



## STATE OF COLORADO

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**TO:** Members of the Legislative Audit Committee

**FROM:** Joanne Hill, State Auditor

**DATE:** December 2003

**RE:** 2003 Executive Summary on Performance Audits of Tobacco Settlement Programs

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The purpose of this memo is to report on evaluations of tobacco settlement programs conducted by the Office of the State Auditor (OSA) during 2003. Section 2-3-113, C.R.S., requires the Office of the State Auditor to conduct or cause to be conducted program reviews and performance evaluations of each state program receiving funding from the tobacco settlement agreement. These reviews are to assess whether the tobacco settlement program meets its stated goals efficiently and effectively. Pursuant to this statute, the OSA is also to submit an annual executive summary of the program reviews to the Legislative Audit Committee, the Governor, the Attorney General, the Joint Budget Committee, the House and the Senate Health, Environment, Welfare, and Institutions Committees, and various state agencies.

During 2003 the OSA conducted evaluations of two tobacco settlement programs (the Veterans Trust Fund and the Comprehensive Primary and Preventative Care Grant Program). In total the OSA has conducted reviews of five of the eight tobacco settlement programs. The list below summarizes the programs and the dates of the evaluations.

- Children's Basic Health Plan Trust (July 2000)
- Read to Achieve (July 2001)
- Nurse Home Visitor Program (August 2002)
- Veterans Trust Fund (June 2003)
- Comprehensive Primary and Preventative Care Grant Program (June 2003)

Audits of the three remaining programs (the Dental Loan Repayment Program, the Tobacco-Related and Tobacco-Focused Research Grant Program, and the Tobacco Education, Prevention, and Cessation Grant Program) are currently planned for completion in Calendar Year 2004.

Attached are executive summaries of the two audits completed since our last update in November 2002. In addition, we have included the recommendation locators from each audit report. We will monitor the status of these recommendations and perform ongoing follow-up work as necessary.

## **EXECUTIVE SUMMARY**

### **Veterans Trust Fund**

The Veterans Trust Fund was established to allocate a portion of tobacco settlement monies for veterans facilities and activities as specified in statute. The Veterans Trust Fund, located within the Department of Military and Veterans Affairs, oversees awards for capital improvements to state veterans nursing homes, costs incurred by state veterans cemeteries, veterans outreach programs, and other programs operated by qualifying nonprofit veterans organizations. Statutes specify that 75 percent of the Veterans Trust Fund's annual appropriation shall be retained as principle; the remaining 25 percent and interest earned is available for distribution to qualifying grantees. As of March 2003, the Trust Fund had received a total of almost \$2.9 million from tobacco settlement monies and interest. During Fiscal Years 2002 and 2003, 24 grants were awarded for a total of \$484,271. Our recommendations included standardizing and documenting the grant application, review, and award processes; establishing formal contracts with grantees; implementing formal grant award and disbursement processes; and improving grant monitoring procedures by adopting formal standards for determining the effectiveness of veterans programs.

### **Comprehensive Primary and Preventative Care Grant Program**

The Department of Health Care Policy and Financing administers the Comprehensive Primary and Preventative Care Grant (CPPCG) Program, which provides grants to health care providers to expand health care services to Colorado's low-income, uninsured residents. Since the CPPCG Program began in Fiscal Year 2001, it has awarded a total of 32 grants to 27 different health care providers for a total of \$15.6 million. The Program has also pre-awarded \$3.4 million in grants for Fiscal Years 2004 and 2005, contingent upon funding availability. Our recommendations included improving program oversight and monitoring by administering and enforcing contracts, improving the evaluation of program effectiveness, strengthening the management of the grant award and funding processes, and clarifying and documenting the grant award process.

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**RECOMMENDATION LOCATOR**  
**All recommendations are addressed to the Board of Veterans Affairs**

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Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
1	7	Improve the grant application, review, and award process for the Veterans Trust Fund by: <ol style="list-style-type: none"> <li>a. Formally approving &amp; consistently applying criteria for evaluating and approving grants.</li> <li>b. Implementing a scoring model for evaluating applicants.</li> <li>c. Informing denied applicants of the reasons that the application was not successful.</li> </ol>	Agree	<ol style="list-style-type: none"> <li>a. February 2003</li> <li>b. April 2003</li> <li>c. June 2003</li> </ol>
2	9	Ensure that contracts are in place for all projects funded from the Veterans Trust Fund and that the contracts include a scope of work, the purpose of the grant, and the project to be completed.	Agree	June 2003
3	9	Improve the disbursement of funds for grants from the Veterans Trust Fund by: <ol style="list-style-type: none"> <li>a. Requiring funds be spent within the fiscal year and maintaining a list of approved projects.</li> <li>b. Specifying the time frame during which funds must be spent and for submitting documentation.</li> <li>c. Ensuring awards are approved timely and funds are available at the beginning of the fiscal year.</li> </ol>	Agree	<ol style="list-style-type: none"> <li>a. April 2003</li> <li>b. February 2003</li> <li>c. February 2003</li> </ol>
4	10	Adopt standards for determining the effectiveness of veterans programs that receive grants.	Agree	August 2003
5	11	Improve the grant award process and ensure funds are spent for allowable purposes by: <ol style="list-style-type: none"> <li>a. Ensuring that written requests for funds are submitted.</li> <li>b. Establishing policies to define administrative costs and charging these costs appropriately.</li> </ol>	Agree	<ol style="list-style-type: none"> <li>a. April 2003</li> <li>b. February 2003</li> </ol>
6	12	Adopt conflict of interest procedures related to grants administered under the Veterans Trust Fund.	Agree	June 2003
7	13	Enhance its application process and communication with potential applicants for the Veterans Trust Fund program by including the additional grant information on the Division's Web site.	Agree	August 2003
8	14	Improve grant monitoring procedures for the Veterans Trust Fund by developing a standardized form to document procedures for and results of on-site visits to grantees.	Agree	January 2003

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