



## MEMORANDUM

**TO:** HPTE BOARD OF DIRECTORS  
**FROM:** KAY HRUSKA, ENTERPRISE CONTROLLER  
JEFF SUDMEIER, CHIEF FINANCIAL OFFICER  
**DATE:** FEBRUARY 16, 2022  
**SUBJECT:** FISCAL YEAR 2020-2021 AUDITED FINANCIAL STATEMENTS

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### Purpose

To present the High Performance Transportation Enterprise (HPTE) annual audited financial statements for Fiscal Years 2020 and 2021.

### Action

No formal action is being requested. Informational only.

### Background

On an annual basis, the Office of the State Auditor (OSA) engages an outside audit firm to conduct a financial and compliance audit of the HPTE. For Fiscal Year 2020-21, OSA contracted with BKD, LLP to complete the annual audit. The purposes and the scope of the Fiscal Year 2020-21 audit were to:

- Express opinions on the financial statements of the Enterprise as of and for the years ended June 30, 2021 and 2020, including consideration of internal control over financial reporting as required by auditing standards.
- Review the Enterprise's compliance with rules and regulations governing the expenditure of federal and state funds for the year ended June 30, 2021.
- Issue a report on the Enterprise's internal control over financial reporting and on compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters based on our audit of the financial statements.

### Details

BKD's report included an unmodified opinion of HPTE's financial statements for the year ended June 30, 2021.

No instances of noncompliance considered material to the financial statements were disclosed by the audit. There were no prior year audit recommendation and significant audit adjustments proposed.

There was one finding related to HPTE's exhibit documents. The exhibit documents provide fiscal year-end accounting information to the Office of the State Controller (OSC) for inclusion in the State's financial statements. Several exhibit documents were incorrectly prepared and submitted to Office of the State Auditor and to Office of the State Controller, thus resulting in an audit finding.

During Fiscal Year 2020-21 CDOT Center of Accounting experienced higher than typical turnover resulting in a number of vacant positions. Backup staff were not adequately assigned and trained on exhibit preparation. Limited staff with the requisite background and training were left to prepare and review the exhibits, and adequate supervisory review was not available in many cases.

BKD has the following recommendations to strengthen their internal controls over preparation and review by:



- Assigning back-up responsibilities for exhibit preparation and review to staff to allow for appropriate segregation of duties and review and appropriate delegation when turnover occurs.
- Appropriately training employees on exhibit preparation and reviews.
- Ensuring exhibits are reviewed prior to the submission to the Office of the State Controller

HPTE and CDOT Center of Accounting has agreed to implement these recommendations. CDOT's Center of Accounting will establish additional training on exhibit preparation and additional review prior to submission to the Office of the State Controller. Additional accounting staff are also being hired to support an increase volume and complexity, segregation of duties, and to provide greater opportunity for back up training as well.

#### Other Information

The Fiscal Year 2021 and 2020 audited financial statements have been posted to HPTE's website. If hard copies of the financial statements are desired, please contact Kay Hruska.