

**Colorado Transportation Commission
Audit Review Committee Agenda
Wednesday, August 19, 2015**

**Sidny Zink, Chair
District 8, Durango**

**Bill Thiebaut
District 10, Pueblo**

**Gary Reiff
District 3, Englewood**

All commissioners are invited to attend this Committee meeting.

1.	*	Call to Order	Verbal
2.	*	Approval of June 2015 Minutes	p 1
3.	*	Approval of July 2015 Minutes	p 2
4.	*	Approval of FY 2016 Audit Plan	p 4
5.	*	Release- Fuel Cost Audit Phase 2 & 3	p 15
6.	*	Other Audits and Reviews	Verbal
7.		Audit Work In Process	
		a. Housing Allowance Audit	p 32
		b. Store Room Audit	p 32
		c. Mobile Device Policy Advisory Service	p 32
		d. Construction Claim/Dispute Audits	p 32
		e. A-133 2014 Process	p 32
		f. Indirect Cost Rate Reviews	p 32
		g. Consultant Financial Reviews	p 33
		h. Sole Source Reviews	p 33
		i. Super Circular Implementation	p 33
8.		Outstanding Audit Recommendations	p 34
9.		Fraud Hotline Statistics	p 39
10.	*	Audit Division Updates	Verbal

THE AGENDA MAY BE ALTERED AT THE CHAIR'S DISCRETION

*Those items marked with an asterisk will be presented to the committee.

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Colorado Transportation Commission
Audit Review Committee
MEETING MINUTES

June 17, 2015
8:00 a.m. – 9:00 a.m.
CDOT Headquarters Room 225

COMMISSIONERS PRESENT: Gary Reiff and Sidny Zink

ALSO PRESENT: Barbara Gold, Audit Director; James Ballard, Audit Manager, Lisa Gibson, Program Administrator

AND: Other Executive Management Team members, including the Deputy Director, Mike Lewis and the public.

1. Call to Order

ARC Chairman Reiff called the meeting to order on June 17, 2015 at 8:05 a.m. The meeting was held in Room 225 at the Colorado Department of Transportation Headquarter's building. Chairman Reiff continued with the meeting after acknowledging that there was not a quorum. Items for approval will be tabled until the next ARC meeting.

2. Approval of Minutes of the Last ARC Meeting

ARC Chairman Reiff noted that approval of the meeting minutes for March 18, 2015 would occur at the next ARC meeting.

3. New Direction of Audit

Barbara Gold, Audit Division Director, gave a presentation on the new direction of the Audit Division. She discussed the changes in how the Division communicates with management and the addition of In-Process Reviews. The presentation also covered the Audit Plan and the new Risk Assessment program.

4. Release of WIMS System Implementation Report

The release of this report was tabled until the next ARC meeting due to lack of a quorum.

5. CDOT Mobile Smart Phone Application (urHub)

The release of this report was tabled until the next ARC meeting due to lack of a quorum. Chairman Reiff did state that the CDOT Mobile Smart Phone Application was a good audit and it appeared that management has gained valuable insight from the report's recommendations. Commissioner Zink thanked the audit team for their work on this audit.

Meeting was adjourned at 9:00 a.m.

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Audit Review Committee
MEETING MINUTES

July 24, 2015
9:30 a.m. – 10:00 a.m.
CDOT Headquarters Room 225

AUDIT COMMITTEE MEMBERS PRESENT VIA PHONE: Gary Reiff, Sidney Zink, Bill Thiebaut

TRANSPORTATION COMMISSIONERS PRESENT VIA PHONE: Kathy Connell

ALSO PRESENT: Barbara Gold, Audit Director; James Ballard, Audit Manager, Lisa Gibson, Program Administrator

AND: Other Executive Management Team members and the public.

Call to Order

ARC Chairman Reiff called the meeting to order on July 24, 2015 at 9:30 a.m. The meeting was held in Room 225 at the Colorado Department of Transportation Headquarter's building.

Approval of Minutes of the March 18, 2015 ARC Meeting

ARC Chairman Reiff asked for approval of the meeting minutes for March 18, 2015. Approval of the minutes was moved by Commissioner Zink and seconded by Commissioner Thiebaut. The minutes were adopted as published in the agenda. The minutes were approved with no opposition.

Election of Audit Chair

Commissioner Reiff nominated Sidney Zink as new Chair, Commissioner Thiebaut seconded. Vote passed with no opposition. Newly elected Chair Zink took over the meeting.

Release of WIMS System Implementation Report

Commissioner Reiff moved to release the report. Commissioner Thiebaut seconded. All committee members voted to approve and release report. The report was released with no opposition. The report now becomes a public document that is available upon request and will be posted on our website.

Discussion of WIMS System Implementation Report

Ms. Gold reminded the Committee that this audit was done at management's request. There were no significant findings related to this audit.

Release of CDOT Mobile Smart Phone Application (urHub)

Commissioner Reiff moved that they the report be released. It was seconded by Commissioner Thiebaut. All committee members voted to approve and release report. The report was released with no opposition.

Discussion of CDOT Mobile Smart Phone Application (urHub)

In the future, the Audit Division will ensure that the agenda matches the title that is on the report. Chair Zink proposed language in the conclusion section of the report that states "Conditions occurred because management is inexperienced in the area of complex contractual agreements and intellectual

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Audit Review Committee
MEETING MINUTES

property.” Ms. Gold agreed that those are beneficial changes and would be made. Chair Zink asked if the Audit Division ever recommended that CDOT get out of the contract at any time due to the other party not fulfilling their end of the contract. Ms. Gold said that they could make those recommendations. Amy Ford said that her section would review recommendations and move forward with the decision of either re-working or ending the contract.

Chair Zink referenced page five of the report where urHub denied the Audit Division’s request to review their reconciliation process. Ms. Gold clarified that the audit team did review the documentation provided to them but were unable to obtain reasonable assurance that their reporting procedures are sufficient.

Ms. Gold explained to Chair Zink that urHub is considered a member of the public so they have not yet been permitted to review the report draft. It was noted that the dates in the report need to be changed due to the lack of a quorum at the previous meeting. There were no additional comments or issues noted. Commissioner Reiff moved that they the report be released with additional comments accepted into the report. It was seconded by Commissioner Thiebaut. The report will be released once all of the changes are made.

Meeting was adjourned at 9:51 a.m.

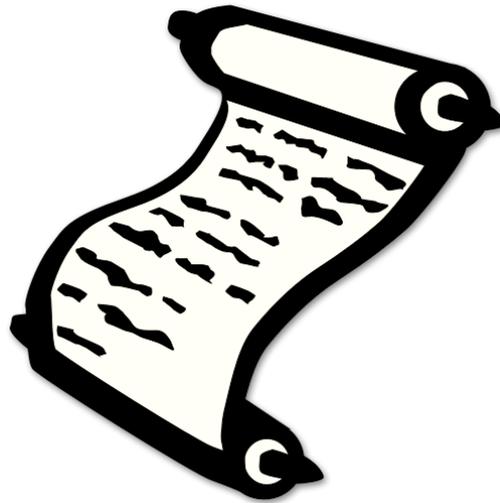


COLORADO

Department of Transportation

Division of Audit

FY 2016 AUDIT PLAN



Pre-Release Not for Public Distribution



Audit Planning Process

- Identified 25 risk factors impacting CDOT based on discussions with senior management and previous audits.
- Ranked these risk factors on impact of occurrence and likelihood of occurrence.
- Identified audit projects that address these risk factors for FY 2016.
- Identified additional audits for consideration.





2016 Audit Plan Internal Audit Services

Expected Completion in FY 2016

Project Title	Objective	Risk Factor(s)
Housing Allowance*	Determine if the housing allowance is being used properly and assess the effectiveness of the program.	RF11 Talent Management RF21 Staffing RF14 Employee Complaints RF9 Reputation
Storage Room*	Determine if inventory is properly safeguarded and policies and procedures are followed.	RF7 Assets RF17 Maintenance
Fuel Cards*	To determine if fuel expenditures are reasonable and in compliance with policies and procedures	RF25 Fuel Expenditures RF9 Reputation
Bulk Fuel	Assess internal controls associated with bulk fuel	RF25 Fuel Expenditures RF9 Reputation
Consulting	Determine if consulting services are being used efficiently and effectively.	RF12 Resource Allocation RF11 Talent Management RF21 Staffing RF14 Employee Complaints
Fleet Usage	Determine if the fleet usage is effective.	RF12 Resource Allocation RF23 Contract Cost
Cell Phone	Determine if CDOT staff are following cell phone policies and procedures.	RF24 Employee Expenditures RF9 Reputation
Overtime Usage	Determine if overtime usage is properly used	RF12 Resource Allocation RF21 Staffing
Flood	Assess if related flood expenditures are reasonable and in compliance with policies and federal requirements.	RF6 Road Safety RF10 Weather Preparedness RF13 Business Continuity Mgt. RF2 Customer Service RF9 Reputation

* In Progress



FY 2016 Audit Plan External Audit Services

Project Title	Task	Risk Factor(s)
Single Audits	Ensured that single audits are in compliance with the super circular (Formerly A-133).	RF1 Government Grants RF4 Revenue
Disputes and Claims	Ensure that disputes and claim are timely and fairly addressed.	RF 5 Contracting Process RF8 Vendor RF23 Contract Cost
Consultant Pre Qualifications	Review financial packages to ensure indirect and direct cost are fair and reasonable.	RF 5 Contracting Process RF8 Vendor RF23 Contract Cost
Indirect Cost Rate Reviews	Determine if indirect cost are fair and reasonable.	RF 5 Contracting Process RF8 Vendor RF23 Contract Cost
Sole Source Reviews	Determine if sole contract prices are fair and reasonable.	RF 5 Contracting Process RF8 Vendor RF23 Contract Cost
Cognizant Reviews	Determine if cognizant reviews are completed in accordance with policies and procedures.	RF 5 Contracting Process RF8 Vendor RF23 Contract Cost



Risk Factors

Risk	Description
RF1–Government Grants	Ability to ensure that grant policies, procedures and applicable laws are properly followed and that grant payments are proper.
RF2–Customer Service/Expectations	Ability to anticipate and respond to Colorado citizens' expectations with regard to transportation budget constraints, infrastructure, ongoing construction, road maintenance including snow removal.
RF3–Information Systems	Ability to ensure the security, data reliability and integrity of information maintained in network operating systems.
RF4–Revenue	Ability to ensure that revenue is properly assessed and timely collected. Manage revenue assurance programs and deter the loss of revenue due to fraud or lack of adherence to established processes.
RF5– Contracting Process	Ability to effectively manage contracts and ensure compliance with applicable policies, laws and regulations.
RF6–Road Safety	Ability to ensure that roads are safe and in compliance with standards and legal requirements.
RF7–Assets	Ability to ensure that assets are properly accounted for and safeguarded.
RF8–Vendor	Ability to ensure that we attract qualified vendors at reasonable rates.

Risks factors not listed in order of significance

Pre-Release Not for Public Distribution



Risk Factors (Continued)

Risk	Description
RF9–Reputation	Ability to ensure that the reputation of CDOT is of the highest level by ensuring revenues and costs are properly managed and internal controls are working effectively to minimize fraud both from vendors and employees.
RF10–Weather Preparedness	Ability to timely respond to mitigate the impacts of severe weather on the transportation infrastructure.
RF11–Talent Management	Ability to attract, develop, and retain sufficient number of talented employees with needed skill sets.
RF12–Resource Allocation	Effective alignment of programs & resources (e.g., capital, operating and strategic initiatives, budget allocations) with strategic plan to achieve CDOT goals and mitigate risk.
RF13–Business Continuity Management	Ability to recover from a business interruption (natural disasters, terrorism) that could impact customer trust and operations.
RF14–Employee Complaints	Ability to effectively align, evaluate, and manage employee grievances that could lead to improved employee morale.
RF15–Environmental	Ability to ensure that negative environmental impacts from construction and road maintenance is minimized and ensure compliance with applicable laws.
RF16– Employee Safety	Ability to ensure a safe work environment to minimize work related injuries and death and to be in compliance with OSHA and other applicable laws.

Risks not listed in order of significance



Risk Factors (Continued)

Risk	Description
RF17–Maintenance: Equipment, Facilities, Vehicles	Ensure maintenance is properly performed on equipment, facilities and vehicles to ensure safety, functionality and availability to accomplish the mission.
RF18–Ethics / Integrity	Ability to ensure that CDOT has a high level of integrity among its employees and is following policies, procedures and laws including compliance with mandatory training.
RF19–Stakeholder Relations	Ensure good working relationship exists among various external stakeholders including legislators and various vendor/consulting associations.
RF20–Project Management	Ability to ensure that construction projects are completed within milestone dates to minimize disruptions to the transportation network that could impact users.
RF21–Staffing	Ability to ensure staff levels are adequate and aligned with workload requirements.
RF22–Physical Security	Ability to ensure that building and other CDOT structures are properly secured and used by only authorized personnel and or visitors.
RF23–Contract Cost	Ability to ensure contract cost are reasonable and within budget.
RF24–Employee Expenditures	Ability to determine if employee expenditures are reasonable and in compliance with policies and procedures.
RF25–Fuel Expenditures	Ability to determine if fuel expenditures are reasonable and in compliance with polices and procedures.

Risks not listed in order of significance

Risk Heat Map



Impact of Occurrence

Severe

RF18 Ethics
RF17 Maintenance
RF3 Information Systems
RF9 Reputation

RF6 Road Safety
RF16 Employee Safety
RF10 Weather Preparedness
RF25 Fuel Expenditures

High

RF13 Business Continuity
RF19 Stakeholder Relations

RF12 Resource Allocation
RF20 Project Mgt.
RF24 Employee Expenditures

RF1 Government Grants
RF5 Contracting Process
RF2 Customer Service
RF4 Revenue
RF23 Contract Cost

Moderate

RF21 Staffing
RF8 Vendor

RF11 Talent Mgt.

RF7 Assets
RF14 Employee Complaints
RF15 Environmental
RF22 Physical Security

Low

Remote

Somewhat Possible

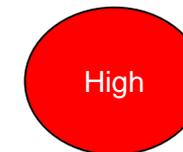
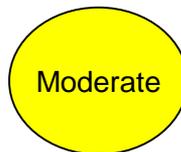
Possible

Probable

Highly Probable

Likelihood of Occurrence

Overall Risk Assessment





FY 2016 Audit Plan **Internal Audit Services** For Consideration

Project Title	Objective	Risk Factor(s)
Contracts and Procurements	Determine if contracts and procurements are in compliance with polices, procedures and laws.	RF5 Contracting Process RF20 Project Management RF8 Vendor RF19 Stakeholder Relations RF23 Contract Cost RF9 Reputation
SAP Input Controls	Determine if policies and procedures, and best practices are being followed with regard to SAP Input Controls.	RF3 Information Systems RF7 Assets
Business Office Consolidations	Determine if a business case exist for business office consolidations.	RF12 Resource Allocation RF14 Employee Complaints RF2 Customer Service
IT Access Controls	Determine if policies and procedures, and best practices are being followed with regard to IT Access Controls.	RF3 Information Systems RF7 Assets
Completed Contract Closure	Determine if completed contracts are closed timely in the accounting system.	RF20 Project Management RF23 Contract Cost
Purchase Card Usage	Determine if Purchase Cards are used in accordance with policies and procedures.	RF5 Contracting Process RF23 Contract Cost RF9 Reputation
Construction Change Orders	Determine if policies and procedures are being followed.	RF20 Project Management RF8 Vendor



FY 2016 Audit Plan **Internal Audit Services** For Consideration

Project Title	Objective	Risk Factor(s)
Travel	Determine if CDOT staff are following travel policies and procedures.	RF24 Employee Expenditures RF9 Reputation
Vehicles and Equipment	Determine if vehicles and equipment are properly accounted for.	RF7 Assets RF9 Reputation
Scrap Metal	Determine if polices and procedures are being followed with regard to scrap metal.	RF7 Assets RF4 Revenue
CDOT Bus Service	Determine if the bus service is being used efficiently and effectively.	RF4 Revenue RF2 Customer Service RF9 Reputation
Single Audits	Assess internal control and super circular compliance with the grant program-Quarterly Audit Report	RF1 Government Grants RF4 Revenue
FASTER	Follow-up on internal and Office of the State Auditor recommendations.	RF6 Road Safety RF2 Customer Service RF9 Reputation
Security of Facilities	Determine if facilities are properly secured and assets safeguarded.	RF7 Assets RF16 Employee Safety



FY 2015 Division of Audit Results



Internal Audit Services	Internal Audit Processes	Data Analytics	Regional Visits	Dept. Wide Communications
CDOT Indirect Cost Rate	Sole Source	Fuel Card I	Region 1	Fraud Blog
Flood Recovery	Data Analytics Program	Consultant Audits	Region 4	Super-Circular
Fuel Card Phase I	A-133	Purchasing Data	HQ	
DTR FASTER*	Outstanding Recommendations	Housing Allowance		
CDOT Board	Indirect Cost Rate Program	Fuel Card II		
WIMS*	Financial Qualifications	OSA FASTER		
UrHub*	Super-Circular			
Aeronautics RFP				
Bustang Procedures Review				

* Audits requested by management



COLORADO

Department of Transportation

Division of Audit

4201 E. Arkansas Ave, Shumate Bldg.
Denver, CO 80222-3400

DATE: August 19, 2015

MEMORANDUM FOR: CDOT Transportation Commission

SUBJECT: Released Audit report
Review of Fuel Card and PIN Internal Controls

The attached audit report presents the results of our review of Fuel Card and PIN Internal Controls (Project number 15-027) reviewed and released by CDOT Audit Review Committee on August, 19, 2015. This audit adds value by assisting management with reducing the risk of fraud occurring in fuel purchases.

We conducted this audit pursuant to Section 43-1-106, C.R.S., which authorizes us to conduct internal audits on CDOT. This report presents our findings, conclusions, recommendations and the responses of CDOT management. This audit was self-initiated and performed in cooperation with the Director of the Division of Highway Maintenance.

If you have any questions or need additional information, please contact me at (303) 757-9687.

Barbara Gold, CPA CISA
Audit Division Director

Attachment

cc: Shailen Bhatt, CDOT Executive Director
Michael P. Lewis, CDOT Deputy Director
Amy Ford, CDOT Director of Communications
Kathy Young, Senior Assistant Attorney General

PERFORMANCE AUDIT REPORT



COLORADO

Department of Transportation

Division of Audit

Fuel Card and PIN Internal Controls

The Audit Review Committee has released this report for public review.

Released Report

Report Date: August 19, 2015

Audit No: 15-027

EXECUTIVE SUMMARY

Purpose of Review:

The purpose of this review was to assess the internal controls over fuel cards and fuel card personal identification numbers (PINs) at the Division of Highway Maintenance. This audit was self-initiated and was done in cooperation with the Director of the Division of Highway Maintenance.

Background:

CDOT fuel transactions are significant in terms of volume and dollar value. For calendar year (CY) 2014, CDOT employees made approximately 121,000 fuel transactions at a total cost of more than \$12 million. CDOT assigns a fuel card to each vehicle and to certain pieces of equipment. Each transaction is traced to the individual employee through the use of fuel PINs. At the time of the audit, there were 4,071 active fuel cards and 3,164 active fuel PINs. In CY 2014, the number of transactions per fuel card ranged from 0 to 289, with an average of 34 transactions.

Due to the size and complexity of CDOT's fuel card program, we are conducting our audit of fuel card transactions in four phases.

- **Phase 1 - Exception Reporting**
- **Phase 2 - Fuel PINS**
- **Phase 3 - Fuel Cards**
- **Phase 4 - Reconciliations**

This report covers Phase 2 and 3. These phases include reviewing CDOT's monitoring process over employee fuel PINs and vehicle fuel credit cards. Based on our risk assessment, we combined these two phases because of multiple similarities.

Conclusion:

Internal controls over fuel cards and PINs need to be improved. Specifically, opportunities exist with regards to the oversight of issuing, safeguarding and canceling fuel cards and PINs. We found:

- Fuel purchasing limits for the orange fleet have not been properly established to minimize fraud and abuse.
- Excess fuel cards exist as indicated by minimal or no usage.
- PIN controls can be improved.
- Fuel cards were not always safeguarded.

These conditions occurred because of insufficient oversight and monitoring over fuel cards and PINs. Consequently, the risk of fraudulent fuel card usage is increased. We conservatively estimate that approximately \$765,000 of assets are at risk resulting from improper or unauthorized use of fuel cards. We recommend that the Director of the Division of Highway Maintenance:

1. Update authorization profiles to include purchasing and gallon limits on fuel cards by equipment type and expected usage.
2. Develop procedures to monitor fuel card and PIN usage and eliminate unnecessary cards and PINs.
3. Establish a process to monitor active PINs versus separated employees on a periodic basis.
4. Develop policies and procedures to safeguard fuel cards.
5. Train employees on new policies and procedures.

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Introduction

CDOT fuel transactions are significant in terms of volume and dollars. For calendar year (CY) 2014, CDOT employees made approximately 121,000 fuel transactions at a total cost of more than \$12 million. CDOT assigns a fuel card to each vehicle and to certain pieces of equipment. Each transaction is traced to the individual employee through the use of fuel PINs. As of March 2015, there were 4,071 active fuel cards and 3,164 active fuel PINs. In CY 2014, fuel transactions per fuel card ranged from a low of 0 to a high of 289 with an average of 34 average fuel transactions per card.

CDOT's Maintenance and Operations Branch (M&O) is responsible for issuing, overseeing and canceling fuel card and PINs. Fuel cards and PINs are generated through the Wright Express (WEX) system. WEX is an external credit card vendor that CDOT uses to process fuel payments.

Due to the size and complexity of CDOT's fuel card program, we are conducting our audit of Fuel Card Transactions in four phases.

- **Phase 1 - Exception Reporting**
- **Phase 2 - Fuel PINS**
- **Phase 3 - Fuel Cards**
- **Phase 4 - Reconciliations**

This report covers Phase 2 and 3. These phases include reviewing CDOT's monitoring process over employee fuel PINs and vehicle fuel credit cards and were combined because of similar processes.

Conclusion:

Internal controls over fuel cards and PINs need to be improved. Specifically, opportunities exist with regards to the oversight of issuing, safeguarding and canceling fuel cards and PINs. We found:

- Fuel purchasing limits for the orange fleet have not been properly established to minimize fraud and abuse.
- Excess fuel cards exist as indicated by minimal or no usage.
- PIN controls could be improved.
- Fuel cards were not always safeguarded.

These conditions occurred because of insufficient oversight and monitoring over fuel cards and PINs. Consequently, the risk of fraudulent fuel card usage is increased. We conservatively estimate that approximately \$765,000 of assets are at risk resulting from improper or unauthorized use of fuel cards. We recommend that the Director of the Division of Highway Maintenance:

1. Update authorization profiles to include purchasing and gallon limits on fuel cards by equipment type and expected usage.
2. Develop procedures to monitor fuel card and PIN usage and eliminate unnecessary cards and PINs.
3. Establish a process to monitor active PINs versus separated employees on a periodic basis.
4. Develop policies and procedures to safeguard fuel cards.
5. Train employees on new policies and procedures.

Audit Results

Purchasing Limits

The “white fleet” or those vehicles used to transport CDOT employees generally had appropriate purchasing limits and were established for 40 and 80 gallon vehicles (these classifications are based on the gallon limits per day rather than on fuel capacity). However, purchasing limits for the “orange fleet” or those vehicles and equipment used for road maintenance have not been properly established to minimize fraud and abuse. For example, our review of the March 2015 orange fleet authorization profiles¹ found 25 different profiles all containing the same limits regardless of fuel capacity (see Figure 1).

Figure 1

Lawn Mower (25 gallon profile)



Tandem Dump (110 gallon profile)



These two vehicles each had a purchasing limit of \$1,600 per day and \$645 per transaction. In addition, eight transactions could be made per day and there were no limits on the gallons of fuel that could be purchased. *Source: CDOT Audit Division.*

¹Each authorization profile is set up within WEX and can be used to set fuel card transaction limits, purchasing controls, and product limits.

In the past, management did not establish orange fleet authorization limits based on individual equipment/vehicle type. Rather, limits were based on the highest fuel capacity equipment/vehicle types. Best practices for fuel card management is to establish purchasing limits based on the individual equipment type usage needs. By not setting appropriate authorization limits, there is an increased risk of fraudulent fuel card usage.

Excess Fuel Cards

Generally, the white fleet fuel cards were being monitored for usage. Only six of 852 cards (.7%) had no usage in CY 2014. However, orange fleet card usage, with regards to minimum or no usage, was not monitored. There were also no procedures in place to monitor orange fuel cards with low or no transaction activity. We reconciled authorized fuel cards that were active as of March 2015 to all fuel transactions that occurred in CY 2014. We found that 1,308 or 40% of all orange fleet fuel cards were used less than five times. Of these, 689 were not used at all and 619 were used one to five times (see Table 1).

Table 1

CDOT Fuel Card Audit Phase 2 Fuel Card Usage Calendar Year 2014		
Number of times used	Count	% of Total
Cards not used	689	21.26%
Cards used 1 time	205	6.33%
Cards used 2-5 times	414	12.77%
Cards used 6-10 times	284	8.76%
Cards used 11-20 times	355	10.95%
Cards used 21-40 times	433	13.36%
Cards used 41-60 times	337	10.40%
Cards used 61-80 times	280	8.64%
Cards used 81-130 times	195	6.02%
Cards used 131 or more	49	1.51%
Totals:	3,241	100.00%

Source: CDOT Audit Division

Additional analysis was performed to identify the need for fuel cards used one to five times in a year. Of the 689 fuel cards that were not used, we found:

- 101 of 689 (15%) fuel cards were master or auxiliary cards
- 170 of 689 (25%) non fuel card usage could not be explained

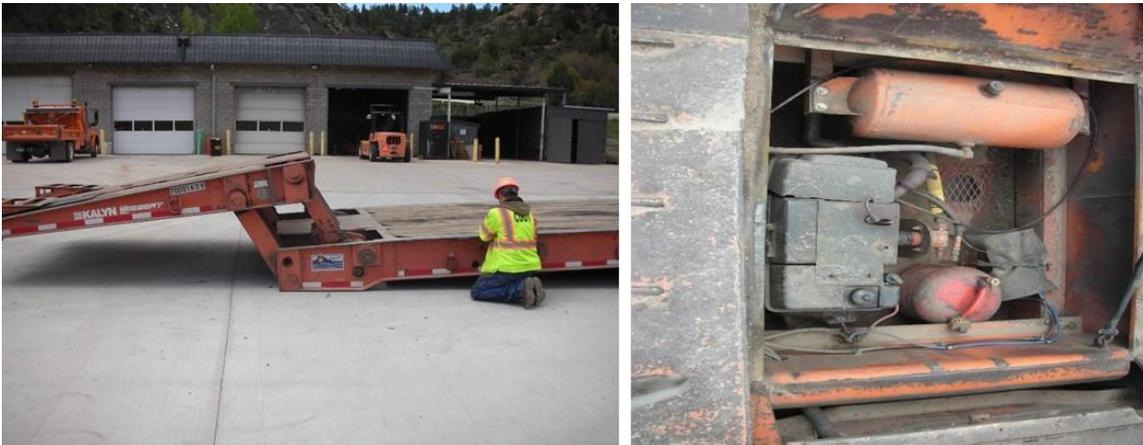
- 357 of 689 (52%) fuel cards were used as a backup for vehicles/equipment that were primarily bulk fueled. 90 or 25% of these vehicle types used bulk fuel less than five times in CY 2014 indicating an excessive amount of fuel cards being used as a back-up for bulk fuel vehicles
- The remaining 8% of fuel cards were either for equipment that was purchased in the last quarter of CY 2014 or equipment that generally does not require fuel.

A similar analysis was performed on fuel cards that were used one to five times in a single year, we found:

- 140 of 619 (23%) were master or auxiliary cards were used 5 times or less.
- 137 of 619 (22%) of minimum fuel usage could not be explained.

The equipment classified as “generally not requiring fuel” are primarily trailers (lowboy, tilt bed, arrow board, etc.). Those pieces of equipment that had fuel purchases were trailers with a small engine attached (see Figure 2). The cost of fuel for these trailers was \$1,970 for 105 transactions in CY 2014.

Figure 2



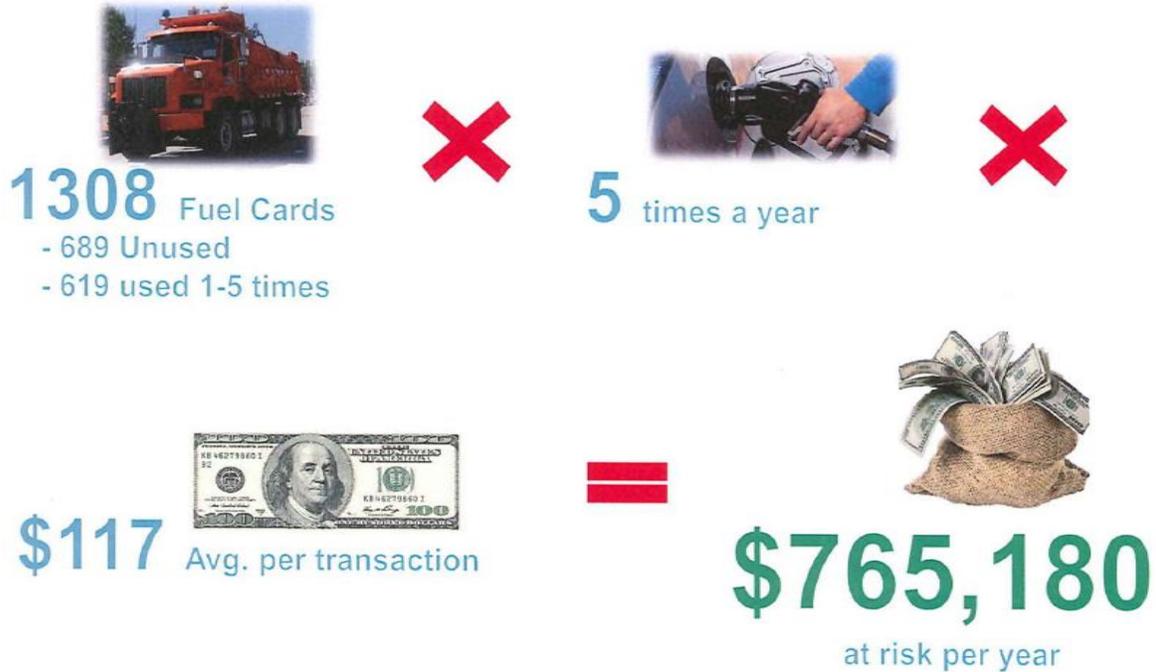
This trailer was assigned a fuel card and was fueled 9 times in CY 2014 for a total cost of \$69 because of a gasoline motor that was attached. A fuel card could be reduced if a master or auxiliary fuel card was used instead. *Source: CDOT Audit Division*

These conditions occurred because fuel card usage was not monitored to detect fuel cards no longer needed. The CDOT Fuel Card Usage and Reporting Standard Operating Procedures manual (Fuel Guide) states that the CDOT Fuel Manager is responsible for “managing the WEX fuel card transactions statewide for CDOT and SFM vehicles/units”. The CDOT Fuel Manager has documented procedures on how to issue and replace fuel cards, but does not have a procedure to monitor minimum usage levels of active fuel cards.

The Fuel Guide also states that the CDOT Fuel Coordinators are responsible for “keeping the Fuel Manager informed of any changes to equipment so new cards can be ordered or old cards cancelled”.

By having excess fuel cards with minimal or no usage, there is an opportunity for fuel cards to be misused. Using a conservative approach, based on the number of fuels cards with minimal use, we quantified assets at risk² of \$765,180 (see Figure 3).

Figure 3



PIN Controls

PIN controls could be improved by reconciling PIN numbers with employees and appropriately canceling fuel card PINs for separated employees or PINs assigned to employees that never or rarely use them. We found 41 active PINs were associated with separated employees. These exceptions were identified by reconciling all active fuel PINs from WEX to a list of all separated CDOT employees obtained from CDOT Human Resources. Additionally, WEX did not contain the personnel number for 156 employees. Not having personnel numbers within WEX makes it difficult to adequately compare transaction data to data maintained in SAP.

²Assets that are at risk because of inadequate internal controls with regards to security, accountability, oversights, documentation

We also reviewed the usage of fuel PINs. As of April 28, 2015, 429 out of 3,164 PINs, (14%) have been inactive for one to two years while 17 (1%) have been inactive for two to three years (see Table 2).

Table 2

CDOT Fuel Card Audit Phase 3 Employee Fuel PIN Usage As of April 28, 2015		
Last time PIN was Used	# of PINs	%
Within 6 Months	2,402	75.92%
6 Months to 1 Year	316	9.99%
1 Year to 2 Year	429	13.00%
2 Years to 3 Years	17	0.54%
Totals:	3,164	100.00%

Source: CDOT Audit Division

These conditions occurred because processes have not been established to timely reconcile employees with active PINs to a list of separated employees. The CDOT Fuel Card Usage and Reporting Standard Operating Procedures manual states the CDOT Fuel Manager is responsible for “updating, maintaining, and issuing PINs”. The CDOT Fuel Manager has documented procedures on how to issue fuel PINs, but does not have a procedure to reconcile active PINs to separated employees or to monitor usage levels of active PINs.

By not canceling PINs timely for separated employees, there is a risk of unauthorized fuel purchases. Further, having excess active PINs increases the opportunity for fraudulent or unauthorized activity.

Fuel Card Safeguards

There are no formal procedures to secure orange or white fleet fuel cards (see [Figure 4](#)). Specifically, we found:

- Fuel cards are kept on the key chain of vehicle keys
- Keys/cards were hanging on unsecured peg boards
- No formalized check out procedures of equipment

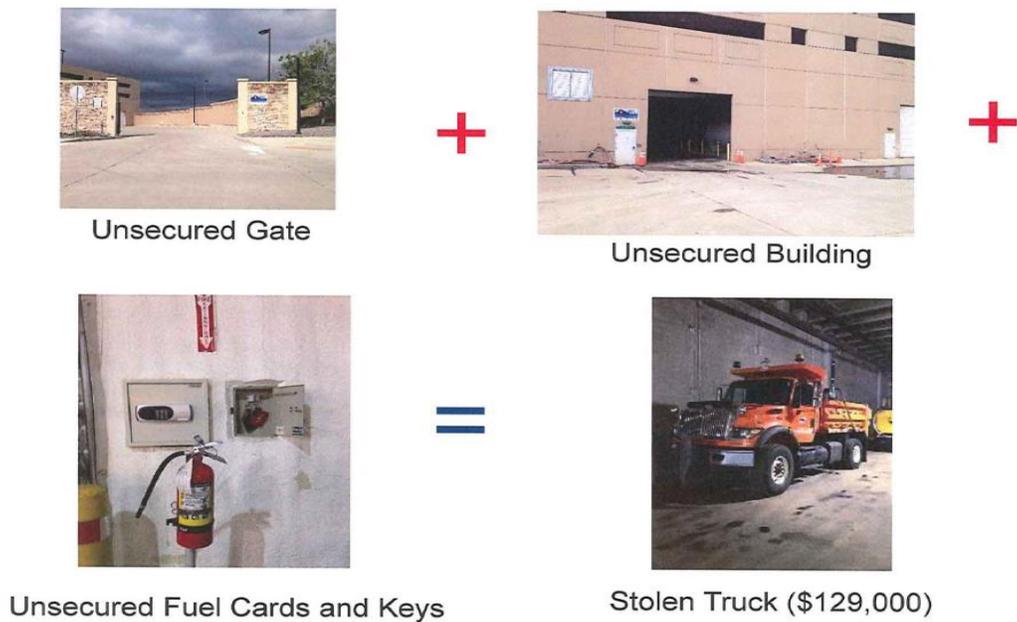
Figure 4



These conditions occurred because policies and procedures have not been developed to safeguard fuel cards. Best practices³ dictate that management design control activities to achieve objectives and respond to risks. Unsecured cards promote an atmosphere of poor internal controls that in combination can lead to fraudulent fuel purchases or theft of assets.

One of the locations observed for testing of fuel card security was found to be unsecured. The auditor was able to walk into the facility unobstructed (see Figure 5). Not having any security safeguards in use puts both assets and employees at risk.

Figure 5



³ Standards for Internal Control in the Federal Government September 2014

Management Actions

During the course of the audit, management began to take corrective action. Specifically, management developed new policies and procedures and has begun to:

- ✓ Update and adjust Authorization Profiles to reflect appropriate purchasing limits.
- ✓ Cancel fuel cards that were either minimally used or unused.
- ✓ Change the policy for issuing PIN numbers and cancel PIN numbers that were either minimally used or unused.
- ✓ Implement a process to reconcile active fuel PINS with the Human Resource database to cancel numbers assigned to separated employees.
- ✓ Update protocols to safeguard fuel cards and keys.

Recommendations

We recommend that the Director of the Division of Highway Maintenance:

1. Update authorization profiles to include purchasing and gallon limits on fuel cards by equipment type and expected usage.
2. Develop procedures to monitor fuel card and PIN usage and eliminate unnecessary cards and PINs.
3. Establish a process to monitor active PINs versus separated employees on a periodic basis.
4. Develop policies and procedures to safeguard fuel cards.
5. Train employees on new policies and procedures.

Management Comments

Management agreed with the findings and the five recommendations made in this report. Below is a summary of management's comments.

In response to recommendation 1, management agreed to update authorization profiles to include purchasing and gallon limits on fuel cards. Management advised this was completed June 12, 2015.

In response to recommendation 2, management agreed to develop procedures to monitor fuel card and PIN usage to eliminate unnecessary cards and PINs. Management advised that unnecessary cards were terminated June 15, 2015 and that an interim directive regarding PINs was issued July 1, 2015.

In response to recommendation 3, management agreed to develop processes to monitor active PINs versus separated employees on a periodic basis. Management advised that this process will occur every six months beginning in June 2015.

In response to recommendation 4, management agreed to develop policies and procedures to safeguard fuel cards. Management advised that this process will be implemented by October 2015.

In response to recommendation 5, management agreed to train employees on new policies and procedures. Management advised that this process will be implemented by August 2015.

See Appendix B for management comments in their entirety.

Evaluation of Management Comments

The Division of Audit considers management's comments responsive to the recommendations and corrective actions should resolve the issues identified in the report.

Objective, Scope, Methodology and Criteria

The objective of this audit was to assess internal controls over fuel cards and PINs. We conducted this review from February 2015 through June 2015, in accordance with Generally Accepted Government Auditing Standards (GAGAS) except for a peer review not conducted within the three-year requirement. This peer review is expected to be conducted by the spring of 2016. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions. We did not identify any instances of fraud or abuse. We discussed our observations and conclusions with management on May 26, 2015 and included their comments as appropriate.

In order to meet our objective, we conducted interviews with staff in the Division of Highway Maintenance. We also conducted analysis and judgmentally selected records for review. We obtained a list of authorized fuel cards and their respective transactions for CY 2014. We also reviewed inventory lists for equipment owned by CDOT and leased from the Colorado Department of Personnel Administration’s State Fleet office.

We used the following standards, policies and procedures:

- Standards on Internal Controls for Federal Governments
- CDOT Fuel Card Usage and Reporting Standard Operating Procedures manual (Fuel Guide)

Prior Audit Coverage

We have previously conducted fuel cards audits. Table 3 provides additional details of these audits.

Table 3

Issue Date	Audit Name	Recommendations and Management Comments
April 18, 2012	CDOT Fuel Reconciliation Audit Summary Report	Management agreed with the following recommendations: <ul style="list-style-type: none"> • Implement new Wright Express Platform and 6-digit fuel pin numbers. • Continue to have fuel card tied to the vehicle. • Implement additional controls surrounding reconciliation of fuel charges. • Reduce the number of employees with fuel PIN numbers. • Update CDOT policies 6.0 and 6.1.
January 23, 2015	CDOT Fuel Card Exception Reporting	Management agreed with the following recommendations: <ul style="list-style-type: none"> • Develop a report that can be used to monitor fuel exceptions and how they are being resolved. • Correct errors with current exceptions. • Document criteria and procedures.

Appendix B – Management's Comments



COLORADO

Department of Transportation

Division of Highway Maintenance
4201 East Arkansas Ave, 3rd Floor
Denver, CO 80222

AUDIT RESPONSE

TO: Barb Gold, Audit Division Director
FROM: Kyle Lester, Division Of Highway Maintenance Director
CC: Michael Lewis, CDOT Deputy Executive Director
DATE: JUNE 25, 2015
SUBJECT: Response to the Draft Phase II of the Fuel Audit

Please accept this memorandum as the Division of Highway Maintenance response to the Draft Audit Report dated June 10, 2015 regarding the Phase II of Fuel Audit. I appreciate the opportunity to provide a response and thank the Audit Unit for assistance in highlighting weakness or gaps in our program. Below is my response to each recommendation:

1. **AUDIT RECOMMENDATION 1:** Update authorization profiles to include purchasing and gallon limits on fuel cards by equipment type and expected usage

ANSWER: AGREE. Authorization profiles have been sent to WEX for change according to the attached table (Attachment 1).

TIMEFRAME: Task was completed on Friday, June 12th.

RESPONSIBLE PARTY: CDOT Fuel Controls Coordinator, Checked by CDOT Fleet Manager and Director of the Division of Highway Maintenance

2. **AUDIT RECOMMENDATION 2:** Develop procedures to monitor fuel card and PIN usage and eliminate unnecessary cards and PINs.

ANSWER: AGREE. An Interim Directive was issued to Senior Management regarding the new authorization limits. The cards that will be terminated due to low usage or no usage. The total number of cards to be terminated is 456 at this time. There may be more as regions look over what they currently have. The new procedures are listed in our new Fuel Protocol (formerly the Fuel Guide) and is currently in draft. PD 6.0 is also being revised at this time.

Currently a draft Interim Directive is being reviewed by Senior Management regarding the Fuel PIN numbers. The changes in procedure are based on usage of the PIN numbers on an annual basis. Currently, this is addressed in the Fuel Guide, page 9, Section F, Number 1. We have determined that this communication has faltered and have changed this to reflect PIN usage 4 times or less within a calendar year will be deactivated. However, PIN numbers can be reactivated based upon email confirmation from Fuel Coordinator of driver travel with leave and return dates. We will reactivate and deactivate based on the travel dates provided.

Appendix B – Management's Comments

TIMEFRAME: Cards were terminated on Monday, June 15th to allow replacement Master fuel cards to be ordered and delivered to regions without impeding workflow. The Interim Directive regarding PIN numbers will be issued July 1st.

RESPONSIBLE PARTY: CDOT Director of the Division of Highway Maintenance

3. **AUDIT RECOMMENDATION 3:** Establish a process to monitor active PINs versus separated employees on a periodic basis.

ANSWER: AGREE. The driver report will be reviewed semi-annually and compared to HR reports to ensure proper adherence to this new change in protocol. PINs cannot be automatically deactivated or terminated, it is a manual process. Fuel Cards will also be reviewed semi-annually to ensure cards are being used properly in accordance with the new protocol. This is also a manual process.

TIMEFRAME: Every 6 months starting in June of 2015 with the clean-up efforts in this memo.

RESPONSIBLE PARTY: CDOT Fuel Controls Coordinator, Checked by CDOT Fleet Manager and Kyle Lester, Director of the Division of Highway Maintenance

4. **AUDIT RECOMMENDATION 4:** Develop policies and procedures to safeguard fuel cards

ANSWER: AGREE. Safeguarding of fuel cards and vehicle keys will be reviewed with Senior Management. Standardization will be set and the solutions will be added to our Fuel Protocol. We recognize this issue and feel that with our new security of badge-only entrance into facilities, this will help eliminate the potential of theft. However, we will address further precautions to ensure keys and cards are properly safeguarded with the use of lock boxes or key safes.

TIMEFRAME: Full implementation will be by October 1, 2015 statewide to allow ample time for regions/divisions to obtain proper security devices.

RESPONSIBLE PARTY: CDOT Director of the Division of Highway Maintenance

5. **AUDIT RECOMMENDATION 5:** Train employees on new policies and procedures

ANSWER: AGREE. Delivery of the new policies and procedures were addressed in a Coordinator meeting today 6-9-15, but will be reiterated in future meetings. Meeting minutes are posted on the SharePoint site (<http://connectsp/statewide/fuel>) under the "Coordinator Info" link, along with the attendance list from this meeting. The new procedures are listed in our new Fuel Protocol (formerly the Fuel Guide) and is currently in draft. PD 6.0 is also being revised at this time.

TIMEFRAME: Delivered at Fuel Coordinator meeting on June 9, 2015. This will be sent out organization-wide officially by the August Transportation Commission meeting.

RESPONSIBLE PARTY: CDOT Director of the Division of Highway Maintenance

**CDOT Audit Division
Audit Work in Process
As of 7/31/2015**

Housing Allowance Audit

The Audit Division is conducting a performance audit related to the CDOT housing allowance benefit. During the audit, we identified that the effectiveness of the policies, procedures, and internal controls could be improved. Specifically, we found the program lacked clearly defined eligibility criteria, effective policies and procedures and monitoring and oversight. We have completed the testing phase of the audit and are currently drafting the audit report. We plan to present this report to the Committee at the October ARC meeting.

Store Room Audit

The Audit Division is conducting a performance audit related to evaluating the regional store rooms' current procedures and internal controls, including surplus inventory tracking and the completion of adequate records of inventory transactions. We expect to present our audit report at the October ARC meeting.

Mobile Device Policy Advisory Services

Executive Management requested the Audit Division's participation on a cell phone task force committee. In response to this request, the Audit Division reviewed the current policy, identified and informed Executive Management of high risk areas.

Construction Claim/Dispute Audits

Management has requested that we conduct an audit on one construction claim and one construction dispute. These issues have been processed through CDOT's dispute resolution process.

A-133 2014 Single Audit Reviews

Entities that receive federal grant monies from CDOT are required to submit an audit compliance certification form and single audit report. The Audit Division reviews the report and form for exceptions on programs impacting CDOT. This process repeats itself every year. As of July 31, 2015, the Audit Division has identified 128 entities that received federal grant money during 2014. In addition, as part of the pass-through entity responsibilities, the Audit Division has requested the necessary information from those entities to support our review.

The Audit Division is reviewing and preparing a summary of the information provided by the sub-recipients. The summary would assist CDOT in identifying those entities with internal controls issues in handling those federal awards.

Indirect Cost Rate Reviews

CDOT has the responsibility to monitor the activities of local governments and non-profit entities as necessary to ensure that these entities use federal awards for authorized purposes and in compliance with Federal regulations. As part of this responsibility, the Audit Division reviews the reasonableness of indirect cost rate proposals submitted by these entities. We completed the indirect cost rate review for "36 Commuting Solutions" that had

**CDOT Audit Division
Audit Work in Process
As of 7/31/2015**

pass-through dollars during Calendar Year 2014 of \$158,842. We did not identify any issues in the review performed.

Consultant Financial Reviews

Consultant Financial Reviews provide assurance to CDOT that consultants who provide architectural and engineering professional services comply with the Federal Acquisition Regulation (FAR.) The demand for conducting financial reviews is high as CDOT advertises projects throughout the course of the year and those who wish to do business with CDOT must go through a financial qualification process. During June and July of 2015, we completed 27 financial qualification reviews and 29 other request reviews. As a result of these reviews, we found instances of unallowable costs, improper allocations, mis-classification of costs and unreasonable compensation adjustments. We discussed these proposed changes with the affected consultants, who in turn agreed to make the recommended changes.

Sole Source Reviews

During June and July of 2015, we completed one sole source review and seven since January 2015 (see table below). Colorado Revised Statute 24-103-205 allows a contract to be awarded without competition when the head of a purchasing agency determines, in writing, that there is only one source for the required item. Sole source procurement is justified when there is a limited number of vendors that can provide a particular good or service. CDOT's Procurement Manual requires a price cost analysis when no competition is received. Additionally, the Audit Division is required to review sole source procurements exceeding \$100,000 to ensure fair and reasonable pricing.

**CDOT Audit Division
Sole Source Reviews Completed
January 2015 – May 2015**

Vendor and Item Reviewed	Procured Amount
36 Commuting Solutions	\$287,000
SPX Genfare	\$170,000
Three Points	\$175,000
Snap-On	\$455,112
NICE Systems, Inc.	\$1,000,000
Bentley Systems, Inc.	\$354,904
Lightspeed Road Solar	\$200,000
L3 DP Associates	\$1,000,000
Total	\$3,642,016

Source: Audit Division analysis

Super Circular Implementation

In December 2014, the Federal Office of Management and Budget's (OMB) federal guidance for administrative requirements, cost principles, and audit requirements for federal awards became effective. The Audit Division gave several presentations of the new requirements to affected staff. We are also participating on a team to help CDOT develop a new sub-recipient risk assessment tool that is required under the new guidance.

**CDOT Audit Division
Outstanding Recommendation Summary
June 1, 2015 – July 31, 2015**

We continue to follow up aggressively on those recommendations that were reported as closed by management to verify and ensure adequate supporting documentation is provided.

CDOT Audit Division Outstanding Audit Recommendation Summary 06/01/2015 – 07/31/2015							
Auditor	Prior Balance	New Recs Added	Total Recs	<i>Recommendation Status</i>			Balance Forward
				<i>Open</i>	<i>Pending Review</i>	<i>Closed</i>	
CDOT	8	16 ⁽¹⁾	24	<i>17</i>	<i>4</i>	<i>3</i>	21
OSA	24	0	24	<i>12</i>	<i>6</i>	<i>6</i>	18
FTA	2	0	2	<i>2</i>	<i>0</i>	<i>0</i>	2
Total	34	16	50	<i>31</i>	<i>10</i>	<i>9</i>	41

Notes:

- ¹ *New recommendations this period are from the CDOT Mobile Smart Phone Application Audit (10 recommendations) and the Web-Based Information Management System Audit-WIMS (6 recommendations).*

**CDOT AUDIT DIVISION
OUTSTANDING RECOMMENDATION SUMMARY
AS OF 07/31/2015**

#	Auditor	Original Implementation Date	Revised Implementation Date	Audit Name	Finding	Recommendation	EMT	Status Reported by Mgmt	Status Reported by Audit
1	CDOT	12/30/2012		SAP Basis Security	Security log information is not reviewed for appropriateness and there is no established methodology.	Create policy and procedures for reviewing SAP log data.	DAS -OIT	Closed	Closed
2	OSA	4/1/2014		Outdoor Advertising Program	Enforcement procedures needed to ensure action is taken against illegal signs.	Establish a process when illegal signs are identified.	Chief Engineer	Implemented	Closed
3	OSA	4/1/2014		Outdoor Advertising Program	Enforcement procedures needed to ensure action is taken against illegal signs.	Ensure that permit holders affix their permit decals to the signs.	Chief Engineer	Implemented	Closed
4	CDOT	5/31/2015		CDOT Mobile Smart Phone Application	CDOT did not execute a contract in the best interests of the State of Colorado.	Ensure future technology contracts include defined milestones, a renewal clause, support for monetary agreements and intellectual protection property.	Communications and Operations	Implemented	Closed
5	CDOT	5/31/2015		CDOT Mobile Smart Phone Application	CDOT did not execute a contract in the best interests of the State of Colorado.	Request guidance from legal and information technology personnel to ensure technology contracts promote public policy.	Communications and Operations	Implemented	Closed
7	OSA	7/31/2015		US-36 P3	HPTE did not adequately inform, educate, or involve two stakeholder groups—legislators and the public.	Develop a comprehensive communications plan, maintain complete records of outreach efforts.	HPTE	Implemented	Closed
6	OSA	9/30/2015		US-36 P3	HPTE did not adequately maintain and could not readily access records.	Inventory HPTE records and document the storage methods and retention requirements.	HPTE	Implemented	Closed
8	OSA	9/30/2015		US-36 P3	HPTE did not adequately maintain and could not readily access records.	Develop HPTE-specific records retention schedules.	HPTE	Implemented	Closed
9	OSA	9/30/2015		US-36 P3	At the time of our audit, HPTE did not adequately maintain and could not readily access project files and electronic records.	Assess and evaluate resources for procuring a document management system suitable for efficiently managing, maintaining, and accessing the documents.	HPTE	Implemented	Closed
10	CDOT	6/30/2012	9/30/2014	Payment Card Data Security	SQL injection scanning should be performed.	Scan the web application regularly for SQL injection and XSS threats.	DAS -OIT	Implemented	Pending Review
11	CDOT	12/30/2012	3/31/2015 12/31/2014	SAP Basis Security	Improve IT infrastructure and operations to better secure the SAP environment.	Review domain administrator account assignments and limit to users who need the access.	DAS -OIT	Implemented	Pending Review
12	CDOT	12/30/2012	3/31/2015 12/31/2014	SAP Basis Security	Improvements can be made to IT infrastructure and operations to better secure the SAP environment.	Establish domain subgroups and reassign administrators according to duties.	DAS -OIT	Implemented	Pending Review
13	CDOT	12/30/2012	3/31/2015 12/31/2014	SAP Basis Security	Improve infrastructure and operations to better secure the SAP environment.	Establish authentication groups and grant user access accordingly	DAS -OIT	Implemented	Pending Review
14	OSA	7/31/2015		US-36 P3	HPTE did not include well-defined and appropriately-linked project activities in the schedule.	Ensure that Project Schedules include adequate detail to accomplish project activities.	HPTE	Implemented	Pending Review
15	OSA	7/31/2015		US-36 P3	HPTE and CDOT lack systematic processes and mechanisms for	Execute a project-specific agreement specifying in detail	HPTE	Implemented	Pending Review

**CDOT AUDIT DIVISION
OUTSTANDING RECOMMENDATION SUMMARY
AS OF 07/31/2015**

#	Auditor	Original Implementation Date	Revised Implementation Date	Audit Name	Finding	Recommendation	EMT	Status Reported by Mgmt	Status Reported by Audit
					monitoring operations and maintenance activities.	HPTE's, CDOT's, and contractors' roles and responsibilities.			
16	OSA	7/31/2015		US-36 P3	HPTE did not include well-defined and appropriately-linked project activities in the schedule.	Project schedules should assign resources and project costs to tasks and project activities.	HPTE	Implemented	Pending Review
17	OSA	7/31/2015		US-36 P3	HPTE did not include well-defined and appropriately-linked project activities in the schedule.	Project schedules should identify all key tasks and include well-defined linked project activities.	HPTE	Implemented	Pending Review
18	OSA	7/31/2015		US-36 P3	HPTE did not include well-defined and appropriately-linked project activities in the schedule.	Project schedules should specify realistic, achievable timeframes and due dates.	HPTE	Implemented	Pending Review
19	OSA	9/30/2015		US-36 P3	HPTE did not perform a Project Value Analysis at one of the key points in the P3 decision-making and procurement processes.	Policies should require performing a Project Value Analyses prior to the decision to pursue the project as a P3, selection of the preferred bidder and negotiations, and financial close.	HPTE	Implemented	Pending Review
20	CDOT	2/1/2012	12/30/2016 11/28/2015	Central Files Document Retention	Determine whether to implement an EDMS.	Update directives to include Record Disposition Schedules, defining core documents.	DAS	Open	Open
21	FTA	2/14/2013	9/11/2015 2/20/2015 12/31/2014	Title VI Compliance	Deficiencies found regarding Title VI Complaint Procedures.	Submit an implementation plan for sub-recipients to have complaint procedures.	DTR	Open	Open
22	FTA	2/14/2013	9/11/2015 12/31/2014	Title VI Compliance Review	CDOT did not provide documentation that pass through funds complied with Title VI of the Civil Rights Act.	Submit procedures to consider Title VI in its competitive selection process or annual program submitted to FTA.	DTR	Open	Open
23	CDOT	11/30/2014		WIMS	The Division of Aeronautics did not ensure that WIMS' implementation was properly documented.	Ensure that documentation of WIMS is completed by both the Division and the developer.	Aeronautics Division	Open	Open
24	CDOT	11/30/2014		WIMS	The Division of Aeronautics lacked written policies and procedures to document drawdown payment processes.	Ensure that written policies and procedures for grant reimbursement include a summary and supporting documentation of payments.	Aeronautics Division	Open	Open
25	CDOT	11/30/2014		WIMS	The Division of Aeronautics did not ensure that signed contracts were consistently contained in WIMS.	Ensure that signed copies of contracts are uploaded into WIMS	Aeronautics Division	Open	Open
26	CDOT	11/30/2014		WIMS	The Division of Aeronautics did not ensure that surplus sales approvals were always approved within WIMS.	Ensure that supporting documentation is contained in WIMS for surplus sales.	Aeronautics Division	Open	Open
27	CDOT	11/30/2014		WIMS	The Division of Aeronautics does not always have complete information when making decisions related to discretionary grants.	Ensure that fields and standard reports are identified and utilized.	Aeronautics Division	Open	Open
28	CDOT	03/01/2015		WIMS	The Division of Aeronautics did not ensure that user access was properly established.	Ensure that Administrative rights access is restricted and properly updated.	Aeronautics Division	Open	Open

**CDOT AUDIT DIVISION
OUTSTANDING RECOMMENDATION SUMMARY
AS OF 07/31/2015**

#	Auditor	Original Implementation Date	Revised Implementation Date	Audit Name	Finding	Recommendation	EMT	Status Reported by Mgmt	Status Reported by Audit
29	CDOT	4/30/2015		CDOT Mobile Smart Phone Application	CDOT did not have adequate oversight over this project.	Designate a project manager to oversee project milestones, including deliverables not yet completed.	Communications and Operations	Open	Open
30	CDOT	5/31/2015		CDOT Mobile Smart Phone Application	CDOT did not execute a contract in the best interests of the State of Colorado.	Evaluate options to mitigate the risks created by missing contract elements.	Communications and Operations	Open	Open
31	OSA	6/30/2015	2/29/2016	Statewide Single Audit FYE 6-30-2014	Sub-recipient plan was not in place that clearly defines the frequency and nature of sub-recipient monitoring activities.	Expand monitoring plan to include detailed sub-recipient monitoring policies.	Audit Division	Open	Open
32	OSA	6/30/2015	2/29/2016	Statewide Single Audit FYE 2014	Adequate procedures were not in place to monitor, track and ensure sub-recipients' compliance.	Monitor responses and evaluate findings included in each sub-recipient's Single Audit Report.	Audit Division	Open	Open
33	OSA	6/30/2015	2/29/2016	Statewide Single Audit FY 2014	Adequate procedures were not in place to monitor, track and ensure sub-recipients' compliance.	Implement a risk-based compliance analysis.	Audit Division	Open	Open
34	CDOT	6/30/2015	11/30/2015 8/15/2015 7/30/2015	FASTER DTR	DTR did not have policies and procedures related to tracking FASTER transit projects.	Develop, implement and enforce policies and procedures manual.	DTR	Open	Open
35	CDOT	6/30/2015	1/1/2016 8/15/2015 7/30/2015	FASTER DTR	DTR did not have general controls in place to ensure that their business objectives were met.	Re-prioritize current tasks and include as its top priority to address the general control issues.	DTR	Open	Open
36	CDOT	7/15/2015		CDOT Mobile Smart Phone Application	CDOT did not have adequate oversight over advertising.	Designate a project manager to develop procedures for contractual advertising requirements including how approvals for all advertising should be documented.	Communications and Operations	Open	Open
37	CDOT	7/15/2015		CDOT Mobile Smart Phone Application	CDOT did not have adequate oversight over advertising.	Designate a project manager to ensure compliance with the contractual requirements for advertising.	Communications and Operations	Open	Open
38	CDOT	7/31/2015		CDOT Mobile Smart Phone Application	CDOT did not have adequate oversight over the revenue collection and reporting.	Develop review procedures to ensure the completeness and accuracy of the financial reports submitted by urHub.	Communications and Operations	Open	Open
39	CDOT	7/31/2015		CDOT Mobile Smart Phone Application	CDOT did not have adequate oversight over the revenue collection and reporting.	Determine when the year-end revenue collection period ends and document the specific reporting procedures for the designated project manager.	Communications and Operations	Open	Open
40	CDOT	7/31/2015		CDOT Mobile Smart Phone Application	CDOT did not have adequate oversight of the contractual data requirements.	Consider a contract amendment that would specify whether urHub could utilize the data. CDOT should identify ideas in providing the alternate route and mode planning or feature to remove this development requirement.	Communications and Operations	Open	Open

**CDOT AUDIT DIVISION
OUTSTANDING RECOMMENDATION SUMMARY
AS OF 07/31/2015**

#	Auditor	Original Implementation Date	Revised Implementation Date	Audit Name	Finding	Recommendation	EMT	Status Reported by Mgmt	Status Reported by Audit
41	CDOT	7/31/2015		CDOT Mobile Smart Phone Application	CDOT did not have adequate oversight of the contractual data requirements.	Communicate and document expectations regarding the prioritization coverage.	Communications and Operations	Open	Open
42	OSA	9/30/2015		Statewide Single Audit FY 2014	Adequate procedures were not in place to monitor, track and ensure that sub-recipients' compliance.	Ensure that sub-recipient Single Audit Reports are reviewed timely.	Audit Division	Open	Open
43	OSA	9/30/2015		US-36 P3	HPTE did not adequately assess and analyze operations and maintenance elements at key points in the project.	Develop standardized reporting formats for analyzing actual cost data.	HPTE	Open	Open
44	OSA	9/30/2015		US-36 P3	HPTE does not have adequate mechanisms in place to identify documents that should either become public or confidential under CORA.	Develop a comprehensive open records and transparency plan for the P3 program.	HPTE	Open	Open
45	OSA	9/30/2015		US-36 P3	HPTE and CDOT lack systematic processes and mechanisms for monitoring operations and maintenance activities to ensure the performance standards are met.	Provide training to educate and obtain input from CDOT operations and maintenance personnel on the performance standards and related requirements.	HPTE	Open	Open
46	OSA	9/30/2015		US-36 P3	HPTE and CDOT lack systematic processes and mechanisms for monitoring operations and maintenance activities to ensure the performance standards outlined in the concession agreement are met.	Develop detailed monitoring management plans that ensure adequate technical review, provide for managing incidents and emergencies, establish protocols for addressing noncompliance, and incorporate processes for change and claims management.	HPTE	Open	Open
47	OSA	9/30/2015		US-36 P3	HPTE and CDOT lack systematic processes and mechanisms for monitoring operations and maintenance activities to ensure the performance standards outlined in the concession agreement are met.	Refine the monitoring framework by researching and incorporating leading practices and lessons learned from other U.S. P3 projects that are in the operations phase.	HPTE	Open	Open
48	OSA	1/31/2016		US-36 P3	HPTE lacked systematic project management processes for managing all elements of complex P3 projects from beginning to end.	Develop a project management framework and detailed guidance for managing P3 initiatives, identify key elements, decision points, information, and required processes.	HPTE	Open	Open
49	OSA	1/31/2016		US-36 P3	HPTE lacked systematic project management processes for managing all elements of complex P3 projects from beginning to end.	Develop strategies for acquiring adequate resources and project management expertise for managing, developing, and overseeing its P3 program.	HPTE	Open	Open
50	OSA	1/31/2016		US-36 P3	HPTE lacked systematic project management processes for managing all elements of complex P3 projects from beginning to end.	Identify training needs to provide ongoing training on HPTE's project management guidelines.	HPTE	Open	Open

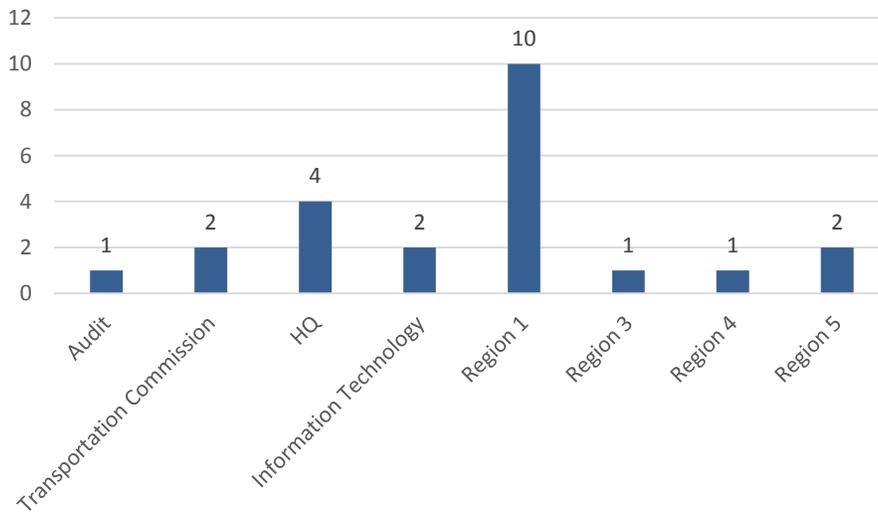
CDOT Audit Division Fraud Hotline Statistics

**CDOT Audit Division
Hotline Summary
23 Incidents by Type
FYE 6/30/2015**



Source: Hotline Data obtained by Audit Division

**CDOT Audit Division
Hotline Summary
23 Incidents by Location
FYE 6/30/2015**



Source: Hotline Data obtained by Audit Division