



# CDOT/CBE Asset Transfer Policy Workflows

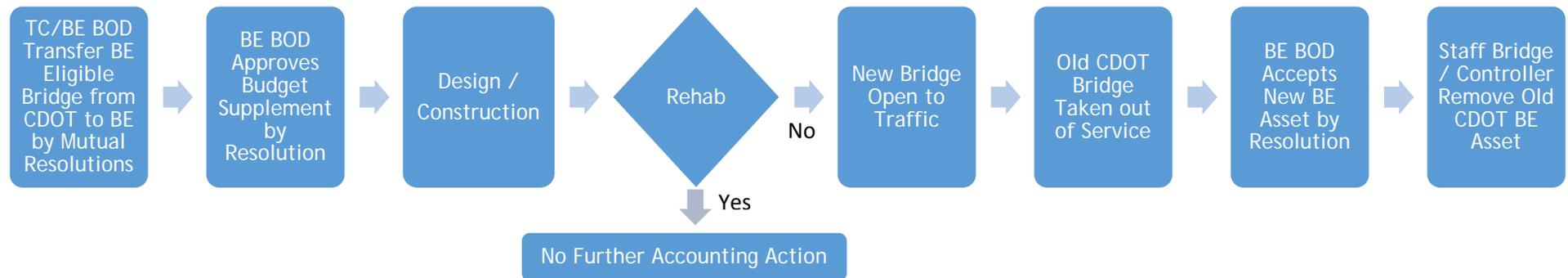
## CURRENT TRANSFER POLICY



## Non-Replacement/Major Rehabilitation Structures



## PREVIOUS TRANSFER POLICY





# CBE Guidance Documents

## Asset Transfer/Ownership Policy for Replacement of an Existing Bridge

2011 Number 11, Page 1 of 4

Date: January 30, 2012

Colorado Bridge Enterprise

### Guidance Document – Bridge Enterprise Asset Transfer/Ownership Policy for Replacement of an Existing Bridge

#### Background information

Since program inception, the Bridge Enterprise (BE) Board of Directors (or Board) and Colorado Transportation Commission have taken action to approve resolutions formally transferring ownership of an existing bridge asset from CDOT to Bridge Enterprise, and there have been occasions that a subsequent Board resolution was needed transferring a bridge back from Bridge Enterprise to CDOT.

The original transfer policy was based upon the FASTER legislation and State Controller direction that Bridge Enterprise funding can only be utilized on Bridge Enterprise owned assets and not CDOT assets. This policy transferred an existing CDOT structure to Bridge Enterprise. However, when an existing structure is replaced with a new bridge, then that existing bridge (or asset) and its bridge ID number are retired, and the new replacement structure is assigned its own unique (or new) bridge ID number.

As such, the transfer policy did not formally recognize ownership of the “new” structure and bridge ID which is further discussed below.

#### New Accounting Policy

CDOT accounting shall implement a new procedure to address replacing an existing bridge with a new bridge that eliminates the need for a formal transfer of an existing bridge asset from CDOT to Bridge Enterprise.

Once the existing “poor” rated bridge is no longer serving its intended purpose and must be replaced, then the existing asset should be retired, and any remaining asset value is written off the CDOT accounting records.

In this Policy, Bridge Enterprise will assume “official” ownership of the new asset (by Board resolution as described below); thereby, any cost to design and construct the new structure can be funded with available Bridge Enterprise / FASTER funding. In support of this new policy, documentation must be developed that (1) documents the assets remaining book value (if any) to be written off CDOT accounting records, (2) documents when the existing bridge is taken out of service, and (3) documents when Bridge Enterprise assumes ownership of the new structure.



# CBE Guidance Documents

## Asset Transfer/Ownership Policy for Replacement of an Existing Bridge

2011 Number 11, Page 2 of 4

Date: January 30, 2012

Colorado Bridge Enterprise

*Note - this policy document only pertains to bridges scheduled to be replaced.*

*Structures intended to be repaired and/or rehabilitated would still have to be formally transferred as the bridge ID number remains the same if Bridge Enterprise funding is utilized.*

### Required Accounting Documentation

This section outlines the steps and documentation necessary for CDOT to write-off an existing asset and any remaining book value from CDOT accounting records.

*Step 1:* Once it has been determined that an existing structure will be replaced with a newly constructed bridge, Bridge Enterprise in concert with CDOT accounting staff shall conduct a financial assessment to document the remaining book value including documenting no remaining book value of the existing structure per the Fixed-Asset database. Reference the work-flow process graphically depicted on Attachment 1.

If the existing asset is **not** included on the Fixed-Asset database, no further accounting action is required and the new structure shall comply with the ownership guidelines further outlined in this guidance document.

If the existing structure **is** included on the Fixed-Asset database there are two possible courses of action:

- (1) CDOT accounting will determine and communicate the remaining book value, and the remaining book value (less any future depreciation costs until the asset has been taken out of service) shall be written off CDOT accounting records once the structure is taken out of service.
- (2) CDOT accounting will determine and communicate that the existing asset has been fully-depreciated and has no remaining book value.

*Step 2:* The next step is to quantify when the existing structure is taken out of service. Since Bridge Enterprise maintains the program schedule and reports project status on a monthly basis, Bridge Enterprise is best suited to interface with CDOT regional staff to document the date (month and year) when the existing structure has been taken out of service. Bridge Enterprise will then pass-on this information to CDOT Staff Bridge.

*Step 3:* CDOT Staff Bridge shall then issue an out-of-service memorandum to CDOT's Controller documenting the month and year on when an existing structure has been taken out of service. An out-



# CBE Guidance Documents

## Asset Transfer/Ownership Policy for Replacement of an Existing Bridge

2011 Number 11, Page 3 of 4

Date: January 30, 2012

Colorado Bridge Enterprise

of-service memorandum can be issued on an annual basis itemizing all structures retired within that fiscal year. The out-of-service memorandum must be issued no later than June 30<sup>th</sup> which coincides with the last date of CDOT's fiscal year. CDOT Staff Bridge may elect to issue a periodical out-of-service-office memorandum on a monthly or quarterly basis as long as a final document issued for that particular fiscal year is issued by June 30<sup>th</sup>.

*Step 4:* Receipt of the Staff Bridge out-of-service memorandum shall trigger CDOT accounting to write-off the remaining asset value from CDOT accounting records signifying that the structure has been retired and it's no longer serving its intended purpose.

### **New Bridge Asset Ownership**

Through the monthly budget supplement process approved by the Bridge Enterprise Board, preconstruction and / or construction funding is administratively committed to the construction of the replacement structure.

In addition, per guidance from the State Attorney General's office, Bridge Enterprise shall administratively assume ownership of the new structure for two primary purposes: (1) asset ownership is a requisite to utilize available Bridge Enterprise / FASTER funding to complete requisite design and reconstruction activities, and (2) asset ownership is required to utilize available Bridge Enterprise / FASTER funding associated with long-term maintenance and inspection costs.

Resolutions acknowledging asset ownership shall be presented to the Board for their respective approval. Resolutions can be submitted on a quarterly (minimally) or yearly (maximum) basis and shall itemize the new BE structure(s) by their assigned Bridge ID number(s).

*Note – As previously noted, the prior transfer resolutions addressed the existing Bridge structure and not the new structures. To avoid future ownership issues and consistency with current policy, Bridge Enterprise shall prepare a resolution for BOARD approval itemizing all the new bridge structures currently included within the program.*



# CBE Guidance Documents

## Asset Transfer/Ownership Policy for Replacement of an Existing Bridge

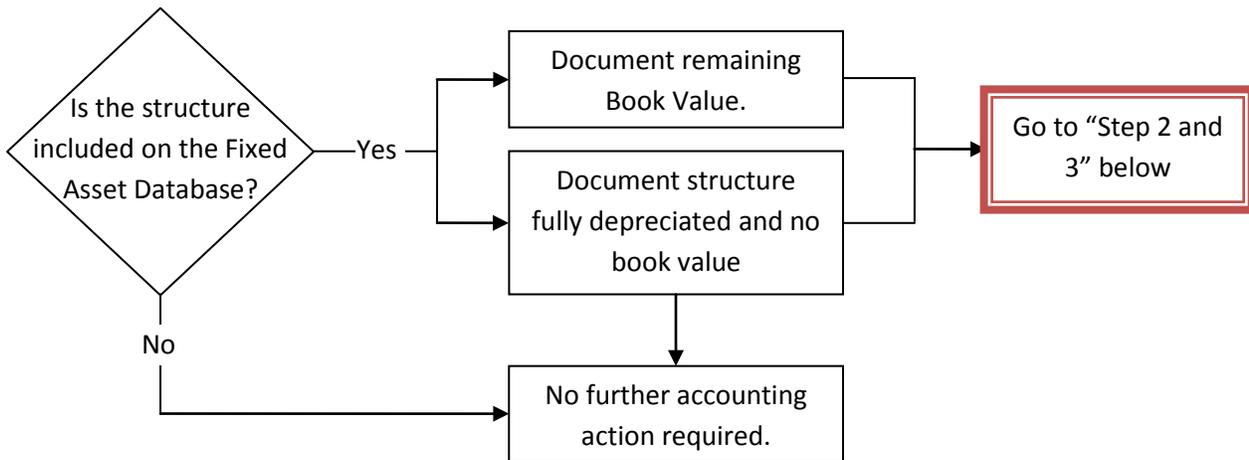
2011 Number 11, Page 4 of 4

Date: January 30, 2012

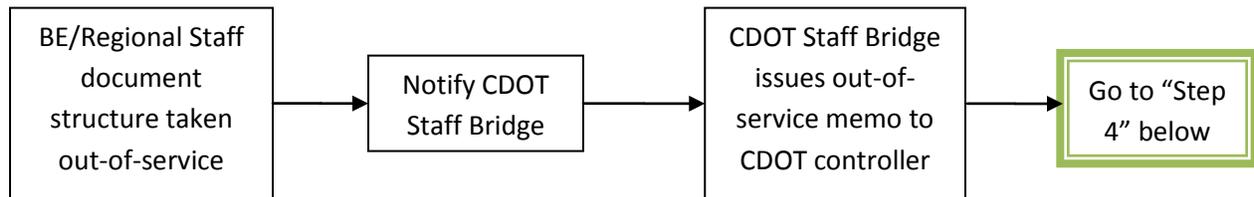
Colorado Bridge Enterprise

Attachment 1

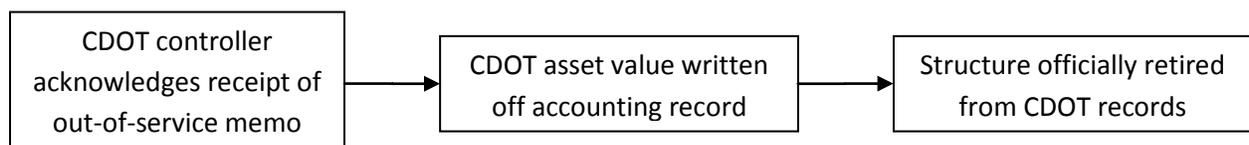
### Step 1: Document Remaining Book Value



### Step 2 and 3: Document Structure Taken Out-of-service and Notice to CDOT Controller



### Step 4: Asset Write-off



**Colorado Transportation Commission  
Audit Review Committee Agenda  
Thursday, June 16, 2016  
CDOT Headquarters, Room 225  
9:45 a.m. – 10:15 a.m.**

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

**Bill Thiebaut**  
District 10, Pueblo

**Gary Reiff**  
District 3, Englewood

**Nolan Schriener**  
District 9, Colorado Springs

**Ed Peterson**  
District 2, Lakewood

All commissioners are invited to attend this Committee meeting.

<b>1.</b>	<b>Call to Order</b>	<b>Verbal</b>
<b>2.</b>	<b>Approval of February 2016 Minutes</b>	<b>p 1</b>
<b>3.</b>	<b>Release – Patrol Inventory Report Review</b>	<b>Attachment 1</b>
<b>4.</b>	<b>Review of FY 2017 Strategic Plan</b>	<b>Verbal</b>
<b>5.</b>	<b>Review &amp; Approval of FY 2017 Audit Plan</b>	<b>Verbal</b>
<b>6.</b>	<b>Peer Review Update</b>	<b>Verbal</b>
<b>7.</b>	<b>Fraud Hotline Update</b>	<b>Verbal</b>
<b>8.</b>	<b>Follow Up Process Update</b>	<b>Verbal</b>

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

**February 18, 2016**  
**10:00 to 11:00 a.m.**  
**CDOT Headquarters Auditorium**

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**AUDIT COMMITTEE MEMBERS PRESENT:** Sidny Zink, Bill Thiebaut, Gary Reiff, Ed Peterson

**ALSO PRESENT:** Scott Young, Acting Audit Director, James Ballard, Audit Manager; Daniel Pia, IT Auditor; Melissa Canaday, Audit Supervisor; John Carlson, Audit Supervisor; Lisa Gibson, Program Administrator; several auditors from the Audit Division.

**AND:** Other Executive Management Team members and the public.

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**Call to Order**

ARC Chair Zink called the meeting to order on February 18, 2016 at 10:05 a.m. Chair Zink also called role and all Audit Committee members were present. The meeting was held in the Auditorium at the Colorado Department of Transportation Headquarters' building.

**Approval of Minutes of the June 17, 2015 ARC Meeting**

Commissioner Peterson moved to approve the meeting minutes for August 19, 2015. Commissioner Reiff seconded the motion. The minutes were approved with no opposition. The minutes were adopted as published in the agenda.

**Review of the Modified FY 2016 Audit Plan**

Mr. Ballard reviewed the modified audit plan. These changes were based off of comments made by the Audit Review Committee regarding the original plan being overly aggressive. He pointed out that the five audits that were removed, Audit feels that the risk was mitigated and that was behind their selection.

**Release of Hard to Fill (HTF) and Extremely Hard to Fill (HFTX) Benefits Audit**

Chair Zink reviewed options related to release of a report. Commissioner Thiebaut motioned to release the report and Commissioner Peterson seconded the motion. All committee members voted to approve and release report. The report was released with no opposition.

**Discussion of Hard to Fill (HTF) and Extremely Hard to Fill (HFTX) Benefits Audit**

Mr. Ballard reviewed the report and presented the audit results and the three recommendations contained in the report. The three areas that improvements could be made are in eligibility criteria could be improved providing more flexibility within pay bands, insufficient policies and procedures, as well as greater monitoring and oversight. These recommendations were made to management.

Chair Zink requested clarification on the first recommendation surrounding more flexibility within pay bands. She asked if that is instead of what is being done now. Commissioner Reiff said that it seems to undercut a Civil Service pay structure. Chair Zink asked if this will be at odds with the Colorado state pay policies. Commissioner Reiff stated that whatever is recommended needs to be able to be defended with a Civil Service pay structure.

Scott Young stated that we will work with Human Resources to ensure we are meeting regulations. Director Bhatt stated that the Department needs to work with the Department of Personnel and Administration to ensure regulations are being met. Commissioner Peterson said to ensure this is not in opposition to any regulations, policies, etc. before progressing too far down the road. Scott Young assured Commissioner Peterson that the division is working closely with our Human Resources section as well as DPA to ensure guidelines and regulations are being met. Commissioner Thiebaut said that the procedural

directive date of July 1, 2016 seems manageable to take the comments of the Committee into consideration.

Chair Zink asked if the report was considered final. Commissioner Reiff confirmed that the report is final. However, it is appropriate to request a report back on the implementation of recommendations in the future.

### **Audit Division Updates**

Mr. Ballard briefly reviewed work that had been completed since the last meeting in August.

Commissioner Reiff inquired as to what lessons were learned in relation to the Construction Claim/Dispute Audits. One surrounded asphalt mixture and what was appropriate. From that we've learned better communication may be in order. The second claim/dispute also surrounded inefficiencies surrounding moving utilities. Better monitoring may alleviate inefficiencies and strengthening planning going forward may help. Josh Laipply stated that they are working with the contractors regarding the disparity in the asphalt mixture. The second claim/dispute Mr. Laipply feels they have built a strong partnership with the contractor's association and if the department enforces the specifications to move utilities in a timely manner, it should help to resolve many issues. Commissioner Peterson feels that we need to consistently tighten up the requirements we have surrounding moving utilities.

Scott McDaniel stated that we need to identify utilities early and notify of need to move early on. Commissioners Reiff and Peterson feel the issues are being handled, just wanted to see what lessons were being gained from the process.

Chair Zink asked who says that each firm 'must' go through the Master Pricing Agreement process. Mr. Ballard said that Procurement and Contracts feels it will streamline the process of competitive bidding. Chair Zink feels that it would be onerous for the smaller firms. Josh Laipply explained that the process is different for extremely small firms versus larger firms. Scott McDaniel said the process needs to provide a fair and reasonable assurance for each contractor. Mr. McDaniel feels that this shouldn't be as much of an issue moving forward.

Chair Zink inquired as to what the hourly savings referred to in the Master Pricing Agreement section in the packet. Mr. Ballard explained that we are trying to quantify what the division is doing. He provided several examples of how the division arrived at the figures that are in the packet. While adding up the mitigated cost from October through December we identified a savings of approximately \$2,000/billed hour. Mr. Ballard is going to meet with the CDOT Statistician to see if there is a better way to identify this savings.

Mr. Ballard reviewed recent staff changes, vacancies and their anticipated fill dates. Mr. Ballard stated that the turnover rate for the Audit Division from August until now has been 40%. However, the climate is improving and the environment is more stable. The Division is doing more outreach and feel that the division is headed on a promising path.

Commissioner Thiebaut stated that perhaps now is an opportune launching point for ARC and the division to go forward in a positive direction. He feels that both the Audit Review Committee and the Division as a whole are greatly valued.

### **Fraud Hotline Statistics**

Mr. Ballard briefly reviewed the Fraud Hotline Statistics for the 2015 calendar year. He also pointed out the more detailed information for review is in the ARC packet provided to committee members. If greater specifics were desired, Mr. Ballard is willing to provide detail outside of the meeting.

### **Outstanding Audit Recommendations**

Mr. Ballard gave an overview of the Outstanding Audit Recommendations and stated that Deputy Director Mike Lewis has been very helpful in getting them pared down. Chair Zink feels there are a lot of open recommendations and inquired as to when they are expected to be closed. Mr. Ballard answered that most are being closed within their suggested timelines. Scott Young also said that DTD/DTR has majority of the open recommendations. They just had an outside audit that brought about many of those. They have a month to review and provide feedback.

### **Audit Division Staff Introductions**

Scott Young requested that the Audit Division staff introduce themselves to the Commission and state how long they have been with the Division/Department.

Meeting was adjourned at 11:00 a.m.



**COLORADO**

Department of Transportation

Division of Audit

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

**DATE: June 17, 2016**

**MEMORANDUM FOR:** CDOT Transportation Commission

**SUBJECT:** **Released Audit Report**  
Review of the Patrol Inventory

The attached audit report presents the results of our review of Patrol Inventory (Project number 16-001) reviewed and released by CDOT Audit Review Committee on June 16, 2016. This audit adds value by assisting management with reducing risk related to physical security, safeguarding of assets, maintenance operations, and CDOT's overall reputation

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 completed at the request of Management.

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

Chris Wedor  
CDOT Audit Division Director

Attachment

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

# PERFORMANCE AUDIT REPORT



**COLORADO**

**Department of Transportation**

Division of Audit

## **Patrol Inventory**

This report contains management's comments and our evaluation of management's comments.

## RELEASED REPORT

**Report Date: February 2, 2016**

**Audit No: 16-001**

## **EXECUTIVE SUMMARY**

### **Purpose of Review and Objectives**

The purpose of this audit is to assess the internal controls at the patrol level. This audit was made at the request of the Deputy Director of Maintenance. Our objective was to assess the adequacy and effectiveness of the internal controls over storeroom material and supplies at the maintenance patrols in Region 1.

This report adds value by addressing risks related to physical security, safeguarding of assets, maintenance operations, and CDOT's overall reputation. This report presents the results of the CDOT Performance Audit of the internal controls over patrol inventory.

### **Background**

CDOT storerooms receive, store, and issue a wide variety of supplies and materials for maintenance, engineering residencies, and highway patrols operating throughout the state. Maintenance patrols consume the majority of storeroom inventory. The most common items obtained from storerooms include hand tools, tires, uniforms, signs, building materials, and safety barriers. This inventory provides maintenance patrols the tools and materials they need to provide the traveling public with safe roads on a daily basis.

Based on our analysis of SAP patrol activity, Region 1 patrols accounted for approximately 30% or \$5.6 million of total storeroom consumption in fiscal year 2015.

Region 1 maintenance management identified fraud and abuse risks associated with a lack of internal controls over storeroom inventory at the patrol level. In addition, there were hotline complaints regarding possible fraud and/or abuse of inventory at the patrol level.

Based on the specific audit request by Region 1 maintenance management, the identified fraud/abuse risks, and the higher level of activity in Region 1 patrols, the audit scope was limited to Region 1 patrols.

### **Conclusion**

The internal controls over storeroom inventory obtained by maintenance patrols should be improved to ensure Region 1 patrol inventory is properly safeguarded and managed. Specifically, we found:

- Inconsistent and undocumented procedures
- No SAP approval process
- No formalized process of monitoring patrol inventory

These conditions mainly occurred because maintenance personnel did not receive any training on developing internal controls over patrol inventory. Management also overlooked the importance and benefits of documenting procedures.

The lack of documented internal guidance and consistent monitoring can result in stolen, wasted, or abused inventory. Also, documenting expected operational procedures and periodically training employees on system usage ensures data is consistent, relevant, and timely.

We recommend that maintenance management perform an annual review of the internal control system at the patrol level. We also recommend management:

- Enhance and document internal controls at the patrol level
- Annually train staff on these internal controls

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## **Introduction**

CDOT storerooms receive, store, and issue a wide variety of supplies and materials for maintenance, engineering residencies, and highway patrols operating throughout the state. Maintenance patrols consume the majority of storeroom inventory. The most common items obtained by maintenance patrols include hand tools, tires, uniforms, signs, building materials, and safety barriers. The Region 1 storerooms obtain, store, and distribute the most inventory of all the CDOT storerooms. This inventory provides maintenance patrols the tools and materials they need to provide the traveling public with safe roads.

Patrols can obtain storeroom inventory by submitting a work order or storeroom reservation in SAP. Once the inventory is distributed from the storeroom the responsibility for safeguarding, appropriate use, and tracking is transferred to the patrol. Based on our analysis of SAP patrol activity, Region 1 patrols accounted for approximately 30% or \$5.6million of total storeroom consumption in fiscal year 2015. Region 1 patrols had the highest level of consumption of all CDOT Regions.

Region 1 maintenance management identified fraud and abuse risks associated with a lack of internal controls over storeroom inventory at the patrol level. In addition, there were hotline complaints regarding possible fraud and/or abuse of inventory at the patrol level.

## **Conclusion**

The internal controls over storeroom inventory obtained by maintenance patrols should be improved to ensure Region 1 patrol inventory is properly safeguarded and managed. Specifically, we found:

- Inconsistent and undocumented procedures
- No SAP approval process
- No formalized process of monitoring patrol inventory

These conditions mainly occurred because maintenance personnel did not receive any training on developing internal controls over patrol inventory. Management also overlooked the importance and benefits of documenting procedures.

The lack of documented internal guidance and consistent monitoring can result in stolen, wasted, or abused inventory. Also, documenting expected operational procedures and periodically training employees on system usage ensures data is consistent, relevant, and timely.

## **Audit Results**

Generally, internal controls for inventory at maintenance patrols could be improved. We found that physical security as well as ensuring the safe storage of hazardous and inflammable materials were adequate. Based on our observation of the maintenance patrols, entity assets are safeguarded with appropriate physical controls. Access gates into

the patrols have electronic keypad or padlocks in place and the perimeters are surrounded by metal fences. During our visits we also observed properly labeled and secured storage for flammable and hazardous materials.

However, inventory controls over monitoring and accountability could be improved. Specifically, we found:

- Inconsistent and undocumented procedures
- No SAP approval process
- No formalized process of monitoring patrol inventory

Procedures are not consistent or documented for all Region 1 patrols. According to the storeroom activity data in SAP and discussions with storeroom personnel, Region 1 maintenance patrols obtain storeroom inventory by submitting a reservation request. However, the system has the ability to automatically generate a reservation when a work order is submitted. Patrols in other Regions are utilizing the work order process to reserve materials. In fact, 67% of cost centers from other Regions that obtained inventory from the Region 1 storeroom utilized a work order instead of a storeroom reservation. Several maintenance employees communicated that the process of using both work orders and reservations was cumbersome and inefficient.

Unauthorized reservations and possible theft are mitigated by appropriate segregation of duties, however, approval is not documented in SAP. Generally on a bi-monthly basis, the TM II at each patrol creates a list for their TM III of material and tools they need for assigned projects. The TM III then submits the reservation request into the SAP module for storeroom personnel to process. Storeroom personnel provide each maintenance patrol with a receipt when they pick up their inventory.

The supervisory monitoring process has not been formalized for managers and supervisors to ensure consistent information is being recorded and analyzed. Generally, the TM III and LTC Ops perform at least a monthly review of their patrols' consumption but almost every patrol we visited performed it differently. There is no formal guidance on what information is required for patrols to record in SAP for every reservation and work order. We also observed a lack of formal performance measures or indicators that management could use to monitor storeroom consumption.

Three of the six maintenance patrols we observed did not perform an inventory of storeroom inventory. The remaining three did not perform an inventory consistently. Additionally, there is no way to pull a current inventory report by patrol from SAP as this capability has not yet been developed.

The lack of documented internal guidance and consistent monitoring can result in stolen, wasted, or abused inventory. Also, documenting expected operational procedures and periodically training employees on system usage ensures data is consistent, relevant, and timely. A formalized procedure document reinforces management's expectations from the patrols and provides guidance to achieve organizational objectives.

**Management Actions**

During the course of the audit, management began to take corrective action. Specifically, management began creating a formalized document to provide guidance on roles and responsibilities related to inventory and monitoring of patrol inventory.

**Recommendations**

We recommend that maintenance management perform an annual review of the internal control system at the patrol level. We also recommend management:

- Enhance and document internal controls at the patrol level
- Annually train staff on these internal controls

**Management Comments**

Management agreed with the findings and recommendations made in this report.

“We are reasonably certain the findings of this audit could be replicated in any storeroom within CDOT. From our perspective, CDOT has a pretty good handle on procurement and its associated managerial controls, but we definitely need a state-wide solution for our storerooms, and for property issued from storerooms. In other words, we need more effective accountability of property from purchase through consumption. The good news is, the Division of Highway Maintenance, Procurement, and Policy will begin writing a PD for Storeroom Operations that is planned to be implemented by 12/31/16. This new PD will address training, inventory/managerial controls, documentation, and employee accountability.”

**Evaluation of Management Comments**

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

**Objective, Scope, Methodology and Criteria**

Our objective was to assess the adequacy and effectiveness of the internal controls over storeroom material and supplies at the maintenance patrols in Region 1.

We conducted this review from June 2015 through January 2016 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.

In order to meet our objective, we conducted interviews with Region 1 maintenance management, storeroom personnel, and maintenance patrol employees. We also conducted analysis of storeroom reservation activity by patrol and judgmentally selected the six maintenance patrols with the highest total storeroom inventory consumption in fiscal year 2015. This sample represents approximately 15% of all Region 1, Section 5 maintenance patrols. We visited these patrols to observe processes and procedures over material and supplies obtained from the storerooms.

We used the following audit criteria, when applicable:

- Standards for Internal Control in the Federal Government
- CDOT Accounting Manual
- Fiscal Procedures Manual
- State Fiscal Rules
- Documented policies and procedures over material and supplies

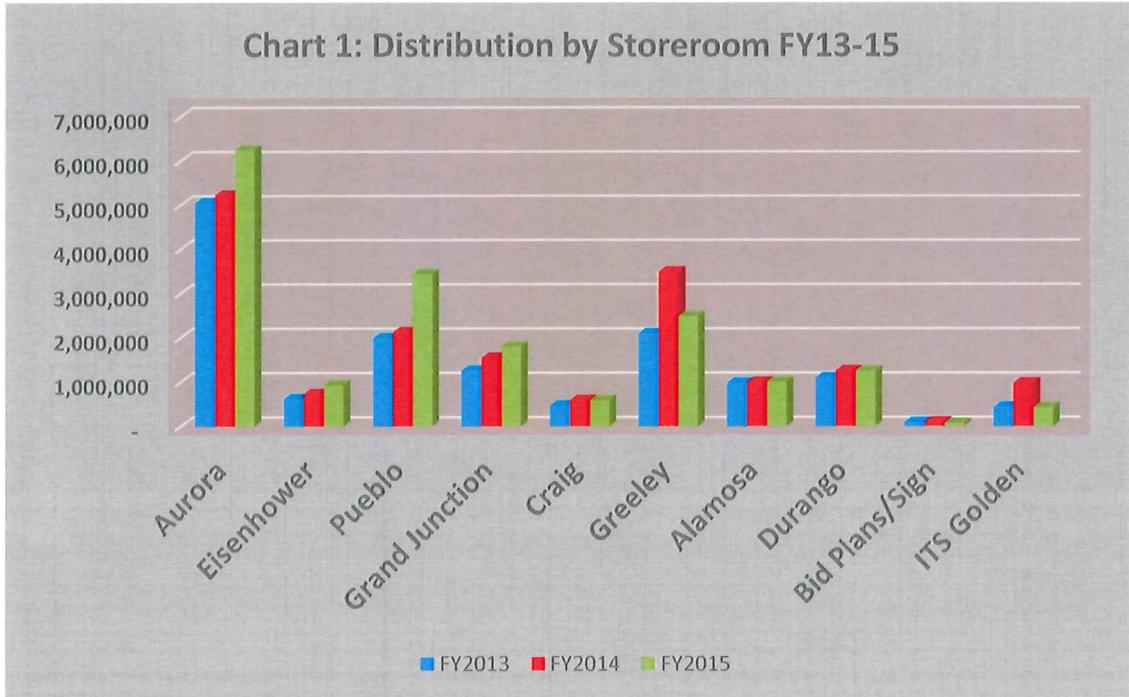
**Prior Audit Coverage**

We audited the internal controls at the Aurora storeroom in 2004 (Audit No. 0409). We noted that the controls were adequate but were not documented. Upon follow up procedures conducted in 2004, the CDOT Audit Division determined that the recommendations were implemented.

**Additional Information**

The following graph shows distribution by storeroom for the past three full fiscal years. Region 1 consists of two storerooms located in Aurora and the Eisenhower tunnel. Patrols primarily obtain supplies and materials from the storerooms located in their Region but occasionally request items from a closer storeroom due to the convenience or availability.

The purpose of this graph is to show the Region 1 consumption relative to the rest of the CDOT Regions and the assets at risk by area. Distribution from all CDOT storerooms totaled approximately \$18.2 million in fiscal year 2015. This has grown from approximately \$14.1 million and \$16.9 million in fiscal years 2013 and 2014, respectively.



Source: Audit Division's analysis of SAP data

### **Suggestions**

We suggest management consider the following when establishing internal controls over patrol inventory:

- Standards of conduct that communicate expected behavior
- Consistent, documented process for utilizing SAP, reservations, and work orders
- Specific usage benchmarks or indicators for measuring and monitoring usage
- Identify, describe, and document roles and responsibilities of all parties involved
- Document threshold for inventory that is more closely monitored
- Periodically survey all interested parties to identify strengths, weakness, and challenges