

Colorado Transportation Commission  
Audit Review Committee Agenda  
Wednesday, January 15, 2020

Sidny Zink, Chair      Eula Adams      Karen Stuart      Don Stanton  
District 8              District 3              District 4              District 2

All commissioners are invited to attend this Committee meeting

1.	Call to Order	Verbal
2.	Approval of July 17, 2019 Minutes	p. 1
3.	Approval of October 13, 2019 Minutes	p. 2
4.	Motion regarding Utility Accounts Report	Verbal
5.	Motion regarding Xentity Corporation Complaint Assessment	Verbal
6.	Outstanding Recommendations Update	Verbal

**THE AGENDA MAY BE ALTERED AT THE CHAIR'S DISCRETION**



**Colorado Transportation Commission  
Audit Review Committee (ARC) Meeting  
July 17, 2019  
5:15 p.m. - 6:15 p.m.  
CDOT Headquarters**

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**AUDIT COMMITTEE MEMBERS:** Rocky Scott; Bill Thiebaut; and Sidny Zink, Chair

**EXECUTIVE MANAGEMENT TEAM:** Frank Spinelli, Audit Director; Herman Stockinger, Deputy Director; Jeff Sudmeier, CFO; and Kathy Young, First Assistant Attorney General

**AUDIT TEAM:** Jim Ballard, Audit Manager; Robyn Lamb, Audit Supervisor; Daniel Pia, Audit Supervisor; Chris Stapley, Auditor III; Chris Woodward, Auditor I; James Moseley, Auditor I; Patrick Wheat, Auditor I

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**Call to Order**

Chair Zink called the meeting to order at 5:15 p.m.

**Approval of May 15, 2019 Minutes**

Chair Zink made a MOTION to approve the May 2019 minutes. All voted in favor.

**Chair Remarks**

Chair Zink said that the state legislative audit committee was handled well by CDOT representatives, including Jeff Sudmeier. Mr. Sudmeier agreed and said that the committee was receptive to CDOT's recommendations.

Chair Zink opened discussion on the role of the audit committee as defined by the Audit Division Policy (PD 4.0). The committee discussed what constitutes a public committee meeting. Ms. Young said that any discussion between two commissioners is a public meeting, though the meeting only needs to be noted if three or more commissioners are meeting.

Chair Zink opened discussion on audit activities and reporting, specifically regarding what audit reporting is appropriate for review by the audit committee. Commissioner Thiebaut suggested that the Audit Policy may be amended in order to clarify what audit reporting would be appropriate for audit committee review. Herman Stockinger said he was concerned that, under conditions by which Audit reports all activities to the committee, management could be discouraged from approaching Audit for advisement. Ms. Young said that there are legal means that allow the transportation commission to protect certain audit papers rather than releasing sensitive information to the public. Discussion followed regarding how the audit committee should approach discussion of audit reports and consulting services.

**Motion and Release of Local Agency Report**

Mr. Spinelli introduced the Local Agency report, saying that the audit was performed as both a performance and compliance audit. Commissioner Thiebaut moved to release the local agency report without need the need for discussion. The motion was seconded and all voted in favor



to release the report without discussion. James Moseley, Auditor I, presented the audit report, including audit objectives, findings, and recommendations.

Chair Zink asked whether the recommendations should be made to the contractors working on federal projects, or to CDOT management. Mr. Sudmeier said that it is the responsibility of CDOT to monitor how pass-through funding is utilized on local agency projects. Mr. Pia said that the value of the audit is passed to local agencies in a collaborative effort with CDOT local agency coordinators.

### **Motion and Release of Contract Report**

Chair Zink introduced the Contract Report. Mr. Spinelli said that the timing on this report was pre-mature as management had yet to provide a formal response to the report. Commissioner Thiebaut made a MOTION to remove the item from the meeting agenda. The motion was seconded, and all voted in favor to remove the item from the agenda.

### **FY 2020 Audit Plan**

Mr. Spinelli introduced the FY 2020 Audit Plan by describing the planning process, including the performance of risk assessments in order to identify audit topics. The top five risks included, regulatory matters, policies & procedures, contract costs, expenditures, and staffing.

### **FY 2020 External Audit Plan**

Mr. Spinelli introduced the FY 2020 External Audit Plan. The following are many of the External Audit activities: single audits, sub-recipient monitoring, indirect cost rate reviews, EPA reviews, direct salary rate reviews, indirect cost rate reviews for local public agencies, sole source reviews, cognizant reviews, final cost examinations, and disputes & claims.

Commissioner Scott made a MOTION to approve the FY 2020 Audit Plan, and all voted in favor.

### **Adjournment**

Meeting was adjourned at 6:15 pm.





# COLORADO

## Department of Transportation

Division of Audit

Colorado Transportation Commission  
Audit Review Committee (ARC) Meeting  
October 16, 2019  
4:40 p.m. - 5:15 p.m.  
CDOT Headquarters

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**AUDIT REVIEW COMMITTEE MEMBERS:** Eula Adams; Karen Stuart; Don Stanton; and Sidny Zink, Chair

**OTHER TRANSPORTATION COMMISSIONERS:** Bill Thiebaut

**EXECUTIVE MANAGEMENT TEAM:** Frank Spinelli, Audit Director; Shoshana Lew, Executive Director; Herman Stockinger, Deputy Director; Jeff Sudmeier, CFO; Steve Harelson, Chief Engineer; Matt Inzeo, Public Information Officer; David Krutsinger, Division Transit and Rail Director; and Kathy Young, First Assistant Attorney General

**AUDIT TEAM:** Jim Ballard, Audit Manager; Robyn Lamb, Audit Supervisor; Daniel Pia, Audit Supervisor; Chris Woodward, Auditor I; and Patrick Wheat, Auditor I.

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### Call to Order

Chair Zink called the meeting to order at 4:40 p.m. All ARC commission members were present with the exception of Commissioner Scott.

### Motion to Release July 17, 2019 Minutes

Chair Zink modified the agenda to delay the approval of the July 17, 2019 minutes until Commissioner Scott is present.

### Chair Remarks

Chair Zink asked for clarification on the July 17, 2019 minutes in regards to the legal means that allow the Transportation Commission to protect certain audit papers rather than releasing sensitive information to the public. Ms. Young responded by saying that work papers are regarded as privileged information and are exempt from CORA even for audit reports that have been released. Ms. Young also stated that draft reports are not public documents and therefore, are also not subject to CORA. Ms. Young further stated that during personnel investigations performed by the audit division, these documents would be CORA exempt although the employee has the right to review all evidence presented against them.

### Audit Policy (PD 4.0) Discussion

Mr. Spinelli stated that the Audit Policy was recently updated to reflect internal and external environmental changes. The changes included clarification of the audit division's purposes, responsibilities, services, reporting processes, as well as the ARC's voting process. There were no questions from the commissioners regarding these changes. Mr. Spinelli stated that a vote to approve these changes are not necessary since this is a policy change, which are addressed by the Transportation Commission.





### FY 2019 Division Results

Ms. Lamb presented the FY 2019 audit division results and began with a discussion of the differences between the internal and external audit team functions. Ms. Lamb then discussed the number of Master Pricing Agreements, Single Audits, Local Agency Indirect Cost Rates, Sole Source, Final Costs, Disputes/Claims and performance audits that were performed showing that overall the metrics show a high level of performance. Further, Ms. Lamb stated that the audit division investigated 13 hotline complaints, resolved 16 outstanding recommendations, passed the peer review and conducted a number of outreach activities. Ms. Lamb proceeded to discuss results of three Request for Equitable Adjustments (REAs) showing the contractor request, the audit division's estimate, and the settlement amounts. Mr. Harelson stated that the Audit Division's REA reviews have been valuable with settling disputes. Chair Zink complemented the audit division on the number of items completed in FY 2019.

Commissioner Adams requested an aging and heat map report of outstanding recommendations to better identify potential issues. Mr. Spinelli stated that this would be presented at the November ARC meeting.

### Adjournment

Meeting was adjourned at 5:15 pm.

