



OFFICE OF THE STATE AUDITOR



FOR IMMEDIATE RELEASE

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STATE CONTROLLER'S OFFICE HAS SIGNIFICANT INTERNAL CONTROL ISSUES

DENVER—the Office of the State Auditor (OSA) has released the first part of its annual Statewide Single Audit for Fiscal Year 2019 and has found that the Office of the State Controller (OSC) has some significant internal control issues which need to be addressed.

Less than complete information within the State's pre-audited financial statements for fiscal year-end, issued by the OSC by the statutory deadline of September 20th and submitted to the Governor and the General Assembly, potentially could lead decision makers astray.

Statute requires the OSC to prepare financial statements for the State in accordance with generally accepted accounting principles (GAAP) by September 20th. However, the financial statements prepared by the OSC did not include \$3.6 billion in adjustments that were required in order to be in accordance with GAAP. The OSC had further issues with identifying and disclosing material prior period adjustments. These adjustments are accounting entries that change the current year's financial statement balances for errors that occurred in prior years, but were not identified until the current year. The OSC's errors can also impact TABOR refund determinations.

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This is not the first time that the OSA has noted these issues with the OSC and recommended that it make changes.

Overall, the OSA made 133 recommendations to state agencies this year. The State's financial statements had \$42.5 billion in total assets and \$34.4 billion in total expenditures. The State expended about \$12.3 billion in federal funds, the largest of which was \$5.4 billion for Medicaid.

The departments with the most recommendations are the State Controller's Office, Health Care Policy and Financing, and the Governor's Office. The second part of this statewide audit is due for release March 17, 2020.

The full report is available @ www.colorado.gov/auditor.

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 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.