Agriculture

Jim Miller, Deputy Commissioner
Steve Bornmann, Director, Inspection and
Consumer Services Division
Pat Johnson, Anhydrous Ammonia Program
Administrator

Office of the State Auditor

Sally Symanski, State Auditor
Cindi Stetson, Deputy State Auditor
Greg Fugate, Managing Legislative Auditor
Anne Jordan, Legislative Auditor
Mindy Gates, Legislative Auditor

A motion was made by Representative McNulty and seconded by Representative Primavera to release the Anhydrous Ammonia Program performance audit. Motion passed unanimously.

Following introductions and opening comments, Recommendations 1-7 were reviewed, discussed, and agreed to by Department of Agriculture staff.

10:12 a.m. In response to a question from Senator Schultheis, Greg Fugate explained that cash funding would increase if tank owners were in full registration compliance.

In response to questions from Representative Primavera and Representative Kerr, Jim Miller and Steve Bornmann explained that there are statutory barriers to contracting out the inspector function to monitor the Anhydrous Ammonia Program because this function has been performed by classified FTE.

In response to a question from Senator Schultheis, Jim Miller and Mr. Bornmann agreed that using technology should be considered to improve the tracking system for the tanks.

In response to a question from Senator Carroll, Mr. Fugate and Mr. Bornmann explained the relationship between various state regulatory agencies to monitor the inventory and inspection of tanks.

10:35 a.m. In a response to a comment from Senator Schultheis, Mr. Miller and Mr. Bornmann addressed concerns regarding state liability and the process for implementing improvements in the tracking system for tanks.

In response to a question from Representative Primavera, Mr. Miller explained the problems associated with options for physically marking tanks with identification numbers.

In response to comments from Senator Schultheis and Representative Primavera, Mr. Miller and Mr. Bornmann agreed that inventory and inspection procedures must follow state statute and that measures will be taken to correct this issue.

11:00 a.m. In response to questions from Senator Tochtrop and Representative Kerr, Mr. Miller explained that there is not a process in place that oversees tank use in the field or for reporting incidents of anhydrous ammonia releases below federal reporting thresholds.

In discussing audit Recommendations, Mr. Miller and Mr. Bornmann agreed with all audit findings and assured the Committee that actions will be taken to bring the Anhydrous Ammonia Program registration, inspection, and enforcement practices into compliance with the minimum safety requirements prescribed in state statute and rules governing the storage, handling, transport, and use of anhydrous ammonia as an agricultural fertilizer.

11:40 a.m. Senator Schultheis made closing remarks and requested that the Department of Agriculture be prepared to provide a status report to the Committee in six (6) months.

11:41 a.m. GENERAL BUSINESS

Minutes

A motion was made by Senator Tochtrop and seconded by Representative Kerr to approve the minutes of July 12-13, 2010. Motion passed unanimously.

General Business

Dianne Ray discussed the requirements of the Office of the State Auditor to communicate various matters to those charged with governance of the State of Colorado, known as the Statement of Auditing Standards (SAS 114) reporting procedures, regarding the audit of Fiscal Year 2010 financial statements of the State of Colorado.

State Auditor Sally Symanski discussed a media report on unrecovered payroll overpayments at the Colorado Department of Transportation (CDOT). She informed the Committee that the CPA firm the Office of the State Auditor contracts with to perform the financial audit of CDOT has been instructed to follow-up on the issue and report any findings in the Fiscal Year 2010 Statewide Audit.

Committee recessed at 11:50 a.m.

August 16, 2010
Afternoon Session

Committee came back to order at 1:30 p.m. in the Audit Hearing Room, Legislative Services Building.

**PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION (PERA)
FINANCIAL AUDIT, YEAR ENDED DECEMBER 31, 2009**

PERA

Sara Alt, Vice Chair, Board of Trustees
Meredith Williams, Executive Director
Greg Smith, Chief Operating Officer and
General Counsel
Jennifer Paquette, Chief Investment Officer

Cavanaugh Macdonald Consulting, LLC

Thomas Cavanaugh, Chief Executive Officer
Ed Koebel, Principal and Senior Actuary

Office of the State Auditor

Sally Symanski, State Auditor
Dianne Ray, Deputy State Auditor

KPMG LLP

David Eberly, Partner

A motion was made by Senator Tochtrop and seconded by Representative Kerr to release the PERA financial audit. Motion passed unanimously.

Following introductions and opening comments by Sara Alt, Meredith Williams, and Ms. Ray, David Eberly reviewed PERA's Comprehensive Annual Financial Report (CAFR).

In response to questions from Senator Carroll and Representative Kerr, Mr. Eberly and Greg Smith discussed the financial obligations created by the merger between PERA and Denver Public Schools (DPS).

2:10 p.m. Mr. Eberly discussed the audit report related to PERA that KPMG prepared. Recommendations 1 & 2 were reviewed, discussed, and agreed to by PERA.

Following introductions, Thomas Cavanaugh and Edward Koebel discussed PERA's Actuarial Valuation Results as of December 31, 2009.

2:22 p.m. In response to a question from Representative Kerr, Mr. Cavanaugh discussed the impact that fluctuation in active members has on the funded status of PERA.

3:05 p.m. Mr. Cavanaugh responded to a request from Senator Carroll for clarification on the impact of Senate Bill 10-001 and the change in the expected rate of return assumptions on the amortization period to achieve 100 percent funding.

In a response to a request from Senator Carroll, Mr. Meredith will provide the LAC with other states' rate of return assumptions.

A discussion was held regarding the relationship between market trends and the smoothing period on the rate of return.

3:37 p.m. Mr. Williams, Greg Smith, and Jennifer Paquette reviewed the PERA and Denver Public Schools Retirement System (DPSRS) merger. Mr. Cavanaugh discussed the actuary pro forma report that Cavanaugh Macdonald Consulting performed of DPSRS and the outstanding bonds that are being repaid. Senator Carroll requested that a copy of the report be provided to the all members of the LAC.

3:54 p.m. Committee recessed for break.

Committee came back to order at 4:04 p.m. in the Audit Hearing Room, Legislative Services Building.

4:04 p.m. GENERAL BUSINESS

Legislative Matters

State Auditor Symanski discussed potential legislation for the Committee to consider for the 2011 legislative session. A report was provided to the Committee of legislative items that were resolved in 2010 and various outstanding recommendations related to potential statutory changes.

Michelle Colin reviewed recommendations resulting from the audit of the Colorado Low-Income Telephone Assistance Program (LITAP) that have potential for legislative changes.

A motion was made by Senator Carroll and seconded by Senator Tochtrop to proceed with two pieces of draft legislation: 1) a draft that would clarify language related to participant eligibility by piggybacking on other state programs that already have recipient eligibility procedures in place and implements Recommendations 1-7 with no fiscal impacts; and, 2) a draft that would implement Recommendation 8 to eliminate LITAP. Motion passed unanimously.

There being no further business to come before the Committee, the meeting recessed at 4:50 p.m.

August 17, 2010
Morning Session

The August 17 meeting of the Legislative Audit Committee convened at 9:00 a.m. with the following members present: Senator Schultheis, Senator Tochtrop, Senator Carroll, Representative Kerr, Representative McNulty, Representative Miklosi, Representative Primavera.

**HIGHER EDUCATION STUDENT FEES
DEPARTMENT OF HIGHER EDUCATION
PERFORMANCE AUDIT, JULY 2010**

Department of Higher Education

Rico Munn, Executive Director
Mark Cavanaugh, Chief Financial Officer

Colorado Commission on Higher Education

Dr. Patricia Pacey

Colorado State University

Lynn Johnson, Associate Vice President for
Finance and Budget

Mesa State College

Pat Doyle, Vice President of Finance and
Administration

Metropolitan State College of Denver

George Middlemist, Associate Vice President
of Administration and Finance

Office of the State Auditor

Sally Symanski, State Auditor
Cindi Stetson, Deputy State Auditor
Eric Johnson, Managing Legislative Auditor
Andrew Knauer, Legislative Auditor Supervisor
Nathan White, Legislative Auditor

A motion was made by Representative McNulty and seconded by Representative Kerr to release the Higher Education Student Fees performance audit. Motion passed unanimously.

Following introductions and opening comments, Recommendations 1-9 were reviewed, discussed, and agreed to by the Department of Higher Education (DHE), Colorado State University, Mesa State College, and Metropolitan State College of Denver.

9:25 a.m. In discussing Recommendation 1 and in response to a comment made by Representative Primavera regarding transparency on student application fees, Rico Munn agreed with the Recommendation and Cindi Stetson said the Office of the State Auditor will work with DHE to obtain a list of application fees from the institutions and how the fees are used and classified. State Auditor Symanski suggested that the DHE include this list in their response to Recommendation 1.

In response to a question from Senator Tochtrop, Ms. Stetson explained reasons why the audit findings were generally made on a system-wide level and did not name specific institutions.

9:32 a.m. In responding to Recommendation 2, Mr. Munn stated that DHE agrees with the Recommendation as stated but disagrees in part with the underlying analysis, such as using a 16.5 percent benchmark when determining an adequate cash fund balance.

In response to a question from Representative McNulty about fee transparency and the availability of this information to the public, Mr. Munn discussed federal legislation requiring all institutions to include a fee-cost calculator on their website by November 2011. Mr. Munn further explained that information on the fees is available now but many people do not know where to look for it.

In response to a comment by Representative McNulty, Mr. Munn commented on the extent to which the institutions can regulate and track fees, especially those that are student initiated and controlled; however, he agreed that the fees should be tracked.

9:44 a.m. In a response to a question from Representative Miklosi, Andy Knauer explained that interviews were not conducted with student government representatives during the audit but the Student Services Directors were consulted.

In a response to a question from Representative Kerr regarding how the institutes will report the “true cost” of higher education by degree program, Mark Cavanaugh said that the formation of a study work group to identify best practices will help facilitate the timely implementation of the federal mandate for a fee-cost calculator and Recommendation.

In discussing Recommendation 3, Mr. Munn and Mr. Cavanaugh agreed that “student purpose fees” should be clearly defined and that different sources of revenue should not be co-mingled.

10:05 a.m. Following introductions of institution representatives, Recommendations 4-6 concerning procurement card policy and procedure violations were discussed and Recommendations were agreed to by the institution representatives.

In discussing Recommendations 7 and 8, Mr. Munn agreed with the Recommendations and reiterated the need for student fee transparency.

10:30 a.m. In discussing Recommendation 9, Senator Carroll suggested that the DHE’s annual report be posted to the Department’s website. Mr. Cavanaugh agreed that it would be a good way to help with the transparency of student fees.

After closing remarks by Mr. Munn and Representative Kerr, Senator Schultheis requested that the Committee be provided with a copy of the report that DHE and the institutes issue in March 2011 in response to the audit recommendations.

The Committee recessed for 5 minutes.

10:44 a.m. General Business

Pueblo Mental Health Institute Status Report

Following introductions, Jenny Page reviewed the Department of Human Service's report on the status of recommendations from the November 2009 Colorado Mental Health Institute at Pueblo performance audit.

Ms. Page reported that out of the 10 audit Recommendations, comprised of a total of 25 sub-parts, the Department has fully implemented 14 of the 25 sub-parts.

10:54 a.m. In discussing Recommendation 4, Ms. Gay and Karen Beye reported that a task force has prepared a draft Workers' Compensation Policy that contains detailed procedures for investigating and documenting claims. The Department further reported that training on injury analysis was conducted with supervisors and risk managers and that this new policy will be implemented department-wide.

In response to a question from Senator Tochtrop, Ms. Gay stated that the training was conducted by the State Office of Risk Management and the Colorado Department of Human Services Risk Management Office and not by Pinnacol.

Ms. Beye reported on an incident unrelated to the audit about a patient death that recently occurred at the Mental Health Institute at Pueblo. In response to a question from Senator Tochtrop, Ms. Gay stated that details regarding the incident cannot be disclosed due to HIPPA regulations. Ms. Beye agreed to provide the Committee with the results of the Department of Public Health and Environment's survey of the Institute when completed.

Following closing remarks from the Department, the Committee commended the actions taken by the Department to implement the audit recommendations.

Medicaid Durable Medical Equipment Status Report

Following brief comments by Sarah Aurich on the October 2009 Controls Over Medicaid Claims for Durable Medical Equipment and Supplies, Laboratory, and Radiology Services performance audit, the Committee requested to have representatives of the Department of Health



DAVID SCHULTHEIS, CHAIR
Senator
LOIS TOCHTROP, VICE CHAIR
Senator
MORGAN CARROLL
Senator
JAMES KERR
Representative

State of Colorado

LEGISLATIVE AUDIT COMMITTEE
Legislative Services Building - Second Floor
200 East 14th Avenue
Denver, Colorado 80203

FRANK McNULTY
Representative
JOE MIKLOSI
Representative
SHAWN MITCHELL
Senator
DIANNE PRIMAVERA
Representative

LEGISLATIVE AUDIT COMMITTEE September 27 & 28, 2010 MINUTES

A meeting of the Legislative Audit Committee convened at 10:00 a.m. in Hearing Room A, Legislative Services Building. Chair David Schultheis called the meeting to order with the following members present:

MEMBERS: Senator Carroll, Representative Kerr, Representative McNulty, Representative Miklosi, Representative Primavera, Senator Tochtrop

EXCUSED: Senator Mitchell

STAFF PRESENT: Sally Symanski, State Auditor; Dianne Ray, Cindi Stetson, Deputy State Auditors; Sarah Aurich, Michele Colin, Greg Fugate, Cynthia Hochmiller, Eric Johnson, Beverly Mahaso, Anna Reinert, Jonathan Trull, Jacob Wager; other staff members were present

ALSO PRESENT: Roxanne Huber, Veronica White, Rick Kiger, Abel Tapia, Tom Kitts, Department of Revenue; Paul Tourangeau, Garry Kaufman, Department of Public Health and Environment; Todd Olson, Travis Schack, Office of Information Technology; Darin Kreimeyer, Tushar Padhiar, Kaizer Cooper, Ernst & Young, LLP; Paul Niedermuller, Steve Clawson, Clifton Gunderson, LLP; Peggy Montano, Jim Spaanstra, State Board of Great Outdoors Colorado Trust Fund; Lise Aangeenbrug, Julie Coutant, Great Outdoors Colorado; Tim McCutcheon, Chase Schmitt, Anton Collins Mitchell, LLP; Rich Gonzales, Jennifer Okes, Tom Montoya, Guy Mellor, Markie Davis, Department of Personnel and Administration; Chuck Grey, David Luke, Bickmore Risk Services & Consulting; Robert Hammond, Vody Herrmann, Department of Education; Ken Ross, Jeff Tetrick, Pinnacle Assurance; Ari Zavaras, Department of Corrections; Carol Chambers, 18th Judicial District; Mitchell R. Morrissey, 2nd Judicial District; Don Quick, 17th Judicial District; Martin Beeson, 9th Judicial District; Ted Tow, Colorado District Attorney's Council;

Gerald Marroney, State Judicial Branch; Kate Meyer, Thomas Morris, Legislative Legal Services; Donna Kellow, Laurel Karabatsos, Robert Douglas, Nancy Downes, Laurie Simon, Department of Health Care Policy and Financing; Rico Munn, Department of Higher Education; Steve Bornmann, Department of Agriculture; Pauline Burton, Todd Jorgensen, Department of Human Services; Lynn Notarianni, Public Utilities Commission

**September 27, 2010
Morning Session**

**VEHICLE EMISSIONS PROGRAM
DEPARTMENT OF REVENUE
DEPARTMENT OF PUBLIC HEALTH
AND ENVIRONMENT
PERFORMANCE AUDIT, SEPTEMBER 2010**

Department of Revenue

Roxanne Huber, Executive Director
Veronica (Roni) White, Deputy Director,
Division of Motor Vehicles
Rick Kiger, Director,
Vehicle Emissions Program

Department of Public Health and Environment

Paul Tourangeau, Director,
Air Pollution Control Division
Garry Kaufman, Manager,
Mobile Sources Program

Office of the State Auditor

Sally Symanski, State Auditor
Cindi Stetson, Deputy State Auditor
Eric Johnson, Managing Legislative Auditor
Trey Standley, Legislative Auditor
Beverly Mahaso, Legislative Auditor

A motion was made by Representative McNulty and seconded by Representative Kerr to release the Vehicle Emissions Program performance audit. Motion passed unanimously.

Following introductions and opening remarks, Senator Schultheis requested information on the number of vehicles that comprise the 9 percent emissions failure rate and the cost per emission failure. Chair Schultheis further requested a chart be provided to the Committee on the average cost per emission failure over the past five years.

In response to questions from Representative Primavera and Representative Kerr, Rick Kiger explained covert and overt performance audits conducted at the emissions testing facilities.

Recommendations 1-7 were reviewed, discussed, and agreed to by Department of Revenue staff.

10:28 a.m. Senator Carroll requested that a schedule of violations being assessed during overt and covert performance audits be provided to the Committee.

Representative Miklosi requested information be provided to the Committee on the average overall age of vehicles that fail emissions testing and whether the resource allocation would be better spent on older vehicles since the newer vehicles are more eco-friendly.

Senator Schultheis commented that the Department must follow statute to conduct record audits monthly as required by EPA regulations or seek statutory change to this requirement.

Following discussion on Recommendations 5 and 6, the Department assured the Committee that timekeeping records will be monitored for accuracy and a detailed analysis of the program's staffing needs will be conducted. The Department will revise its budget request to the Governor's Office and the General Assembly for staffing needs in the northern Front Range expansion area.

11:35 a.m. Recommendations 8-12 were reviewed, discussed, and agreed to by Department of Public Health and Environment staff.

In response to questions from Representative Kerr and Representative Primavera, Garry Kaufman explained the Department's contract procurement process and that there was only one bid submitted on the contract for the new northern Front Range testing facility. Mr. Kaufmann further explained that the Department intends to collect and analyze operating cost information from prospective emissions testing contractors as part of the next procurement process.

11:50 a.m. GENERAL BUSINESS

Minutes

A motion was made by Senator Tochtrop and seconded by Representative McNulty to approve the minutes of August 16-17, 2010. Motion passed unanimously.

Pinnacol Assurance Status Report

Following introductions and opening remarks, the status report for the May 2010 Pinnacol Assurance performance audit was reviewed and discussed.

Ken Ross reported that six (6) of the fourteen (14) audit recommendations have been implemented, seven (7) are partially implemented and will be completed by December 31, 2010, and one (1) recommendation is still being analyzed pending results from an outstanding injured worker survey.

In response to a question from Senator Carroll, Jeff Tetrick clarified that Pinnacol Assurance has engaged a qualified actuary for a period of one (1) year to review Pinnacol's current loss cost multipliers.

12:20 p.m. In response to a question from Senator Carroll, Mr. Tetrick explained the training efforts that Pinnacol continues to provide in order to ensure claims are handled appropriately.

Mr. Ross stated that all travel for members of the Board of Director's has been suspended except travel related to conferences or seminars.

In response to a question from Senator Carroll, Mr. Ross agreed to provide information to the Committee regarding whether the number of days to maximum medical improvement is used as a factor in the formula used to determine the incentive plan for claims personnel.

Committee recessed at 12:30 p.m.

September 27, 2010
Afternoon Session

Committee came back to order at 1:30 p.m. in the Audit Hearing Room, Legislative Services Building.

**REPORT ON CONTROLS PLACED IN OPERATION
AND TESTS OF OPERATING EFFECTIVENESS
GOVERNOR'S OFFICE OF INFORMATION TECHNOLOGY
INFORMATION TECHNOLOGY EXAMINATION
JULY 1, 2009 – JUNE 30, 2010**

Office of Information Technology
Todd Olson, Chief Financial Officer
Travis Schack, Interim Chief Information
Security Officer

Ernst & Young, LLP
Darin Kreimeyer, Partner
Tushar Padhiar, Senior Manager

Office of the State Auditor
Sally Symanski, State Auditor
Dianne Ray, Deputy State Auditor
Jonathan Trull, Managing Legislative Auditor

A motion was made by Representative McNulty and seconded by Senator Tochtrop to release the Report on Controls Placed in Operation and Tests of Operating Effectiveness, Information Technology Examination (SAS No. 70). Motion passed unanimously.

1:34 p.m. Representative Miklosi arrived at the meeting.

Following introductions and opening remarks, Recommendations 1-3 were discussed and agreed to by the Governor's Office of Information Technology (OIT) staff.

In response to a question from Senator Schultheis, Jonathon Trull confirmed that currently established control objectives relative to selected services provided by OIT are adequate if implemented as structured.

1:54 p.m. Todd Olson stated that although controls were developed and had been previously working effectively, OIT experienced an operational and transitional gap in services and systems administration due to the unanticipated resignation of the primary system and security administrator and recent layoff and restructuring initiatives.

In response to a question from Senator Carroll, Darin Kreimeyer clarified the definition of a privileged administrative user and defined this user's authority to access and modify user privileges using the Top Secret Logical Security software.

2:05 p.m. In response to questions from Senator Schultheis and Senator Tochtrop, Mr. Olson addressed the status of implementation of recommendations from the 2008 SAS No. 70 report. Further discussions were held regarding the plans for assuring recommendations are implemented by the 2011 SAS No. 70 examination.

2:10 p.m. Committee recessed for break.

Committee came back to order at 2:17 p.m. in the Audit Hearing Room, Legislative Services Building.

**COLORADO LOTTERY FINANCIAL
AND COMPLIANCE AUDIT
FOR THE YEAR ENDED JUNE 30, 2010**

Department of Revenue

Roxanne Huber, Executive Director
Abel Tapia, Director, Colorado Lottery
Tom Kitts, Deputy Director, Colorado Lottery

Clifton Gunderson, LLP

Paul Niedermuller, Partner
Steve Clawson, Senior Manager

Office of the State Auditor

Sally Symanski, State Auditor
Dianne Ray, Deputy State Auditor
Cynthia Hochmiller, Managing Legislative Auditor

A motion was made by Representative Kerr and seconded by Representative McNulty to release the Colorado Lottery Financial and Compliance audit. Motion passed unanimously.

2:30 p.m. Following introductions and opening remarks, Paul Niedermuller reported to the Committee that an unqualified opinion was issued on the Colorado Lottery's financial statements for the Fiscal Year Ended June 30, 2010.

Mr. Niedermuller reviewed the Colorado Lottery statement of net assets and responded to a question from Senator Schultheis regarding the increase in prize expense resulting from higher prize remuneration and increase in advertising costs.

Recommendations 1-3 were reviewed, discussed, and agreed to by Department of Revenue staff.

2:43 p.m. In response to a question from Senator Carroll, Tom Kitts explained the issues with replacing the back office Wang system with the Comprehensive Lottery Administrative Support System (CLASS). Abel Tapia further explained the reasons for the unfulfilled deliverables of the contract with TB Consulting for the new CLASS system.

In a response to a question from Senator Tochtrop, Mr. Tapia and Roxanne Huber explained that the Department of Revenue does not take a position on which programs receive lottery proceeds and that the proceeds are allocated according to the State Constitution.

Mr. Tapia told the Committee that the Colorado Lottery is currently conducting research to implement simplified return ticket processes and end of game inventory reconciliations.

Mr. Tapia commented on the development of a plan to ensure open positions that are key to the financial reporting process are filled with experienced personnel by providing adequate training and knowledge transfer. Mr. Tapia explained the "S" position which allows the Department to initiate the hiring process as soon as a formal notice of retirement has been received.

3:05 p.m. Committee recessed for break.

Committee came back to order at 3:07 p.m. in the Audit Hearing Room, Legislative Services Building.

**THE STATE BOARD OF THE GREAT OUTDOORS
COLORADO TRUST FUND
FINANCIAL AND COMPLIANCE AUDIT
JUNE 30, 2010 AND 2009**

State Board of Great Outdoors Colorado Trust Fund

Peggy Montano, Chair

Jim Spaanstra, Treasurer

Great Outdoors Colorado

Lise Aangeenbrug, Executive Director

Julie Coutant, Chief Financial Officer

Anton Collins Mitchell, LLP

Tim McCutcheon, Partner

Chase Schmitt, Manager

Office of the State Auditor

Sally Symanski, State Auditor

Dianne Ray, Deputy State Auditor

Crystal Dorsey, Managing Legislative Auditor

A motion was made by Senator Carroll and seconded by Representative McNulty to release The State Board of the Great Outdoors Colorado (GOCO) Trust Fund Financial and Compliance Audit. Motion passed unanimously.

Following introductions and opening remarks, Tim McCutcheon reported to the Committee that an unqualified opinion was issued on the Great Outdoors Colorado financial statements for the Fiscal Years Ended June 30, 2010 and 2009.

Mr. McCutcheon reported that there were no current year audit findings or recommendations and that the prior year audit recommendations have been successfully implemented. However, the report does contain information on GOCO's efforts to meet the "substantially equal" requirement in the State Constitution.

In response to a question from Senator Tochtrop, Lise Aangeenbrug explained the capital investments and improvements GOCO is making to the State's parks system.

3:33 p.m. GENERAL BUSINESS

A motion was made by Senator Tochtrop and seconded by Senator Carroll to give approval to the Office of the State Auditor to conduct a formal audit of the State's Motorcycle Operator Safety Training program and fund. Motion passed unanimously.

3:44 p.m. Committee recessed for break.

Committee came back to order at 3:51 p.m. in the Audit Hearing Room, Legislative Services Building.

Legislative Matters

Following introductions and opening remarks, Mr. Trull reviewed the issues surrounding potential legislation being considered by the Committee regarding Problem Drivers and Traffic Fatalities, House Bill 10-1237.

In response to the Committee's request at the July 13, 2010 hearing, a panel of local judicial authorities consisting of District Attorneys Martin Beeson, 9th Judicial District, Carol Chambers, 18th Judicial District, Mitchell R. Morrissey, 2nd Judicial District, and Don Quick, 17th Judicial District; Ari Zavaras, Chair of the Colorado Integrated Criminal Justice Information System Board; Ted Tow, Chair of the Colorado District Attorney's Council; and Gerald Marroney, State Court Administrator was present to discuss the potential legislation. Specifically discussed was the lack of funding to support a single database that prosecutors and judges can use to ensure that they have complete information on an individual charged with an offense.

Senator Schultheis put forward the recommendation that Senator Carroll and Senator Mitchell work with the District Attorneys, et al, to identify a resolution to the issue.

There being no further business to come before the Committee, the meeting recessed at 5:27 p.m.

September 28, 2010

Morning Session

The September 28 meeting of the Legislative Audit Committee convened at 9:00 a.m. with the following members present: Senator Schultheis, Senator Tochtrop, Senator Carroll, Representative Kerr, Representative McNulty, Representative Miklosi, Senator Mitchell, and Representative Primavera.

**OFFICE OF RISK MANAGEMENT
DEPARTMENT OF PERSONNEL AND ADMINISTRATION
PERFORMANCE EVALUATION, SEPTEMBER 2010**

Department of Personnel and Administration

Rich Gonzales, Executive Director

Jennifer Okes, Deputy Executive Director

Guy Mellor, Director, Division of Human Resources

Bickmore Risk Services & Consulting

Chuck Grey, Director, Risk Consulting Services

David Luke, Senior Consultant

Office of the State Auditor

Sally Symanski, State Auditor

Cindi Stetson, Deputy State Auditor

Sarah Aurich, Managing Legislative Auditor

A motion was made by Senator Carroll and seconded by Representative Kerr to release the Office of Risk Management (ORM) performance evaluation. Motion passed unanimously.

Following introductions and opening remarks, David Luke reviewed the ORM performance evaluation.

In response to a question from Senator Mitchell, Mr. Luke explained the correlation between the cost of risk and state revenue.

9:14 a.m. In response to a question from Representative Kerr, Mr. Luke explained how it would be possible to have a single property loss greater than \$600 million.

Recommendations 1-8 were reviewed, discussed, and agreed to by Department of Personnel and Administration staff.

In response to a question from Representative McNulty, Mr. Luke explained the rationale behind the recommendation that the State should obtain quotes for coverage with limits not less than \$10 million.

In response to a question from Senator Mitchell, Rich Gonzales explained the need to conduct a feasibility study before modifying its current property cost allocation plan.

9:39 a.m. In response to a question from Senator Schultheis, Chuck Grey explained how the Office of Risk Management (ORM) can quantify the cost/benefit ratio of safety programs for a department only after comparative data is collected from the agencies. However, Mr. Gonzales explained that ORM currently has no centralized authority to require agencies to submit accident reports for review.

10:14 a.m.

**FISCAL HEALTH ANALYSIS OF
COLORADO SCHOOL DISTRICTS,
SEPTEMBER, 2010**

Colorado Department of Education
Robert Hammond, Deputy Commissioner
Vody Herrmann, Assistant Commissioner,
Public School Finance

Office of the State Auditor
Sally Symanski, State Auditor
Dianne Ray, Deputy State Auditor
Crystal Dorsey, Managing Legislative Auditor

A motion was made by Senator Tochtrop and seconded by Representative McNulty to release the Fiscal Health Analysis of Colorado School Districts. Motion passed unanimously.

Following introductions and opening remarks, Crystal Dorsey reviewed the Fiscal Health Analysis of Colorado School Districts report.

In response to a question from Senator Schultheis, Vody Herrmann explained that the lack of auditors available to perform audits of financial statements for school districts causes many of the school districts to miss the deadline for submitting audit reports.

There were no recommendations in this report.

10:47 p.m. Committee recessed for break.

Committee came back to order at 10:53 a.m. in the Audit Hearing Room, Legislative Services Building.

10:44 a.m. General Business

Medicaid Durable Medical Equipment Status Report

Following introductions and opening remarks, Sarah Aurich provided a brief overview of the Controls Over Medicaid Claims for Durable Medical Equipment and Supplies, Laboratory, and Radiology Services performance audit released in November 2009.

Donna Kellow reviewed the implementation status of Recommendations 1-7. Ms. Kellow reported that out of the 7 audit recommendations, comprised of a total of 23 sub-parts, the Department has fully implemented 10 of the 23 sub-parts.

In response to a question from Senator Schultheis, Ms. Kellow explained that a lack of resources is responsible for the delay in implementing the initiative to create interfaces to other state and federal systems including the State's Vital Statistics database for birth and death records to electronically verify information regarding eligibility.

In response to a question from Senator Tochtrop, Laurel Karabatsos explained the delays experienced by Medicaid in receiving notification of a claimant's death.

11:26 a.m. General Business

Senator Tochtrop provided a brief summary to the Committee of a meeting that was held on September 15, 2010, to discuss the merger between Public Employees' Retirement Association of Colorado and the Denver Public Schools (DPS) Retirement System.

Among the points discussed at the meeting were the financial impact of the merger on PERA and DPS, the funded status of the DPS Division, the interest rate risk associated with the issuance of the pension certificates of participation, and the effect of Senate Bill 10-001 on the merger.

11:31 a.m. Legislative Matters

Higher Education Student Fees

Eric Johnson gave a brief review of the proposed legislation related to the Higher Education Student Fees performance audit released in August 2010. Rico Munn, Executive Director of the Department of Higher Education, was in attendance.

Following a request from Representative McNulty asking for draft legislation on the student fees to be ready for review at the November 2010 Legislative Audit Committee hearings, Mr. Munn informed the Committee that a collaborative effort of all stakeholders is required to clearly define "student purpose" and to implement procedures that would require institutions to define the purpose

of each student fee and develop a regular review process. Mr. Munn expressed the need for more time to be able to present the Committee with a viable bill draft.

11:39 a.m. Incident Reporting Requirements for Anhydrous Ammonia's Use as an Agricultural Fertilizer, LLS No. 11-0040.02

Greg Fugate reviewed the bill draft. Steve Bornmann, Department of Agriculture, stated that the Department of Agriculture was in support of this bill. In response to a question from Representative Kerr, Mr. Bornmann stated that the tank owners were not supportive of another reporting requirement.

Following discussion, a motion was made by Senator Tochtrop and seconded by Representative Miklosi to proceed with this bill. Motion passed unanimously.

Senator Schultheis asked for a vote to approve Section 2. Safety Clause as stated in the bill draft. Motion carried by a vote of 6 to 2.

Sponsors: Senator Tochtrop
Representative Miklosi

Cosponsors: Senator Carroll, Representative McNulty, Senator Mitchell,
Representative Primavera

11:51 a.m. Changes to the Low-Income Telephone Assistance Program (LITAP), LLS No. 11-0037.01 and, the Repeal of LITAP, LLS No. 11-0038.01

Michelle Colin reviewed the two bill drafts. Following discussion, a motion was made by Representative McNulty and seconded by Representative Kerr to proceed with LLS No. 11-0038.01 to repeal LITAP. Motion failed on the following roll-call vote:

| | |
|--------------------------|-----|
| Senator Carroll | No |
| Representative Kerr | Aye |
| Representative McNulty | Aye |
| Representative Miklosi | No |
| Senator Mitchell | Aye |
| Representative Primavera | No |
| Senator Tochtrop | No |
| Chair Schultheis | Aye |

12:06 p.m. A motion was made by Representative McNulty and seconded by Representative Kerr to table this request for legislation. Senator Carroll requested discussion on the motion before a call to vote was held. Following discussion, a motion was made by Representative McNulty and seconded by Representative Kerr to withdraw the motion to table legislation. Motion passed unanimously.

Following discussion, a motion was made by Representative McNulty and seconded by Senator Carroll to include only Section 4 of the bill draft LLS No. 11-0037.01 addressing eligibility with no safety clause. Motion carried by a vote of 7 to 1.

Sponsors: Senator Carroll
Representative McNulty

Cosponsors: Representative Kerr, Representative Miklosi, Senator Mitchell,
Representative Primavera, Senator Tochtrop

12:26 p.m. Other Business

A motion was made by Senator Mitchell and seconded by Representative Kerr to request the Office of the State Auditor (OSA) to conduct an initial investigation to determine if the Department of Labor and Employment is in compliance with House Bill 06S-1023 during the processing of unemployment insurance claims by verifying lawful presence in the United States for each person who applies for public benefits.

Following an explanation from State Auditor Symanski regarding an upcoming Unemployment Insurance Program performance audit, the motion was amended by Senator Mitchell and seconded by Senator Tochtrop that the audit of the Unemployment Insurance Program include investigation into an allegation that during the processing of unemployment insurance claims, claim processors in the Department of Labor and Employment were given instructions to override the automatic computer check [in the eligibility system] which determines a claimant's legal status; and, the impact that action might have relevant to compliance with House Bill 06S-1023. Motion passed unanimously.

There being no further business to come before the Committee, the meeting adjourned at 12:32 p.m. The next meeting scheduled is on November 8, 2010, at 10:00 a.m.

Minutes submitted by: Senator Lois Tochtrop
Vice-Chair



DAVID SCHULTHEIS, CHAIR
Senator
LOIS TOCHTROP, VICE CHAIR
Senator
MORGAN CARROLL
Senator
JAMES KERR
Representative

State of Colorado

LEGISLATIVE AUDIT COMMITTEE
Legislative Services Building - Second Floor
200 East 14th Avenue
Denver, Colorado 80203

JOE MIKLOSI
Representative
SHAWN MITCHELL
Senator
DIANNE PRIMAVERA
Representative
MARK WALLER
Representative

LEGISLATIVE AUDIT COMMITTEE November 8 & 9, 2010 MINUTES

A meeting of the Legislative Audit Committee convened at 10:00 a.m. in the Audit Hearing Room, Legislative Services Building. Chair David Schultheis called the meeting to order with the following members present:

MEMBERS: Senator Carroll, Representative Kerr, Senator Tochtrop, Representative Waller

Attending as temporary appointments to the Committee:
Representative Joel Judd, Representative Nancy Todd

EXCUSED: Representative Miklosi, Senator Mitchell, Representative Primavera

STAFF PRESENT: Sally Symanski, State Auditor; Dianne Ray, Cindi Stetson, Deputy State Auditors; Sarah Aurich, Kate Shiroff, Greg DiCerbo, Eric Johnson, Crystal Dorsey, Gina Faulkner, Lou Skull, Michelle Colin; other staff members were present

ALSO PRESENT: Tom Plant, Douglas Karl, Kate Drexler, Governor's Energy Office; Mark Cavanaugh, Department of Higher Education; Debra DeMuth, CollegeInvest; David McDermott, Steve Corder, Marc Burkepile, Trevor Borgonah, Office of the State Controller; Mike Mauer, Colorado Legislative Council; Jason Gelender, Tom Morris, Office of Legislative Legal Services; John McCuskey, Dave Kristick, E-470 Public Highway Authority; Jennifer Okes, Guy Mellor, Department of Personnel and Administration; George Skiles, Sjoberg Evashenk Consulting, Inc.; Susan Bock, The Balsler Group; Karen Beye, Sharon Jacksi, Department of Human Services; Sue Williamson, Barbara Primuss, Department of Health Care Policy and Financing

November 8, 2010
Morning Session

WEATHERIZATION ASSISTANCE PROGRAM
GOVERNOR'S ENERGY OFFICE
PERFORMANCE AUDIT, OCTOBER 2010

Governor's Energy Office

Tom Plant, Director

Douglas Karl, Weatherization Program Director

Office of the State Auditor

Sally Symanski, State Auditor

Cindi Stetson, Deputy State Auditor

Sarah Aurich, Managing Legislative Auditor

Greg DiCerbo, Legislative Auditor

Kate Shiroff, Legislative Auditor

A motion was made by Senator Tochtrop and seconded by Representative Kerr to release the Weatherization Assistance Program performance audit. Motion passed unanimously.

Following introductions and opening remarks, Representative Waller requested clarification of the federal regulation that requires energy cost savings to equal or exceed the cost of the weatherization services provided over the lifetime of the materials.

In response to a question from Representative Kerr, Tom Plant explained that according to a study conducted by Oakridge National Labs, recipients of weatherization services will save approximately \$400 per year, beginning with the first year, on their utility bill.

10:18 a.m. In response to a question from Senator Schultheis, Douglas Karl explained the prudence of the Governor's Energy Office monitoring the program funds received as rebates from public utility companies.

In response to questions from Senator Schultheis and Senator Tochtrop, Mr. Karl and Mr. Plant explained the definition of program qualified multi-family dwellings according to the agreement between the Department of Housing & Urban Development and the Department of Energy and that the owner of for-profit, multi-family housing units who receive program services is required to pay 50 percent of the improvements made on the property.

10:36 a.m. Recommendations 1-10 were reviewed, discussed, and agreed to by the Governor's Energy Office staff.

11:07 a.m. In response to a concern expressed by Senator Schultheis, Mr. Karl further explained the checks and balances that have been put in place throughout the quality assurance monitoring visits to guarantee control over the weatherization process.

At the request from Senator Tochtrop, Mr. Plant agreed to provide the Committee samples of the Weatherization Assistance Program's marketing materials used for community outreach.

Senator Tochtrop requested a status report update from the Department in July 2011.

11:48 a.m. GENERAL BUSINESS

Minutes

A motion was made by Senator Tochtrop and seconded by Senator Carroll to approve the minutes of September 27-28, 2010. Motion passed unanimously.

Request for Audit of the Conservation Easement Income Tax Credit

State Auditor Symanski briefly reviewed a request from Representative Marsha Looper for an audit of the Department of Revenue's Conservation Easement Income Tax Credit program.

A motion was made by Senator Carroll and seconded by Senator Tochtrop to authorize the Office of the State Auditor to proceed with preliminary research on the request for an audit of the Conservation Easement Income Tax Credit program. Motion passed unanimously.

Request for Audit of Medicaid Payments to Persons Using Names of Deceased

State Auditor Symanski briefly reviewed a request from Senator Mike Kopp for an audit of the Department of Health Care Policy and Financing's Medicaid payments to persons using names of deceased.

Following discussion, a motion was made by Senator Carroll and seconded by Representative Kerr to authorize the Office of the State Auditor to proceed with preliminary research on the request for an audit of Medicaid payments to persons using names of deceased. Motion passed unanimously.

Request for Workpapers

In response to a written request for the release of workpapers related to the Higher Education Student Fees performance audit, a motion was made by Senator Tochtrop and seconded by Representative Kerr not to make the workpapers public. Motion passed unanimously.

Committee recessed at 11:53 a.m.

November 8, 2010
Afternoon Session

Committee came back to order at 1:30 p.m. in the Audit Hearing Room, Legislative Services Building.

**COLLEGE SAVINGS PLAN, COLLEGEINVEST
DEPARTMENT OF HIGHER EDUCATION
PERFORMANCE EVALUATION, OCTOBER 2010**

Department of Higher Education
Mark Cavanaugh, Chief Financial Officer

CollegeInvest
Debra DeMuth, Director

Office of the State Auditor
Sally Symanski, State Auditor
Dianne Ray, Deputy State Auditor
Eric Johnson, Managing Legislative Auditor

A motion was made by Senator Tochtrop and seconded by Senator Carroll to release the College Savings Plan, CollegeInvest performance evaluation. Motion passed unanimously.

Following introductions and opening remarks, Recommendations 1, 2, and 4-6 were discussed and agreed to by CollegeInvest staff.

1:58 p.m. In response to a question from Senator Schultheis, Debra DeMuth explained the effect of capital market performance on the administrative fees CollegeInvest collects on its college savings plans. The CollegeInvest Board evaluates the fee level every year and revises the fee policy as appropriate.

Recommendation 3 was discussed and Mark Cavanaugh explained why the Department of Higher Education disagreed with this recommendation. Mr. Cavanaugh stated that extending the tax deduction to any 529 college savings plan would have a negative impact on statewide tax revenues.

2:24 p.m.

**SCHEDULE OF TABOR REVENUE
FINANCIAL AUDIT, SEPTEMBER 2010**

Office of the State Controller

David McDermott, State Controller
Steve Corder, Manager, Reporting and Analysis
Marc Burkepile, Financial Reporting Analyst
Trevor Borgonah, Financial Reporting Analyst

Office of the State Auditor

Sally Symanski, State Auditor
Dianne Ray, Deputy State Auditor
Crystal Dorsey, Managing Legislative Auditor
Gina Faulkner, Legislative Auditor

A motion was made by Senator Tochtrop and seconded by Senator Carroll to release the Schedule of TABOR Revenue financial audit. Motion passed unanimously.

Following opening comments from David McDermott, Gina Faulkner presented the report. There were no recommendations in the report.

Ms. Faulkner told Senator Tochtrop that in Fiscal Year 2010 cash-funded revenue for motor vehicle registrations fees increased largely as a result of the FASTER legislation bill enacted during the 2009 Legislative Session and that the decrease in severance taxes was primarily due to a dramatic decrease in the per unit price of natural gas, which resulted in lower assessed taxes collected in Fiscal Year 2010.

2:41 p.m. In response a question from Senator Schultheis, Mr. McDermott explained that the fiduciary income tax fluctuation is driven by changes in investment income.

Other Business

In an issue unrelated to the Schedule of TABOR Revenue audit, Mr. McDermott reviewed some statutory interpretation issues related to C.R.S. 24-77-103.6(6)(b)(I)(B) concerning the calculation of the excess state revenues cap. Following a brief discussion, the Committee suggested that this issue should be discussed with the Joint Budget Committee.

**3:02 p.m. HIGHER EDUCATION TABOR ENTERPRISE STATUS
OCTOBER 2010**

Office of the State Auditor
Sally Symanski, State Auditor
Dianne Ray, Deputy State Auditor
Lou Skull, Managing Legislative Auditor

Since the report was not an audit, a Committee vote was not needed to release the report.

Following introductions, Lou Skull reviewed the memorandum on the Higher Education TABOR Enterprise Status.

It was noted that Fort Lewis College exceeded the 10 percent General Fund threshold in Fiscal Year 2010 and, therefore, lost its TABOR Enterprise status. All institutions are expected to qualify for TABOR enterprise status in Fiscal Year 2011.

3:09 p.m. GENERAL BUSINESS

Representative Kerr discussed concerns that his constituents have brought to his attention about the E-470 Public Highway Authority (E-470 Authority) and the question of what oversight mechanism is available to review the E-470 Authority's operations.

State Auditor Symanski explained that the Office of the State Auditor does not have the authority to audit public highway authorities created under Part 5 of Title 43, Article 4; however, the Transportation Legislation Review Committee (TLRC) has the statutory authority to require that performance and financial audits be conducted of the public highway authorities.

Mike Mauer, Director of Research for Legislative Council, explained that the TLRC did not meet during the interim as a result of budget cuts which eliminated all per diems for interim committees; and, a permanent solution should be established to sustain oversight authority during future interim sessions during which committees do not convene.

3:24 p.m. John McCuskey, Acting Executive Director of the E-470 Authority, provided an overview of the E-470 Authority operations.

Jason Gelender, Senior Staff Attorney from the Office of Legislative Legal Services, explained that statute gives authority to the OSA to audit state departments or agencies of state government, but that the public highway authorities are part of local government and as such are not subject to audit by the OSA.

In response to a question from Senator Tochtrop, State Auditor Symanski stated that the OSA only has authority to audit political subdivisions as required by law, and the General Assembly has not given the OSA the authority to conduct audits of public highway authorities under Part 5 of Title 43, Article 4.

Following discussion, a motion was made by Representative Kerr and seconded by Senator Carroll to request that the Office of Legislative Legal Services draft two versions of potential legislation: 1) authorizing the OSA to conduct audits of all public highway authorities, or 2) authorizing the OSA to conduct audits of the E-470 Public Highway Authority. Motion passed unanimously.

Legislative Matters

Following discussion, Tom Morris, Office of Legislative Legal Services, reviewed the potential legislation being considered by the Committee regarding Colorado Low-Income Telephone Assistance Program, LLS No. 11-0037.01.

A motion was made by Senator Carroll and seconded by Representative Kerr to accept the bill as drafted and proceed to place on bill paper. Motion passed unanimously.

Representative Kerr agreed to replace Representative McNulty as the House sponsor on the bill.

Other Business

State Auditor Symanski distributed a listing of all statutorily required financial and performance audits as of August 2010, including those resulting from legislation enacted during the 2010 Session.

There being no further business to come before the Committee, the meeting recessed at 3:50 p.m.

November 9, 2010
Morning Session

The November 9 meeting of the Legislative Audit Committee convened at 9:00 a.m. with the following members present: Senator Schultheis, Senator Tochtrop, Representative Kerr, Representative Judd, Representative Todd, and Representative Waller.

EMPLOYEE BENEFITS PROGRAM
DEPARTMENT OF PERSONNEL AND ADMINISTRATION
PERFORMANCE AUDIT, OCTOBER 2010

Department of Personnel and Administration
Jennifer Okes, Deputy Executive Director
Guy Mellor, Director, Division of Human Resources

Sjoberg Evashenk Consulting, Inc.
George Skiles, Manager

The Balsler Group
Susan Bock, Principal

Office of the State Auditor
Sally Symanski, State Auditor
Cindi Stetson, Deputy State Auditor
Michelle Colin, Managing Legislative Auditor

A motion was made by Senator Tochtrop and seconded by Representative Waller to release the Employee Benefits Program performance audit. Motion passed unanimously.

Following a request from Representative Kerr, State Auditor Symanski offered an explanation of the audit scope and clarified that the Employee Benefits Program performance audit did not encompass the Public Employees' Retirement Association related benefits. Senator Schultheis requested that the OSA consider a revision to the audit title that would more clearly reflect the audit scope.

Following introductions and opening remarks, Recommendations 1-10 were reviewed, discussed, and agreed to by Department of Personnel and Administration (DPA) staff.

In response to questions from Senator Schultheis and Representative Kerr, George Skiles gave details on the sources used for comparison of benefit rates.

9:53 a.m. In response to a question from Representative Judd, Mr. Skiles explained that only about 14,200 employees out of the 29,100 total enrolled in medical plans participate in the State's self-funded Preferred Provider Organization plan and the reason for the trend away from enrollment in the self-funded plans, as opposed to the fully insured plans.

In response to a question from Senator Schultheis, Jennifer Okes agreed to provide the Committee the analysis conducted by the Department on the impact employee wages might have on medical plan participation.

10:30 a.m. In response to a question from Senator Schultheis, Ms. Okes stated the DPA will work with the General Assembly to evaluate options related to the State's contribution to health (medical and dental) benefits for part-time employees and on any necessary statutory changes.

In response to a question from Senator Schultheis, Ms. Okes said that the Department is in the procurement process to contract with a third party to conduct an enrollment eligibility audit and agreed to provide the Committee with the action recommended by the third party auditor regarding what penalty, if any, employees will face who knowingly provide false documentation in order to enroll in the State's benefit plans.

10:59 a.m. Following closing remarks, Senator Schultheis suggested the Committee discuss the methodology used to compare state benefits with the private sector in the audit at the next Committee hearing.

11:10 a.m. Committee recessed for break.

11:15 a.m. General Business

**Medicaid Community-Based Services for People with Developmental Disabilities
(Recommendation No. 9) Status Report**

Following introductions and opening remarks, Karen Beye stated that the Colorado Department of Human Services (CDHS) and the Department of Health Care Policy and Financing (HCPF) convened the Conflict of Interest (COI) Task Force comprised of stakeholders in the developmental disability system to analyze and make recommendations to resolve conflict-of-interest issues in the service system.

The COI Task Force addressed seven areas in the system subject to conflict of interest and made recommendations to resolve the issues. If these recommendations move forward, a change in C.R.S. 27-10.5 that currently allows the Community Centered Boards to function as a case management agency and a service provider will be necessary.

11:51 a.m. Following a question from Representative Judd, Senator Schultheis thanked the COI Task Force for its efforts and recommended that the Task Force take the recommendations for legislation to the appropriate Committees of Reference for further discussion.

11:55 a.m. Committee recessed for break.



DAVID SCHULTHEIS, CHAIR
Senator
LOIS TOCHTROP, VICE CHAIR
Senator
MORGAN CARROLL
Senator
JAMES KERR
Representative

State of Colorado
LEGISLATIVE AUDIT COMMITTEE
Legislative Services Building - Second Floor
200 East 14th Avenue
Denver, Colorado 80203

JOE MIKLOSI
Representative
SHAWN MITCHELL
Senator
DIANNE PRIMAVERA
Representative
MARK WALLER
Representative

LEGISLATIVE AUDIT COMMITTEE
December 13 & 14, 2010
MINUTES

A meeting of the Legislative Audit Committee convened at 10:00 a.m. in the Audit Hearing Room, Legislative Services Building. Chair David Schultheis called the meeting to order with the following members present:

MEMBERS: Senator Carroll, Representative Miklosi, Senator Mitchell, Representative Primavera, Senator Tochtrop, Representative Waller

Attending as temporary appointment to the Committee:
Representative Ken Summers

EXCUSED: Representative Kerr

STAFF PRESENT: Sally Symanski, State Auditor; Dianne Ray, Cindi Stetson, Deputy State Auditors; Jonathan Trull, Rosa Olvera, Jenny Page, James Taurman, Lou Skull, Crystal Dorsey, Gina Faulkner, Eric Johnson, Nina Frant, Cindi Radke, Maggie Crowdes; other staff members were present

ALSO PRESENT: Leah Lewis, Todd Olson, Travis Schack, Governor's Office of Information Technology; Dirk Anderson, Coalfire Systems; Chris Ingram, Emagined Security; Maurice Knaizer, Attorney General's Office; Joan Henneberry, Laurel Karabatsos, Department of Health Care Policy and Financing; Jeremiah Barry, Office of Legislative Legal Services; Dr. Nancy McCallin, Cliff Richardson, Lisa Grefrath, Colorado Community College System; Dr. Michelle Haney, Red Rocks Community College; Dr. Karen Bleeker, Community College of Denver; Brett Hanselman, Danielle Bundy, KPMG, LLC; David McDermott, Karoline Clark, Office of the State Controller;

Bruce Eisenhower, JoAnn Groff, Department of Local Affairs; Kathy Sasak, Erick Scheminske, Department of Public Safety; Ronald Sloan, Karl Wilmes, Colorado Bureau of Investigation; Karen Beye, Reginald Jefferson, Jenise May, George Kennedy, Pauline Burton, Leslie Bullock, Department of Human Services

December 13, 2010
Morning Session

OFFICE OF CYBER SECURITY
GOVERNOR'S OFFICE OF INFORMATION TECHNOLOGY
PERFORMANCE AUDIT, DECEMBER 2010

Governor's Office of Information Technology

Leah Lewis, Acting State Chief Information Officer

Todd Olson, Chief Financial Officer

Travis Schack, Acting Chief Information Security Officer

Office of the State Auditor

Sally Symanski, State Auditor

Dianne Ray, Deputy State Auditor

Jonathan Trull, Managing Legislative Auditor

Coalfire Systems

Dirk Anderson, Managing Director

Emagined Security

Chris Ingram, Director

A motion was made by Senator Carroll and seconded by Senator Tochtrop to release the Office of Cyber Security (OCS) performance audit. Motion passed unanimously.

Following introductions and opening remarks, Jonathan Trull provided an overview of the Colorado Cyber Security Program.

10:20 a.m. Todd Olson discussed the consequences of not having a dedicated funding source to maintain the Cyber Security Program.

In response to a question from Representative Primavera, Mr. Olson explained that homeland security grants lighten some of the financial burden but do not help with ongoing operational costs since the grant is only a one-time supplement.

Recommendation 1 was reviewed, discussed, and agreed to by staff from the Governor's Office of Information Technology (OIT).

In response to a question from Senator Schultheis, Mr. Olson explained that the OCS recently developed an Agency Cyber Security Plan (ACSP) Scorecard to provide guidance to agencies which are held accountable for the timely submission of statutorily-compliant ACSP reports.

Mr. Trull explained how ACSP reports form the foundation of operations for proper risk assessments and resource allocation.

In response to a question from Representative Primavera, Leah Lewis explained that they will use this performance audit to stress to the new administration the importance of cyber security compliance.

Recommendations 2-4 were reviewed, discussed, and agreed to by staff from OIT.

10:47 a.m. In response to questions from Senator Schultheis and Senator Tochtrop, Mr. Trull explained that the statutes put in place in July 2006 regarding cyber security compliance are clear but there is little enforcement of the statutes due to a lack of procedures and processes.

Recommendations 5-9 were reviewed, discussed, and agreed to by staff from OIT.

Senator Schultheis requested that OIT provide a status report to the Committee in July 2011 on the implementation status of the audit recommendations.

11:36 a.m. A motion was made by Senator Tochtrop and seconded by Representative Primavera that the Legislative Audit Committee go into executive session in accordance with Section 24-6-402 (3) (a) (IV), C.R.S., to discuss specialized details of security arrangements or investigations relating to the penetration/computer security audit where disclosure of the discussions might reveal information that could be used for the purpose of committing a violation of law. Motion passed unanimously.

The Committee went into executive session.

12:52 p.m. The Committee came out of executive session and went into recess.

12:54 p.m. **GENERAL BUSINESS**

Committee came back to order at 12:54 p.m. in the Audit Hearing Room, Legislative Services Building.

Minutes

A motion was made by Senator Tochtrop and seconded by Representative Waller to approve the minutes of November 8 & 9, 2010. Motion passed unanimously.

Following discussions regarding the authority of the Office of the State Auditor to conduct penetration/computer security audits, a motion was made by Senator Tochtrop and seconded by Representative Miklosi to request that the Office of Legislative Legal Services draft legislation to give the State Auditor the authority to conduct audits related to information technology systems after consultation and in coordination with, but not subject to the approval of, the Chief Information Security Officer. Motion passed unanimously.

1:02 p.m. Committee recessed for lunch.

December 13, 2010
Afternoon Session

Committee came back to order at 2:15 p.m. in the Audit Hearing Room, Legislative Services Building.

**MEDICAID OUTPATIENT SUBSTANCE ABUSE
TREATMENT BENEFIT,
DEPARTMENT OF HEALTH CARE POLICY
AND FINANCING
PERFORMANCE AUDIT, NOVEMBER 2010**

Department of Health Care Policy and Financing

Joan Henneberry
Laurel Karabatsos

Office of the State Auditor

Sally Symanski, State Auditor
Cindi Stetson, Deputy State Auditor
Jenny Page, Managing Legislative Auditor
James Taurman, Legislative Auditor

A motion was made by Senator Tochtrop and seconded by Representative Waller to release the Medicaid Outpatient Substance Abuse Treatment Benefit performance audit. Motion passed unanimously.

Following introductions and opening remarks, Senator Schultheis requested clarification on the method used by the U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration to calculate the rate of per capita substance abuse disorders in Colorado.

2:33 p.m. In response to a question from Senator Mitchell, James Taurman addressed factors that might account for differences between the numbers of male clients versus female clients who seek treatment from the Medicaid Program.

In response to a question from Senator Schultheis, Jenny Page and Joan Henneberry explained that it would require a long-term, comprehensive controlled research study to determine whether the reduction in medical costs was the direct result of the Substance Abuse Benefit services provided to clients. Ms Henneberry stated that his type of controlled study using Medicaid clients is not permitted by the federal government.

2:40 p.m. In response to a question from Senator Mitchell, Ms. Henneberry clarified that the substance abuse treatment is a benefit, not a waiver program, provided to all Medicaid clients.

In response to a question from Senator Schultheis, Laurel Karabatsos explained that utilization of Substance Abuse Benefit services and benefit costs has increased significantly due to greater client awareness of the benefit and an increase in the number of substance abuse treatment providers serving Medicaid clients.

3:28 p.m. Jeremiah Barry from the Office of Legislative Legal Services discussed three options available to the Committee under Section 25.5-5-313, C.R.S., regarding Medicaid Outpatient Substance Abuse Treatment.

Following discussion, the Committee chose to take no action on the basis of the audit results regarding the outpatient substance abuse treatment benefit.

3:33 p.m. **COLORADO COMMUNITY COLLEGE SYSTEM
FINANCIAL AND COMPLIANCE AUDIT
JUNE 30, 2010 AND 2009**

Colorado Community College System

Dr. Nancy McCallin, President
Cliff Richardson, Vice President of Finance
Lisa Grefrath, Controller

Office of the State Auditor

Sally Symanski, State Auditor
Dianne Ray, Deputy State Auditor
Lou Skull, Managing Legislative Auditor

KPMG, LLP

Brett Hanselman, Partner
Danielle Bundy, Engagement Manager

A motion was made by Senator Carroll and seconded by Senator Tochtrop to release the Colorado Community College System (CCCS) financial and compliance audit. Motion passed unanimously.

Following introductions and opening remarks, Brett Hanselman reviewed the financial statements of CCCS and reported that an unqualified opinion was issued indicating that the financial statements fairly present the financial position of the operations of CCCS.

In response to a request from Senator Schultheis, Dr. Nancy McCallin offered to provide the Committee with enrollment numbers of full-time equivalent student headcount.

3:58 p.m. In response to questions from Senator Mitchell, Dr. McCallin identified the locations of front-range campuses; defined the term “growth;” and explained that CCCS does not receive increase in funding based on increase in enrollment.

Recommendations with the classification of “Significant Deficiency” were reviewed, discussed, and agreed to by staff from CCCS.

4:12 p.m. In response to a question from Senator Schultheis, Dr. Karen Bleeker, President of Community College of Denver, described the measures taken to implement and enforce policies and procedures over accounting and financial reporting.

In response to a question from Senator Tochtrop, Dr. Michelle Haney, President of Red Rocks Community College, described the measures taken to strengthen controls in the cashier’s office.

4:32 p.m. Senator Mitchell left the hearing.

In response to a question from Senator Schultheis, Cliff Richardson confirmed that all CCCS schools follow the Colorado Fiscal Rules including standard business practices documented in operational manuals.

4:40 p.m.

**CASH FUNDS UNCOMMITTED RESERVES REPORT
STATEWIDE AUDIT, FINANCIAL AUDIT
NOVEMBER 2010**

Office of the State Controller

David McDermott, State Controller

Karoline Clark, Financial Reporting Analyst

Department of Local Affairs

Bruce Eisenhower, Deputy Director and
Chief Operating Officer

JoAnn Groff, Colorado State Property
Tax Administrator

Department of Public Safety

Kathy Sasak, Executive Director

Erick R. Scheminske, Chief Financial Officer

Office of the State Auditor

Sally Symanski, State Auditor

Dianne Ray, Deputy State Auditor

Crystal Dorsey, Managing Legislative Auditor

A motion was made by Senator Carroll and seconded by Senator Tochtrop to release the Cash Funds Uncommitted Reserves Report financial audit. Motion passed unanimously.

Following introductions and opening comments, Crystal Dorsey provided background information on SB 98-194, which regulates cash funds, and the audit requirements.

4:56 p.m. Following review of Recommendation 8, JoAnn Groff explained that the Department of Local Affairs (DOLA) does not have the statutory authority to change the fee amounts specified in statute.

Following review of Recommendation 12, Erick Scheminske commented that the Department of Public Safety (DPS) has the same statutory limitations regarding changing fee amounts as explained by staff from DOLA.

Mr. Scheminske also commented that DPS disagrees with the interpretation of statute regarding the definition of the term “entity” used by the Office of the State Controller in calculating the target reserve.

5:15 p.m. Representative Summers left the hearing.

5:26 p.m. A motion was made by Senator Carroll and seconded by Senator Tochtrop to authorize the Office of the State Auditor to work with a drafter from Legislative Legal Services to prepare an initial bill draft which will grant state departments and divisions the rule making authority to decrease fees as necessary to assure compliance with the limitation on the amount of uncommitted cash reserves that may be maintained in cash funds set by statute and also retain the authority to adjust fees up to the cap of the statutory limit. Motion passed unanimously.

There being no further business to come before the Committee, the meeting recessed at 5:28 p.m.

December 14, 2010
Morning Session

The December 14 meeting of the Legislative Audit Committee convened at 9:05 a.m. with the following members present: Senator Schultheis, Senator Carroll, Representative Miklosi, Representative Primavera, Representative Summers, and Senator Tochtrop.

9:05 a.m. **CONCEALED HANDGUN PERMIT DATABASE**
COLORADO BUREAU OF INVESTIGATION
DEPARTMENT OF PUBLIC SAFETY
PERFORMANCE AUDIT, DECEMBER 2010

Department of Public Safety
Kathy Sasak, Executive Director

Colorado Bureau of Investigation
Ronald Sloan, Director
Karl Wilmes, Deputy Director

Office of the State Auditor
Sally Symanski, State Auditor
Cindi Stetson, Deputy State Auditor
Eric Johnson, Managing Legislative Auditor
Nina Frant, Legislative Auditor

A motion was made by Senator Tochtrop and seconded by Senator Carroll to release the Concealed Handgun Permit Database performance audit. Motion passed unanimously.

Following introductions and opening comments, Deputy State Auditor Stetson provided a brief summary on the purpose and scope of the audit, the statutory requirements to perform the audit.

9:11 a.m. Senator Mitchell arrived at the hearing.

9:25 a.m. Recommendations 1-3 were reviewed, discussed, and agreed to by the Department of Public Safety (DPS) and Colorado Bureau of Investigation (CBI) staff.

In response to a question from Senator Schultheis, Eric Johnson clarified that the concealed handgun permit database contained about 51,000 records. The auditors reviewed all 51,000 records and found 26 were created by agencies not authorized to issue concealed handgun permits.

In response to a question from Senator Schultheis, Karl Wilmes explained the working relationship between CBI and the Federal Bureau of Investigation.

9:40 a.m. In response to a question from Senator Mitchell, Mr. Wilmes agreed to provide the Committee with a cost estimate to implement a technical solution to block unauthorized access to creating records in the concealed handgun permit database.

9:53 a.m. In response to questions from Representative Primavera, Nina Frant explained that it is possible for a citizen to have more than one gun permit since each Sheriff's Office is responsible for issuing permits in their own county. Mr. Johnson and Ronald Sloan explained that the expiration date of each permit is not automatically populated due to software limitations and the fact that the sheriffs' entry of information into the database is voluntary.

Mr. Sloan stated that CBI agrees with the audit recommendations but that there are funding issues and that the voluntary participation in the program makes it difficult for CBI to enforce data completeness and accuracy.

10:29 a.m. Ms. Frant stated that the auditors did not identify quantifiable data maintained by law enforcement agencies or other sources that could be used to assess the benefits of the database to law enforcement and public safety.

Senator Mitchell requested CBI to collect data and provide a benefit analysis of the database to the General Assembly during the 2011 Legislative Session in order to educate the General Assembly before the decision is made to continue the database or allow it to sunset.

10:41 a.m. Committee went into recess.

10:43 a.m. Committee came back to order.

**AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009
SINGLE AUDIT INTERNAL CONTROL PILOT PROJECT,
PHASE 2, STATE OF COLORADO
FINANCIAL AUDIT, FISCAL YEAR ENDED JUNE 30, 2010**

Department of Human Services

Karen Beye, Executive Director
Reginald Jefferson, Deputy Executive Director
Jenise May, Deputy Executive Director
George Kennedy, Deputy Executive Director
Pauline Burton, Deputy Executive Director

Office of the State Auditor

Sally Symanski, State Auditor
Dianne Ray, Deputy State Auditor
Cindi Radke, Managing Legislative Auditor
Eric Johnson, Managing Legislative Auditor
Maggie Crowdes, Legislative Auditor

A motion was made by Senator Tochtrop and seconded by Representative Primavera to release the Internal Control Pilot Project Phase 2 financial audit. Motion passed unanimously.

10:52 a.m. Following introductions and opening remarks, Recommendation 1 was reviewed, discussed, and agreed to by staff from the Colorado Department of Human Services (CDHS). Reginald Jefferson reported that the recommendation has been implemented.

Recommendation 2 was reviewed, discussed, and agreed to or partially agreed to by staff from CDHS.

In response to a question from Senator Schultheis, Jenise May agreed to provide the Committee with the exact number of employees participating in the Department's flexplace program.

In response to questions from Senator Tochtrop and Senator Carroll regarding cyber security protection when employees work from home, Ms. May explained that safeguards are in place to protect confidential data but compliance to the procedures is not being monitored by CDHS.

11:06 a.m. Following the Child Care and Development Fund Program Cluster overview, Recommendations 3-8 were reviewed, discussed, and agreed to by staff from CDHS. George Kennedy stated that the implementation of Recommendations 3-8 will be accomplished through the upgrade of the Child Care Automated Tracking System (CHATS).

In response to a question from Representative Primavera, Mr. Kennedy stated that CDHS has been working on the upgrade of CHATS for over 2 years at a cost of \$14 million dollars and that prior year audit recommendations not yet implemented will be addressed upon completion of the upgrade.

11:22 a.m. Regarding Recommendations 4-6, Senator Tochtrop requested a status report to be presented to the Committee in March 2011.

In response to a question from Senator Schultheis, Leslie Bullock from the Division of Child Care explained the November 2010 implementation date for Recommendation 7.

Following review of Recommendation 9, Mr. Kennedy stated that CDHS disagrees with this Recommendation because there already is a process in place for counties to assess the level of care of children and authority given to counties by statute.

Following review of Recommendation 10, Mr. Kennedy stated that CDHS agrees with this Recommendation; however, if funding for an outside entity to perform a workload study on county functions within Child Welfare is not approved by legislation, the Division will not be able to complete the necessary workload study to determine a percentage of time spent by county workers on administrative functions as compared to case services functions.

11:42 a.m. Following review of Recommendation 11, Mr. Kennedy stated that CDHS disagrees with this Recommendation since the Department determined that child placement agencies (CPAs) are vendors, not subrecipients, and therefore, not subject to the federal *Office of Management and Budget Circular A-133* audit requirements.

Following comments from Senator Carroll and Senator Tochtrop expressing concern over the Department's disagreement with this Recommendation, Mr. Kennedy agreed to provide the Committee a supplemental status report in March 2011 on the oversight of CPAs administrative costs.

Following review of Recommendation 12, Mr. Kennedy stated that CDHS partially agrees with this Recommendation. Mr. Kennedy explained that the Division of Child Welfare Services has determined that it would not be cost effective to follow-up on the over/under payments made to foster parents identified during the 2007 audit. Mr. Kennedy further explained that procedures have been created to ensure that incorrect payments are identified and corrected going forward.

12:01 p.m. Following the Adoption Assistance Program overview, Recommendation 13 was reviewed, discussed, and agreed to by staff from CDHS.

Following the Vocational Rehabilitation Program overview, Recommendation 14 was reviewed, discussed, and agreed to by staff from CDHS.

12:09 p.m. GENERAL BUSINESS

Executive Summary on Performance Audits of the Tobacco Settlement Program

State Auditor Symanski briefly reviewed an executive summary that the OSA is required to provide to the Committee annually related to evaluations conducted on tobacco settlement programs completed during the preceding calendar year.

Adoption of 2011 Session Calendar

A motion was made by Senator Tochtrop and seconded by Representative Miklosi to approve the adoption of the 2011 Session calendar. Motion passed unanimously.

Reports to Be Released Without Benefit of a Formal Hearing

Following introductions and brief comments from Deputy State Auditor Ray, a motion was made by Representative Miklosi and seconded by Senator Tochtrop to release the following reports without benefit of a formal hearing:

Auraria Higher Education Center, Financial and Compliance Audit, June 30, 2010 and 2009

Mesa State College, Financial and Compliance Audit, For Fiscal Years Ended June 30, 2010 and 2009

Western State College of Colorado, Financial Statements and Report of Independent Certified Public Accountants, For Fiscal Years Ended June 30, 2010 and 2009

Colorado State Veterans Nursing Home at Rifle, Financial and Compliance Audit, Fiscal Year Ended June 30, 2010

Adams State College, Financial and Compliance Audit, Fiscal Years Ended June 30, 2010 and 2009

University of Northern Colorado, Financial and Compliance Audits, Years Ended June 30, 2010 and 2009

Fort Lewis College, Financial and Compliance Audit, Fiscal Years Ended June 30, 2010 and 2009

Colorado Student Loan Program dba College Assist, Department of Higher Education State of Colorado, Financial and Compliance Audits, Fiscal Years Ended June 30, 2010 and 2009

Colorado School of Mines (A Component Unit of the State of Colorado), Financial Audit Years Ended June 30, 2010 and 2009, Compliance Audit – Year Ended June 30, 2010

University of Colorado, Financial and Compliance Audit, June 30, 2010 and 2009

Metropolitan State College of Denver, Financial and Compliance Audit, June 30, 2010 and 2009

