



FOR IMMEDIATE RELEASE
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**STATE AUDITOR'S OFFICE FINDS HISTORY COLORADO FACED WITH UNIQUE
FISCAL AND GOVERNANCE CHALLENGES**

DENVER—An audit by the Colorado Office of the State Auditor (OSA) has found that History Colorado has seen a significant drop in State Historical Funds available for historic preservation due to the cumulative effects of legislation passed since 2003. Simultaneously, History Colorado's unique position as both a 501(c)(3) charitable organization and a state agency has created challenges in meeting state fiscal responsibilities.

History Colorado acts as a trustee for the state in collecting, preserving, exhibiting and interpreting collections and properties of state historical significance, as well as maintaining museums and historical sites throughout Colorado. Administratively, History Colorado is situated within the Department of Higher Education which does not maintain any oversight or managerial responsibility for the agency.

According to statute, the majority of History Colorado's portion of limited stakes gaming revenue set aside in the State Historical Fund must be used for the award and administration of grants for historic preservation. However, since 2003, the percentage of funds available for grant awards has dropped from 95% to as low as 21% due in large part to legislation that has depleted the fund for other priorities, such as financing the costs of History Colorado operations, capital construction of the History Colorado Center, debt repayment associated with the project, and restoration of the capitol dome.

At the same time, History Colorado's Board composition lacks the state representation necessary to ensure compliance with state-level mandates and is not defined in statute. This organizational structure raises questions about the adequacy of History Colorado's accountability to the

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State, given that auditors found problems with a broad range of History Colorado's functions and operations, including violations of State Fiscal Rules, State Procurement Rules, requirements of commercial credit cards, and the agency's internal policies.

Auditors found that History Colorado charged significantly larger amounts of expenditures to official functions relative to the amounts charged by other state entities of comparable size.

Almost half of History Colorado's 5,202 official function transactions were for amounts less than or equal to \$50. While some smaller purchases are to be expected for smaller functions, these transactions included frequent charges to procurement cards for a single lunch or a single cup of coffee at places like Quiznos, Noodles and Company, the History Colorado Center concessionaire, Panera Bread, or Starbucks. Another 17 percent of the transactions appeared to reflect program costs rather than official functions activities.

Additionally, in all but one of the 22 procurement card transactions auditors reviewed, they found problems including split purchases (splitting high-dollar purchases into multiple transactions to stay below the card's individual transaction limit), incorrect charging of alcoholic beverages, an invoice paid twice, missing approver signatures, missing documentation, and lack of timely monthly reconciliations. Auditors found that 60 percent of History Colorado's staff had been approved for a procurement card.

The problems identified in this audit are similar to those found at History Colorado during the two previous statewide financial audits and remain largely uncorrected.

The OSA made six recommendations for improvements going forward. History Colorado agreed with all six recommendations and Department of Higher Education officials agreed with the one recommendation addressed to that Department.

The full report is available electronically on the OSA's website, <http://www.state.co.us/auditor>, via the link called "OSA Audit Reports." In accordance with state statute, the Legislative Audit Committee released the audit by a majority vote during a public hearing.

Under the direction of the state auditor, the OSA is the state's nonpartisan, independent external auditor with broad authority to audit state agencies, departments, institutions of higher education, and the Judicial and Legislative Branches. The OSA's professional staff serve the people of Colorado by addressing relevant public issues through high-quality, objective audits and reviews that promote accountability and positive change in government. Performance audits address whether programs operate in compliance with laws and regulations and in a manner that accomplishes intended program

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goals. Financial audits include annual audits of the state's basic financial statements and federal grants on a statewide level. IT audits review procedures and technology to ensure the confidentiality, integrity and availability of the state's critical computer systems and taxpayer data. The OSA also tracks about 4,000 Colorado local governments for compliance with the Local Government Audit Law.