Colorado Energy Office

Performance Audit, December 2012

Report Highlights

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Purpose

Assess the Colorado Energy Office's (CEO) management policies and practices to determine whether state, federal, and private funds have been used effectively.

Background

- CEO administers various federal and state energy programs, advises stakeholders on energy-related policy and legislation, and promotes energy market development.
- House Bill 12-1315 changed CEO's overall mission from promoting renewable energy and energy efficiency to promoting *all* sources of energy development and earmarked state funding for CEO through Fiscal Year 2017.
- CEO was awarded $144 million in Recovery Act funds in Fiscal Years 2009 through 2012, almost a 250 percent increase over CEO's previous funding levels.

Our Recommendations

CEO should:

- Implement a program planning process that includes prioritizing statutory programs and utilizing budget and performance data in planning decisions.
- Ensure staff are made aware of and provided training on state contract requirements and contract monitoring responsibilities, and develop a system of supervisory review to assess contract management activities.
- Establish an accounting system that collects comprehensive program budget and expenditure data. Use the data regularly in conjunction with program performance data to determine which programs merit continued funding.

CEO agreed with these recommendations.

Audit Concern

There are significant deficiencies in CEO's core program and contract management policies and practices that affect CEO's ability to determine whether its programs are cost-effective.

Key Facts and Findings

- CEO was unable to demonstrate that $252 million spent over the past six years was spent cost-effectively.
  - CEO does not calculate or maintain a comprehensive, annual budget or budget-to-actual data for any of the 34 programs administered during Fiscal Years 2007 through 2012. As a result, CEO could not determine the total cost or the total amount spent for any of its programs.
  - CEO program managers have not been required to manage programs within a budget, though they are responsible for requesting and justifying program expenditures.
  - Of the eight programs we reviewed in-depth, staff responsible for three programs could not identify the program's goals or say whether the goals had been achieved.
- Of the 22 contracts we reviewed, 20 had incorrect or missing information in CMS, the state contract database; six were missing required performance elements; and 13 were missing required contractor progress reports.
- Of the 59 payments to contractors we reviewed, 10 totaling $1.5 million were not supported by adequate evidence of contractor progress on contract deliverables.
- Of the 40 travel and other expenditures we reviewed, 16 lacked appropriate approval and justification documentation. For example, in one instance CEO incurred $25,000 for a cost supported only by the statement, "2008 Membership." In another instance, CEO paid $1,500 for an ex-employee to attend training after termination, without documentation demonstrating how the cost was reasonable or necessary.
- CEO does not maintain consistent, centralized data-keeping systems to support programmatic work, and has not established an operational framework that includes guiding policies and procedures, or staff training and supervisory review.

For further information about this report, contact the Office of the State Auditor
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