



Federal Awards Reports in Accordance with the Single
Audit Act and OMB Circular A-133

December 31, 2011

Jefferson County, Colorado

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The Board of Jefferson County Commissioners
Jefferson County, Colorado

**Report on Internal Control over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with *Government
Auditing Standards***

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County, Colorado as of and for the year ended December 31, 2011, which collectively comprise the Jefferson County, Colorado's basic financial statements and have issued our report thereon dated June 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Jefferson County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Jefferson County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Jefferson County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Jefferson County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as findings 2011-A and 2011-B. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson County, Colorado's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Jefferson County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Jefferson County's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the County Commissioners, management, others within the County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Golden, CO
June 14, 2012



The Board of Jefferson County Commissioners
Jefferson County, Colorado

Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Compliance

We have audited Jefferson County, Colorado’s compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Jefferson County, Colorado’s major federal programs for the year ended December 31, 2011. Jefferson County, Colorado’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Jefferson County, Colorado’s management. Our responsibility is to express an opinion on Jefferson County, Colorado’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jefferson County, Colorado’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Jefferson County, Colorado’s compliance with those requirements.

In our opinion, Jefferson County, Colorado complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control over Compliance

Management of Jefferson County, Colorado, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Jefferson County, Colorado’s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in

accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of Jefferson County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-01, 2011-02, 2011-03, 2011-04, 2011-05, 2011-06, and 2011-07. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County, Colorado, as of and for the year ended December 31, 2011, and have issued our report thereon dated June 14, 2012 which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Jefferson County, Colorado's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Jefferson County, Colorado's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Jefferson County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the County Commissioners, management, others within the County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Golden, CO
June 14, 2012

Jefferson County, Colorado
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2011

| Program Description | CFDA # | Pass-through Entity Identifying Number | Sub-totals by Pass- through Entity Identifying Number | 2011 Federal Expenditures | Clusters | Totals by Agency |
|--|--------|---|--|------------------------------|----------------------------|-------------------------------|
| DEPARTMENT OF AGRICULTURE | | | | | | |
| Passed through Colorado Department of Human Services: | | | | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | * | 2,150,261 | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Department of Defense | 10.561 | * | <u>112,901</u> | | | |
| | | CFDA 10.561 Subtotal: | | 2,263,162 | <u>2,263,162</u> | \$ 2,263,162 |
| Passed through Colorado State Forest Service: | | | | | | |
| Cooperative Forestry Assistance | 10.664 | | | | | |
| Cooperative Forestry Assistance | 10.664 | * | <u>76,591</u> | | | |
| | | CFDA 10.664 Subtotal: | | 76,591 | | 76,591 |
| Passed through Colorado State Department of Health and Environment: | | | | | | |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | | | | | |
| | 10.557 | Non-Cash Value | 4,048,808 | | | |
| | 10.557 | WIC-AB1-DOA | 1,548,231 | | | |
| | 10.557 | WIC-AL1-DOA | <u>77,593</u> | | | |
| | | CFDA 10.557 Subtotal: | | 5,674,632 | | 5,674,632 |
| Child and Adult Care Food Program | 10.558 | * | | 217,610 | | 217,610 |
| TOTAL: DEPARTMENT OF AGRICULTURE | | | | | | <u>\$ 8,231,995</u> |
| DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | | | |
| Direct Funding: | | | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | | | 2,925,712 | 2,925,712 ¹ | |
| Community Development Block Grant ARRA Entitlement Grant (CDBG-R)(Recovery Act Funded) | 14.253 | | | 96,365 | <u>96,365</u> ¹ | |
| | | | | | | 3,022,077 ¹ |
| Community Development Block Grants/State Program and Non-Entitlement Grant | 14.228 | | | 1,508,966 | | 1,508,966 |
| HOME Investment Partnerships Program | 14.239 | | | 124,491 | | 124,491 |
| TOTAL: DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | | | <u>\$ 4,655,534</u> |
| DEPARTMENT OF JUSTICE | | | | | | |
| Direct Funding: | | | | | | |
| Drug Court Discretionary Grant Program | 16.585 | | | 18,426 | | 18,426 |
| State Criminal Alien Assistance Program | 16.606 | | | 129,656 | | 129,656 |
| Bulletproof Vest Program Partnership | 16.607 | | | 12,650 | | 12,650 |
| Public Safety Partnership and Community Policing Grants | 16.710 | | | | | |
| COPS Meth Initiative 2009 | 16.710 | | 101,960 | | | |
| COPS Meth Initiative 5 | 16.710 | | 40,487 | | | |
| COPS Meth Initiative 3 DA West Metro Drug Task Force | 16.710 | | <u>73,037</u> | | | |
| | | CFDA 16.710 Subtotal: | | 215,484 | | 215,484 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | | | | | |
| Internet Sexual Predator Adjunct | 16.738 | | 19,644 | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | | 21,832 | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | | 39,435 | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | | 1,617 | | | |
| Edward Byrne Memorial Justice Assistance Grant Program Elder Abuse | 16.738 | | <u>11,723</u> | | | |
| | | CFDA 16.738 Subtotal: | | 94,251 | <u>94,251</u> ² | |

Jefferson County, Colorado
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2011

| Program Description | CFDA # | Pass-through Entity Identifying Number | Sub-totals by Pass- through Entity Identifying Number | 2011 Federal Expenditures | Clusters | Totals by Agency |
|---|--------|---|--|------------------------------|-------------------------------|-------------------------------|
| Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program | 16.803 | | | 164,781 | <i>164,781</i> ² | |
| Recovery Act - Edward Byrne Memorial Competitive Grant Program | 16.808 | | | 67,598 | | 67,598 |
| Passed through Colorado Dept. of Public Safety/Division of Criminal Justice: | | | | | | |
| Crime Victim Assistance | 16.575 | * | | 73,259 | | 73,259 |
| Violence Against Women Formula Grants | 16.588 | * | | | | |
| DV Grant-Victim Assistance-Sheriff | 16.588 | * | 14,921 | | | |
| VAWA-District Attorney | 16.588 | * | 87,898 | | | |
| | | | CFDA 16.588 Subtotal: | 102,819 | | 102,819 |
| Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program | 16.803 | * | | 143,423 | <u>143,423</u> ² | <u>402,455</u> ² |
| TOTAL: DEPARTMENT OF JUSTICE | | | | | | \$ 1,022,347 |
| DEPARTMENT OF LABOR | | | | | | |
| Passed through Colorado Department of Labor and Employment: | | | | | | |
| Employment Service/Wagner-Peyser Funded Activities | 17.207 | | | | | |
| Wagner-Peyser Plan Year 2011 | 17.207 | * | 498,045 | | | |
| Wagner-Peyser Plan Year 2010 | 17.207 | * | 340,100 | | | |
| Governor's Summer Job Hunt 10 | 17.207 | * | 41,000 | | | |
| Governor's Summer Job Hunt 11 | 17.207 | * | 303 | | | |
| Wagner-Peyser Performance Incentive PY08 | 17.207 | * | 132,917 | | | |
| Employment Service/Wagner-Peyser Funded Activities -Stimulus ARRA Funded Grant | 17.207 | * | 57,566 | | | |
| | | | CFDA 17.207 Subtotal: | 1,069,931 | <i>1,069,931</i> ³ | |
| Disabled Veterans' Outreach Program (DVOP) | 17.801 | * | | 17,642 | <i>17,642</i> ³ | |
| Local Veterans' Employment Representative Program | 17.804 | * | | 5,989 | <i>5,989</i> ³ | 1,093,562 ³ |
| | 17.805 | | | | | |
| Homeless Veterans' Reintegration Project | 17.805 | * | 35,890 | | | |
| WD-FY11 Veteran's Work Incentive Program | 17.805 | * | 29,604 | | | |
| | | | CFDA 17.805 Subtotal: | 65,494 | | 65,494 |
| WIA Adult Program | 17.258 | | | | | |
| WIA Adult Program-Plan Year 2009 | 17.258 | * | 9,650 | | | |
| WIA Adult Program-Plan Year 2010 | 17.258 | * | 610,908 | | | |
| WIA Adult Program-Plan Year 2011 | 17.258 | * | 113,692 | | | |
| Outreach FY2011 | 17.258 | * | 25,000 | | | |
| | | | CFDA 17.258 Subtotal: | 759,250 | <i>759,250</i> ⁴ | |
| WIA Youth Activities | 17.259 | | | | | |
| WIA Youth-Plan Year 2010 | 17.259 | * | 510,779 | | | |
| WIA Youth-Plan Year 2011 | 18.259 | * | 195,794 | | | |
| WIA 2009 State Youth Council | 17.259 | * | 226 | | | |
| WIA 2010 State Youth Council-CIMS | 17.259 | * | 41,387 | | | |
| | | | CFDA 17.259 Subtotal: | 748,186 | <i>748,186</i> ⁴ | |
| WIA Dislocated Workers | 17.260 | | | | | |
| WIA Dislocated Workers-Plan Year 2011 | 17.260 | * | 15,354 | | | |
| Enhanced Dislocated Worker-Plan Year 2009 | 17.260 | * | 6,795 | | | |
| WIA Dislocated Workers - Stimulus ARRA Funded Grant | 17.260 | * | 242,063 | | | |
| | | | CFDA 17.260 Subtotal: | 264,212 | <i>264,212</i> ⁴ | |
| Trade Adjustment Assistance | 17.245 | * | | 1,773 | | 1,773 |
| WIA Dislocated Workers-Plan Year 2011 | 17.278 | * | | 639,586 | <i>639,586</i> ⁴ | <u>2,411,234</u> ⁴ |
| TOTAL: DEPARTMENT OF LABOR | | | | | | \$ 3,572,063 |
| DEPARTMENT OF TRANSPORTATION | | | | | | |
| Direct Funding: | | | | | | |
| Airport Improvement Program | 20.106 | | | 623,506 | | 623,506 |
| Passed through Colorado Department of Transportation | | | | | | |
| Highway Planning and Construction | 20.205 | * | | 4,364,138 | | 4,364,138 |
| TOTAL: DEPARTMENT OF TRANSPORTATION | | | | | | \$ 4,987,644 |

The Accompanying Notes are an Integral Part of this Schedule

Jefferson County, Colorado
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2011

| Program Description | CFDA # | Pass-through Entity Identifying Number | Sub-totals by Pass- through Entity Identifying Number | 2011 Federal Expenditures | Clusters | Totals by Agency |
|---|--------|---|--|------------------------------|----------------------|----------------------|
| INSTITUTE OF MUSEUM AND LIBRARY SERVICES | | | | | | |
| Passed through Colorado Department of Education | | | | | | |
| Library Services and Technology Act | 45.310 | * | | 11,939 | | <u>11,939</u> |
| TOTAL: INSTITUTE OF MUSEUM AND LIBRARY SERVICES | | | | | | <u>\$ 11,939</u> |
| ENVIRONMENTAL PROTECTION AGENCY | | | | | | |
| Passed through Colorado Department of Health & Environment: | | | | | | |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | | | | | |
| | | WQC-XK8-POW | 4,100 | | | |
| | | CFDA 66.458 Subtotal: | | 4,100 | | 4,100 |
| Performance Partnership Grants | 66.605 | HAZ-AS9-EPA | | 3,330 | | 3,330 |
| TOTAL: ENVIRONMENTAL PROTECTION AGENCY | | | | | | <u>\$ 7,430</u> |
| DEPARTMENT OF ENERGY | | | | | | |
| Direct Funding: | | | | | | |
| Energy Efficiency and Conservation Block Grant Program (EECBG) - Recovery | 81.128 | | | 269,886 | | 269,886 |
| TOTAL: DEPARTMENT OF ENERGY | | | | | | <u>\$ 269,886</u> |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | |
| Direct Funding: | | | | | | |
| TANF Collaboration | 93.556 | | | 385,019 | | 385,019 |
| Head Start | 93.600 | | | 2,917,025 | | 2,917,025 |
| Passed Through Colorado Department of Health and Environment: | | | | | | |
| Public Health Emergency Preparedness | 93.069 | | | | | |
| | 93.069 | EPI-HO1-HHS | 110,382 | | | |
| | 93.069 | EPI-HW1-HHS | 434,248 | | | |
| | | CFDA 93.069 Subtotal: | | 544,630 | | 544,630 |
| Family Planning-Services | 93.217 | | | | | |
| | 93.217 | FPP-JA2-HHS | 244,242 | | | |
| | | CFDA 93.217 Subtotal: | | 244,242 | | 244,242 |
| Immunization Grants | 93.268 | | | | | |
| | 93.268 | IMM-KT1-HHS | 159,512 | | | |
| | | CFDA 93.268 Subtotal: | | 159,512 | 159,512 ⁵ | |
| Centers for Disease Control-Investigations and Technical Assistance | 93.283 | | | | | |
| | 93.283 | EPI-QL1-HHS | 29,000 | | | |
| | 93.283 | EPI-QW1-HHS | 8,900 | | | |
| | | CFDA 93.283 Subtotal: | | 37,900 | | 37,900 |
| Recovery-ARRA Immunization/Food Safety | 93.712 | | | | | |
| | | IMM-QP9-HHS | 21,416 | | | |
| | | IMM-QC9-HHS | 43,589 | | | |
| | | CFDA 93.712 Subtotal: | | 65,005 | 65,005 ⁵ | 224,517 ⁵ |
| HIV Prevention Activities-Health Department Based | 93.940 | EPI-KG1-HHS | | 9,000 | | 9,000 |
| Preventive Health Services-Sexually Transmitted Diseases Control Grants | 93.977 | | | | | |
| | 93.977 | Non-Cash Value | 12,775 | | | |
| | 93.977 | EPI-LB1-HHS | 3,727 | | | |
| | | CFDA 93.977 Subtotal: | | 16,502 | | 16,502 |
| Maternal and Child Health Services Block Grant | 93.994 | | | | | |
| | 93.994 | MCH-MC2-HHS | 14,764 | | | |
| | 93.994 | MCH-MC1-HHS | 190,048 | | | |
| | | CFDA 93.994 Subtotal: | | 204,812 | | 204,812 |

The Accompanying Notes are an Integral Part of this Schedule

Jefferson County, Colorado
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2011

| Program Description | CFDA # | Pass-through Entity Identifying Number | Sub-totals by Pass- through Entity Identifying Number | 2011 Federal Expenditures | Clusters | Totals by Agency |
|---|--------|---|--|------------------------------|------------------------|------------------------|
| Passed through Colorado Department of Human Services: | | | | | | |
| Promoting Safe and Stable Families | 93.556 | * | | 23,723 | | 23,723 |
| Temporary Assistance for Needy Families Colorado Works | 93.558 | * | | 9,954,338 | | 9,954,338 |
| Child Support Enforcement | 93.563 | * | | 2,822,345 | | 2,822,345 |
| Low-Income Home Energy Assistance | 93.568 | * | | 2,716,318 | | 2,716,318 |
| Child Care and Development Block Grant | 93.575 | * | | 218,828 | 218,828 ⁸ | |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | * | | 2,745,013 | 2,745,013 ⁸ | |
| Child Welfare Services-State Grants | 93.645 | * | | 407,062 | | 2,963,841 ⁸ |
| Foster Care-Title IV-E | 93.658 | * | 3,788,977 | | 3,788,977 ⁷ | 407,062 |
| Foster Care-Title IV-E/Recovery | 93.658 | * | 34,818 | | 34,818 ⁷ | |
| | | | CFDA 93.563 Subtotal: | 3,823,795 | | 3,823,795 ⁷ |
| Adoption Assistance | 93.659 | * | | 1,278,655 | | 1,278,655 |
| Social Services Block Grant | 93.667 | * | | 2,312,654 | | 2,312,654 |
| Independent Living | 93.674 | * | | 163,287 | | 163,287 |
| Medical Assistance Program | 93.778 | * | 1,456,792 | 1,456,792 | 1,456,792 ⁶ | |
| Passed through Health Care Policy and Finance: | | | | | | |
| Childrens Health Insurance Program | 93.767 | * | 15,714 | 15,714 | | 15,714 |
| Medical Assistance Program-Long Term Care | 93.778 | 3011-1308 | 976,136 | | 976,136 ⁶ | |
| Medical Assistance Program-ESPD Program | 93.778 | * | 55,189 | | 55,189 ⁶ | |
| | | | CFDA 93.778 Subtotal: | 1,031,325 | | 2,488,117 ⁶ |
| Passed through Colorado Department of Local Affairs: | | | | | | |
| Community Services Block Grant | 93.569 | * | | 172,340 | | 172,340 |
| TOTAL: DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | \$ 33,725,836 |
| DEPARTMENT OF HOMELAND SECURITY | | | | | | |
| Passed through Colorado Department of Emergency Management: | | | | | | |
| Emergency Management Performance Grants | 97.042 | * | | 110,000 | | 110,000 |
| TOTAL: DEPARTMENT OF HOMELAND SECURITY | | | | | | \$ 110,000 |
| EXECUTIVE OFFICE OF THE PRESIDENT | | | | | | |
| Passed through the Rocky Mountain HIDTA: | | | | | | |
| Office of National Drug Control Policy-West Metro Drug Task Force | 95.001 | * | | 54,690 | | \$ 54,690 |
| TOTAL: EXECUTIVE OFFICE OF THE PRESIDENT | | | | | | \$ 54,690 |
| TOTAL: JEFFERSON COUNTY FEDERAL EXPENDITURES | | | | 56,649,364 | | \$ 56,649,364 |

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Jefferson County, Colorado primary government (the County). The County's reporting entity is defined in Note 1 to the County's general-purpose financial statements. All federal financial assistance received by the primary government directly from federal agencies, as well as federal financial assistance passed through other government agencies, including the State of Colorado, is included on the schedule. In addition, federal financial assistance awarded directly to eligible County Social Services recipients via Electronic Benefits Transfer (EBT) is also included in the schedule. The State of Colorado issues EBT to the eligible County recipients. Only the federal amount of such pass-through awards and EBT is included on the schedule.

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Jefferson County, Colorado, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Jefferson County, Colorado, received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a sub-recipient is treated as an expenditure when it is paid to the sub-recipient.

Governmental fund types account for the County's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The County's summary of significant accounting policies is presented in Note 1 in the County's basic financial statements.

Note B – CFDA and Contract Numbers

Federal CFDA numbers are from the Catalog of Federal Domestic Assistance published by the Office of Management and Budget and the General Services Administration.

Note C – Crime Victim Compensation

The Crime Victim Compensation Board of the First Judicial District Attorney's Office receives federal grant funding from the U.S. Department of Justice Crime Victim Compensation Grant (CFDA 16.576), passed through the Colorado Division of Criminal Justice, to pay for expenses for victims of violent crime. The total grant award during 2011 was \$1,405,750. This financial assistance is not included in the Schedule of Expenditures of Federal Awards for Jefferson County as the payment is made to the First Judicial District, and the payments never enter into Jefferson County's accounting system. They are noted, however, in order to satisfy State reporting requirements.

Jefferson County, Colorado
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2011

Note D – Sub-recipients of Grant Awards

Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, the County provided federal awards to sub-recipients as follows:

Department of Housing and Urban Development:

| | |
|---|-------------|
| Community Development Block/Entitlement Grants (CFDA No. 14.218) | \$2,607,045 |
|---|-------------|

| | |
|--|-----------|
| Community Development Block/Entitlement Grants-Recovery (CFDA No. 14.253) | \$ 94,124 |
|--|-----------|

| | |
|---|-------------|
| Community Development Block/Entitlement Grants (Neighborhood Stabilization Grant) (CFDA No. 14.228) | \$1,341,758 |
|---|-------------|

| | |
|---|------------|
| HOME Investment Partnerships Program (CFDA No. 14.239) | \$ 114,529 |
|---|------------|

Department of Health and Human Services:

| | |
|---|------------|
| Community Services Block Grant (CFDA No. 93.569) | \$ 158,131 |
|---|------------|

| | |
|--------|---------------------------|
| Total: | <u><u>\$4,315,587</u></u> |
|--------|---------------------------|

Jefferson County, Colorado
Schedule of Findings and Questioned Costs
Year Ended December 31, 2011

Section I – Summary of Auditor’s Results

Financial Statements

| | |
|--|-------------|
| Type of auditor's report issued | Unqualified |
| Internal control over financial reporting: | |
| Material weaknesses identified | No |
| Significant deficiencies identified not considered to be material weaknesses | Yes |
| Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|--|-------------|
| Internal control over major program: | |
| Material weaknesses identified | No |
| Significant deficiencies identified not considered to be material weaknesses | Yes |
| Type of auditor's report issued on compliance for major programs | Unqualified |
| Any audit findings disclosed that are required to be reported: | Yes |

Identification of major programs:

| <u>Name of Federal Program</u> | <u>CFDA Number</u> |
|---|--------------------|
| CDBG Cluster (ARRA) | 14.218 & 14.253 |
| Energy Efficiency and Conservation Block Grant (ARRA) | 81.128 |
| Highway Planning and Construction | 20.205 |
| TANF | 93.558 |
| Head Start | 93.600 |
| Child Support Enforcement - Title IV-D | 93.563 |
| Foster Care - Title IV-E | 93.658 |
| LEAP | 93.568 |
| Medicaid | 93.778 |
| Community Services Block Grant | 93.569 |
| Social Services Block Grant | 93.667 |

| | |
|--|-------------|
| Dollar threshold used to distinguish between type A and type B programs: | \$1,699,481 |
|--|-------------|

| | |
|--|----|
| Auditee qualified as low-risk auditee? | No |
|--|----|

Section II – Financial Statement Findings

2011-A PREPARATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (“SEFA”) Significant Deficiency

| | |
|-----------------------|--|
| <u>Criteria</u> | The County is required to have effective internal controls that are designed and in place to prevent, or detect and correct errors in a timely manner. The County is also required to follow compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Additionally, U.S. Office of Management and Budget (OMB) OMB Circular A-133, <i>Audits of States, Local Governments and Non-Profit Organizations</i> , Subpart C.310(b) identifies the required elements of the Schedule of Expenditures of Federal Awards (SEFA). |
| <u>Condition</u> | Based on procedures performed during the 2011 audit we noted that \$1,040,000 of CDBG federal expenditures were improperly excluded from the SEFA. We also noted that \$4,048,808 of non-cash WIC vouchers were improperly excluded from the SEFA. |
| <u>Cause</u> | The County was not aware that the CDBG expenditures were required to be reported on the SEFA because the expenditures were a reinvestment of prior year expenditures (prior expenditures were no longer used for the intended purpose and were returned from the subrecipient to the County). When the County received the funds they thought the only requirement was to insure the funds were spent within the CDBG program and did not know the current year expenditures would be considered a federal award. The missing non-cash WIC vouchers was an oversight. |
| <u>Effect</u> | Management has corrected the final SEFA. However, inaccurate identification of program expenditures can result in inaccurate risk assessments, identification of major programs, materiality determinations, identification of compliance requirements, reporting errors, and could result in the unintentional disbursement of federal financial assistance on disallowed costs. |
| <u>Recommendation</u> | The County should review the requirements of OMB Circular A-133 Subpart C.310(b) and establish procedures to ensure compliance with the requirements. |

Management Response
and Corrective Action

Management agrees with the recommendation. The Accounting Division had a full time position devoted to grant reporting and analysis. This position became vacant in late 2011 and those duties were distributed to various Accounting staff. As a result, the Accounting Division did not have an employee devoted to grant reporting and analysis, and thus missed some of the proper SEFA reporting that normally would have been caught. Before the 2012 Single Audit is performed, the Accounting Division staff will fully review the latest OMB Circular A-133 supplement to familiarize ourselves with the reporting and other requirements. In addition, the Accounting Division staff will write new as well as update old procedures to ensure no federal expenditures are missed on future SEFAs.

**2011-B MATERIAL AUDIT ADJUSTMENT & CAPITAL ASSETS
Significant Deficiency**

Criteria

The County is required to provide accurate GAAP basis financial data for preparation of the annual CAFR. The financial close process related to year end liabilities did not include a timely and accurate review to identify the accounting period in which the transactions should be recognized under GAAP.

Condition

Based on procedures performed during the 2011 audit we noted that the County purchased Mineral Rights for \$750,025. The mineral rights were expended as capital outlay in the General fund and recorded as a capital asset in the Governmental Activities Statement of Net Assets. However, since the County is intending to sell the mineral rights, the County should record them as an asset held for resale in the General fund and on the Governmental Statement of Activities. A material audit adjustment was posted for this reclassification.

Cause

The purchase of an asset that the County intends to sell is a unique transaction class that the County does not typically enter. As a result, the County did not appropriately account for the asset.

Jefferson County, Colorado
Schedule of Findings and Questioned Costs
Year Ended December 31, 2011

Effect Management has corrected the financial statements for the mineral rights adjustment. However, improper accounting for transactions could result in a misstatement of the County's financial statements.

Recommendation The County should perform a detailed review of capital assets to ensure all transactions are properly accounted for and disclosed in the financial statements.

Management Response and Corrective Action Management agrees with the recommendation. While the Accounting Division does perform detailed reviews at the end of each year on all capital assets, the County's purchase of mineral intended for resale was an unusual transaction. Therefore, the Accounting Division did not realize at the time that it should be excluded from all other capital assets. In the future, further research will be performed should these unusual transactions occur.

Section III – Federal Award Findings and Questioned Costs

**2011-01 Passed-through Colorado Department of Human Services
CFDA # 93.658
Foster Care – Title IV-E**

**Eligibility (Licensing of county providers)
Significant Deficiency of Internal Control over Compliance**

Criteria – The provider, whether a foster family home or a child-care institution must be fully licensed by the proper State Foster Care licensing authority according to (42 USC 671(a)(10) and 672(c) and 45 CFR sections 1356.30(a), (b) and (d) and (f)).

The County will license its own foster care home providers and is also required to follow the state guidelines as indicated in Volume 7.708 – Certification of Foster Care Homes and 7.500.2 – Assessment of Foster Home and Adoptive Home.

Condition – 20 of 40 providers tested were county certified providers. These County licensed providers were tested for proper initial certification and renewal, and support according to state regulations and noted the following findings related to certification or renewal of Foster Care providers:

- One instance of expired proof of 1st Aid Certification as required by Reg. 7.710.33k.
- One instance of lack of documentation that the final 2 hours of required 27 hours of training were completed within the first three months after initial placement as required by Reg. 7.708.65(A)(1).

Questioned Costs – None

Effect – The County has procedures in place surrounding the licensing of foster care homes; however, missing documentation may result in providers that are not claimable and disallowed costs.

Cause – Due to ineffective monitoring (internal controls) for compliance with the state requirements errors were not being detected or corrected in a timely manner.

Recommendation – We recommend the County continue to monitor and perform reviews of provider files to ensure all foster care providers are properly licensed and recertified, and all required information is documented in the files.

Management's Response and Corrective Action Plan –

Management agrees with the recommendation and supervisors or lead caseworkers will continue to monitor and review all foster care provider files every 90 days to ensure that all state rules and regulations are met.

In the one instance of the provider file lacking verification of 1st Aid training, the home was certified for a specific child and the home is now closed. The provider had a current CPR card and it was interpreted that the 1st Aid training was included in this certification.

In the second instance, documentation was missing of two training hours. The documentation has since been updated because the training hours had actually been completed within the required time frame.

The Volume 7 regulation 7.708.65A1 was shared with the Collaborative Foster Care Program team members on April 11, 2012 as a reminder to ensure that foster parents complete a minimum of 27 hours of training within three months after placement.

2011-02

**Passed-through the Colorado Department of Human Services
CFDA # 93.568
Low-Income Home Energy Assistance Program**

Eligibility

Significant Deficiency in Internal Control over Compliance

Criteria – Colorado Department of Human Services Staff Manual Volume III describes the requirements and procedures for calculating income. Per 3.752.22, Income and Household Size Criteria, income shall be the countable gross income in any four weeks of the eight weeks prior to application which best represents the applicant's current income situation.

Condition – We tested 60 files for compliance with eligibility criteria. We noted the following items during our testing:

- One file where the income calculation was not based off of the gross income shown on pay stubs. Actual benefits were not affected.
- LEAP benefit was improperly calculated based on the wrong heating code being entered on the LEAP Turnaround Worksheet. Actual benefits were not affected.

Questioned Costs – None

Effect – Failure to accurately transfer information received from applicants into the State’s LEAP system may result in inaccurate payments to applicants. Additionally, the County is not in compliance with the State regulations regarding income calculation used for LEAP applications.

Cause – Due to the sheer number of cases that Jefferson County handles, and the level of staffing that occurs, there are some cases with errors. The County’s internal control for reviewing data entry prior to approving the payment did not detect the error in the heating type. The error related to the income calculation was the result of a technician oversight.

Recommendation – We recommend that information included with the applications should be checked for accuracy when transferred to the State’s LEAP system. We also recommend continued training for technicians on how to diligently review income information and the turnaround sheet, to detect errors in a timely manner.

Management Response and Corrective Action Plan – Jefferson County concurs with the findings in the recent audit. The following response details the plans that have been implemented to correct these findings:

Staff has been trained on correctly identifying gross vs. net income and how to apply this income correctly. Staff will be trained every year for the new LEAP season and additionally as needed.

2011-03

**Passed-through the Colorado Department of Human Services
CFDA # 93.558
Temporary Assistance for Needy Families (TANF)**

Eligibility

Significant Deficiency in Internal Control over Compliance

Criteria – The County submits their Colorado Works Policies to the state for approval. These policies have the procedures to determine eligibility requirements and documentation required to operate the plan. In addition, the Colorado Department of Human Services Staff Manual 3.600 for the TANF program describes the requirements and procedures for determining eligibility and the types of documentation required to ensure the benefit issuance amount paid through CBMS is correct. The Colorado Regulatory Citation Volume 3.620 and 3.621 describe eligibility criteria for diversion payments. In addition, the County has developed internal policies surrounding the eligibility criteria and required documentation for diversion payments.

Condition – The County improperly paid benefits in instances where information was not received from clients as required or all appropriate eligibility information was not received prior to payment of benefits. We noted the following errors in 4 of 60 files selected for testing:

- We noted two instances in which a monthly status report (MSR) could not be located for the benefit month selected for testing.
- We noted one instance in which eligibility and benefit determination calculation (EBDC) was not run timely due to non-compliance with individual responsibility contract (IRC), resulting in one month of improper payment to an applicant.
- We noted one instance in which support could not be located in the workforce file for a Fair Labor Standards Act (FLSA) payment.

Questioned Costs – \$1,462 of \$32,069 tested.

Effect – Due to the failure to appropriately enforce the requirements of TANF legislation, the county inappropriately distributed benefits.

Cause – Due to a lack of, or failure of appropriate controls, caseworkers did not obtain all appropriate documentation to verify eligibility prior to benefit issuance. Additionally, caseworkers did not terminate benefits in a timely manner for participants who were no longer in compliance with the IRC.

Recommendation – The County should improve its review procedures and policies designed to ensure that clients provide appropriate documentation by the required deadlines. We also recommend that the county review procedures and policies designed to ensure that data entered into the CBMS system is appropriate, that payments issued to clients are accurate and appropriate, and that all appropriate eligibility verifications are performed and documented prior to benefit issuance. If no policies or procedures are currently in place, the county should develop policies or procedures.

Management's Response and Corrective Action Plan – Jefferson County concurs with the findings in the recent audit. The following response details the plans that have been implemented to correct these findings:

Staff will be instructed on the importance of ensuring that they have all pertinent documentation for their cases contained within the case files by February 28th, 2012. They are currently and will continue to be required to case comment receipt of required information. Internal quality assurance will continue to monitor and evaluate program rules and requirements including required documentation.

In regards to the second exception noted above, training was provided to the case manager to ensure future communication procedures are followed. In addition, we will be providing a staff wide training the week of January 16, 2012, to clarify and reinforce the noncompliance procedure and communication requirements with the eligibility team.

In regards to the final exception, this case was determined to be a miss-key in CBMS when calculating benefits. We have documented the error in the case file and provided appropriate training to staff regarding the calculation of FLSA payment and documentation requirements.

2011-04

Direct Funding

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
CFDA#14.218 Community Development Block Grants/Entitlement Grants
CFDA#14.253 Community Development Block Grant ARRA Entitlement
Grants (CDBG-R) (Recovery Act Funded)**

Subrecipient Monitoring

Significant Deficiency in Internal Control over Compliance

Criteria – According to regulations at 24 CFR 570.501, the recipient is responsible for ensuring that CDBG funds are used in accordance with all program requirements. This includes not only subrecipients but also units of local government participating with the county. Also, the CDBG Department is to have a written policy and procedures related to monitoring the entities that receive federal funding from this program. Monitoring is to take into account the risk of the subrecipient before and during the project, including how program income is verified and used to offset project expenditures. Federal grants also require standards for financial management systems i.e. financial reporting, accounting records and internal controls.

Condition – We noted that a monitoring schedule was established for on-site visits, but the schedule was not followed and was modified. No on-site monitoring occurred during 2011.

Questioned Costs – None

Effect – Failure to monitor CDBG’s subrecipients could result in ineligible activities or failure to identify performance problems. Also, without on-site monitoring, subrecipient issues including fraud or errors can go undetected.

Cause – The County has not taken timely or appropriate actions to fulfill its oversight responsibility for monitoring its subrecipients.

Recommendation – We recommend the County perform on-site monitoring of subrecipients according to their monitoring schedule.

Management’s Response and Corrective Action Plan – The Community Development Division is audited and monitored by County, State and Federal auditors throughout each year. During the 2011 calendar year the Division was audited/monitored eight times by eight different entities. Additionally the Division staff are also required to audit and monitor our partner agencies. To comply with all requirements and regulations we must evaluate the most pressing needs and demands of each program and adjust accordingly within current staffing and resource levels. A monitoring schedule was developed and ultimately modified due to the multiple audits occurring in 2011. Unfortunately the Division does not have the necessary staffing levels to manage the program audits and audit/monitor all of our partner agencies on site.

The Division disagrees with the finding due to the fact that on site monitoring is NOT required within the program regulations. The Division reviews and monitors closely all projects in the form of desk reviews completed at the County in addition to providing extensive technical assistance which allows staff to assess project compliance throughout the life of the project. Formal onsite monitoring did not occur however onsite visits occur regularly throughout the life of all projects. Partner agencies are required to submit substantial documentation to the Division prior to receiving reimbursement for all expenditures as well as quarterly and annual project reports. The Division is confident that we exceed the compliance standards and more importantly can demonstrate full fiscal accountability for the federal funds disbursed to Jefferson County.

2011-05

Direct Funding

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
CFDA#14.218 Community Development Block Grants/Entitlement Grants
CFDA#14.253 Community Development Block Grant ARRA Entitlement
Grants (CDBG-R) (Recovery Act Funded)**

Reporting

Significant Deficiency in Internal Control over Compliance

Criteria – One of the fourteen federal requirements applicable to the CDBG programs is to file various types of reports at specific times during the grant period. The reports are to be prepared by a knowledgeable staff member that is supported with sufficient documentation and approved by a supervisor and submitted timely. Also the compliance requirement indicates the quarterly 425 reports are to be filed by CDBG. Additionally, 2 CFR part 170 implement several distinct Federal Financial Accountability and Transparency Act (FFATA) reporting requirements, including reporting of subaward obligations and stipulates that direct recipients of federal awards must report each obligating action of \$25,000 or more in Federal funds.

Condition – We noted the following related to reporting:

- 4/4 ARRA 1512 reports of the reports were submitted without approval (CDBG-R)
- 3/4 CDBG-R Federal Financial Reports (SF-425) were late
- 3/4 CDBG Federal Financial Reports (SF-425) were late

We also noted the County was unable to submit the required FFATA reports identifying obligating actions for the County's 2010 and 2011 awards until early 2012.

Questioned Costs – None

Effect – Failure to submit required reports on a timely basis may result in performance goals, administrative standards, financial management and other requirements of the grant not being met.

Cause – The County does not have a system of internal controls in place to document that all required reports are completed timely and reviewed for accuracy prior to submitting to the State. The SF-425 Reports were filed late due to the transfer of accounting responsibilities to the Human Services Business and Finance Office and staff turnover. The FFATA reporting was not completed timely due to system errors prohibiting the County access to the system.

Recommendation – We recommend the County implement procedures to ensure that all reports are filed timely. These procedures should also include policies to document that reports have been reviewed for accuracy prior to submission.

Management's Response and Corrective Action Plan –

- 1) Response regarding submitting reports without approval: The CDBG-R reports are required to be submitted to the Federal Reporting.gov website. The controls on the website do not allow one user to create the report and a different user to submit the report. Therefore the Division implemented an informal approval process. The Division Director prepares the report, staff review the hard copy and then the Division Director submits the final report. The reports compile data collected from partner agencies that is also reviewed by staff and the Division Director. The number of reviews of the data ensures appropriate controls.
- 2) Response regarding the submittal of SF 425's late: The accounting responsibilities of the Community Development Division began to be transferred from the County Accounting Division to the Human Services Business Office in late spring 2011. The transfer of responsibilities met many challenges including a lack of sufficient staff and resources due to the Zero Based Budgeting process the Human Services Department was embarking upon at the same time. All available resources were focused on the budget process and we were unable to meet all program requirements at that time. Once the budget process was completed the Human Services Business Office experienced some staff turnover that created some additional strain on existing staff and resources. HUD staff were informed throughout the year of the delayed reports.
- 3) Response to FFATA notation: The database where FFATA information is submitted experienced technical difficulties throughout 2011. Many federal grant recipients were unable to submit the required information and all federal representatives were aware of the issues local recipients were experiencing. Additionally, grant recipients are only required to report at the time of contract execution. Due to the program year Jefferson County is on and the timing of when HUD releases funding to the County contracts are not typically executed until the end of the calendar year, therefore the 2010 contracts were not executed until late 2010 and early 2011 at which point the FFATA database began experiencing technical problems making it impossible to submit the 2010 contract information. The earliest the 2010 reports could be submitted was February 2012 at which point the report was submitted. The 2011 contracts were not executed until late 2011 and early 2012 and the required FFATA report was submitted shortly thereafter in April 2012.

2011-06 Direct Funding
DEPARTMENT OF HEALTH AND HUMAN SERVICES
Head Start
CFDA#93.600

Allowable Costs - Documentation
Significant Deficiency in Internal Control Over Compliance

Criteria – Internal controls are to be designed and operating effectively to detect, prevent and correct errors in a timely manner. 45 CFR Sec. 1301.12 Annual audit of Head Start programs. "... (3) Whether appropriate financial and administrative procedures and controls have been installed and are operating effectively..."

Condition – We tested 20 employees over three different payroll periods and noted the following related to the time keeping and payroll process:

- One instance the supervisor did not sign the required leave request form
- One instance the employee did not sign the required leave request form
- Two instances the time card was not properly allocated to the Head Start Administration department or the Program department. The net effect for hours or dollars was not material to either department.
- One instance the time card was allocated to the Head Start Program although the timecard indicated it should have been charged to administration. The allocation to the Program was correct although a corrected time card was not requested.

Questioned Costs –None

Effect – If the actual time worked on a department (administration or program) is not accurately captured, the Head Start administration or the program departments could be over or undercharged and may exceed the 15% administrative cap or the Head start grant program may be overcharged resulting in disallowed costs.

Cause – Due to the implementation of new policies and procedures regarding payroll time keeping, errors were made and not detected or corrected in a timely manner.

Recommendation – We recommend the finance department and the Head Start program staff continue to work together to improve the internal controls surrounding the time keeping and payroll processes.

Management's Responses and Corrective Action Plan – Head Start management and finance department will communicate on a regular basis to provide training and follow up for all Head Start staff concerning proper time allocation for timesheets in addition to signatures. In addition, monthly staff supervision time will include review of time sheet procedures and follow through.

2011-07 Direct Funding
DEPARTMENT OF HEALTH AND HUMAN SERVICES
Head Start
CFDA#93.600

Matching, Level of Effort, Earmarking
Significant Deficiency in Internal Control Over Compliance

Criteria – Each Head Start agency must enroll 100 percent of its funded enrollment (42 USC 9387(g)). For Fiscal Year 2009 and thereafter, not less than 10 percent of the total number of children actually enrolled by each Head Start Agency and each delegate agency must be children with disabilities determined to be eligible for special education and related services unless a waiver has been approved by ACF (42 USC 9835(d)).

The Head Start program is to meet this targeted earmarking requirement by January 17, 2012 for the current fiscal year 2011-2012. The 10% requirement is based on the funding of 406 children and would require 41 children in the program as of this date.

Condition – We tested the requirement for meeting the 10% disability requirement in January 2012 and the requirement was not meet. We also followed up in April 2012 and the Head Start program had 34 children eligible and eight children in the process of being tested and did not meet the 10% compliance requirement. We also discussed this with the program director and inquired if a waiver could be obtained and the program director contacted the Region VIII office but no response has been received as of April 2012.

Questioned Costs – Unknown

Effect – Due to the non compliance with the 10% disability requirement this may result in reduced future funding of the program and/or result in additional federal agency oversight of the program.

Cause – Due to insufficient monitoring and a process to meet the compliance requirement in a timely manner, a federal finding resulted.

Recommendation – We recommend the program director continue to work with Region VIII on how Head Start can meet this requirement in the future.

Management’s Responses and Corrective Action Plan – JCHS reached mandated 10% special education eligibility enrollment as of April 27 2012. Due to the Jefferson County Public Schools process of RTI (Response To Intervention), the eligibility process is often lengthy. RTI is a general education framework that involves research-based instruction and interventions, regular monitoring of student progress and the subsequent use of these data over time to make educational decisions that may include formalized testing for special education eligibility. Once a child is identified as having developmental “concerns” an RTI meeting is convened and specialists identify specific interventions for staff to implement and that will hopefully ameliorated the developmental concern. If the child continues to have difficulty then formalized testing will be completed and an IEP meeting convened in order to determine whether or not the child is special education eligible. JCHS has just changed the priority score that is completed on every family, created recruitment plan with the local Developmental Disabilities Resource Center and negotiated a more streamlined eligibility process with Jefferson County Child Find. This will be monitored closely on an on-going basis to achieve 10% enrollment by midyear.

2010-01 **Passed-through Colorado Department of Human Services**
CFDA # 93.658
Foster Care – Title IV-E

Allowable Costs/Eligibility (Licensing of county providers)
Significant Deficiency of Internal Control over Compliance

Finding – The provider, whether a foster family home or a child-care institution must be fully licensed by the proper State Foster Care licensing authority according to (42 USC 671(a)(10) and 672(c) and 45 CFR sections 1356.30(a), (b) and (d) and (f).

25 files were tested for county certified providers. These County licensed providers were tested for proper initial certification and renewal, and support according to state regulations and noted the following findings related to certification or renewal of Foster Care providers:

- One instance where there is no documentation to support the provider completed the SAFE I Questionnaire as required by *Reg. 7.710.36-A.4.*
- One instance of a current health evaluation for a provider’s family member missing in the file as required by *Reg. 7.708-21M.*

Status – All foster care files are reviewed for compliance every 90 days by supervisors or lead workers and errors are generally corrected within days of being detected. The Collaborative Foster Care Program has developed a policy to respond to foster parents who are out of compliance with certification requirements. This policy includes action steps to encourage compliance and a notice of suspension of foster care payments for continued non-compliance. If necessary, adverse action will be taken against their certification.

Auditor Response – Not implemented. See finding 2011-01.

2010-02 **Passed-through Colorado Department of Human Services**
CFDA # 93.563
Child Support Enforcement

Special Tests
Significant Deficiency in Internal Control over Compliance

Finding – According to 45 CFR 303.2(b): For all cases referred to the IV-D agency or applying for services under section 303.33 of this chapter, the IV-D agency must, within no more than 20 calendar days of receipt of referral of a case or filing of a completed application for services under section 303.99, open

a case by establishing a case record and, based on an assessment of the case to determine necessary action.

In 6 of the 60 cases tested for compliance with 45 CFR 303.2(b), case initiation did not take place within the required 20-day time frame.

Status – The CSE Specialists created a revised monthly internal excel spreadsheet to track when cases are initiated timely or outside of 20 calendar days. The spreadsheet is updated at the end of each week by staff assigned to case initiation and is part of monthly statistics reported to Supervisor. The CSE program set up a tickler system on desks initiating cases so that assigned staff and supervisor can see when applications are approaching 20 days from date of receipt and have not been initiated. Staff was given "best practices" to target initiating all cases within 15 days of receipt. The CSE process for initial cross reference research required before a case was streamlined to shorten the average time needed to initiate a case. Locate tasks were moved from case initiators desks to Child Support Specialist desks. One staff member not regularly assigned to case initiation was assigned to assist with case initiation when back log occurs. On-line application is now an option for customers. On-line applications populate ACSES with certain customer information and streamlines data entry.

Auditor Response – Fully implemented.

2010-03 **Passed-through Colorado Department of Human Services
CFDA # 93.778
Medical Assistance Program**

**Eligibility
Significant Deficiency in Internal Control over Compliance**

Finding – According to the Colorado Department of Health Care Policy and Financing Volume 8, the County is required to send a Notice of Action (notifying the applicant of Long-Term Care eligibility or ineligibility) within ninety days from receipt of the completed application. Additionally, the Colorado Department of Health Care Policy and Financing Staff Manual Section 8.765 and 8.101 guidelines require case files to be maintained that include all eligibility documents.

We reviewed forty case files related to eligibility for this program. We noted the following instances of non-compliance related to documentation of participant eligibility in 2 of 40 files tested:

- One instance in which the County did not send notice of action within ninety days of the date of the long-term care application.
- One instance in which the County was unable to locate or identify that proper proof of citizenship was obtained.

Status – The following response details the plans that have been implemented to correct these findings:

Untimely Processing:

Jefferson County monitors cases on a daily and or weekly basis from reports obtained in the COGNOS system. These reports are used for our internal monitoring. This system allows program manager/supervisor to view the pending cases daily and or weekly. A higher priority is placed on working the daily reports.

We have advised staff to use the reports as a tool to monitor their caseload activity. The state COGNOS reports are shared with staff at all levels and processed weekly. A list is distributed to staff each Monday. The supervisor will mandate that the oldest cases be worked first by either designating a specific processing person or assigning the responsibility to the entire unit.

Identity and citizenship:

The training team will continue to conduct ongoing training for staff based on the federal and state requirements and how to apply them to eligibility and CBMS entry, provided throughout the year on an as needed basis. Staff will be trained on how to carry forward all necessary information such as birth certificate to the newest volume.

Auditor Response – Fully implemented.

**2010 – 04 Passed-through the Colorado Department of Human Services
CFDA # 93.568
Low-Income Home Energy Assistance Program**

**Eligibility
Significant Deficiency in Internal Control over Compliance**

Finding – Colorado Department of Human Services Staff Manual Volume III describes the requirements and procedures for determining eligibility in a timely manner. Per 3.756.14, Determination of Eligibility, a County department shall have up to 50 calendar days from the date a completed application is received to determine eligibility. Per 3.751.1, the date of application is the date an application form that contains a legible name and address, and all required responses and documentation are received by the county department. Per 3.751.1, Definitions, in emergency cases, the emergency must be addressed within 10 working days of notification of the emergency by the applicant to the county. In emergency cases, an application shall be processed within 14 working days of the emergency notification. The 14 day rule is not included in the CDHS LEAP policies but is found in the Terms and Definitions section of the LEAP Training and Operations Manual under the “Expedited Application” definition. Additionally, section 3.751.1, Definitions, defines who is considered in the household composition.

We tested 60 files for compliance with eligibility criteria. We noted the following items during our testing:

- Two files where the application was not processed within 50 days.
- One file where an emergency case was processed late. Although the case was processed late, the County did place a hold on the applicant’s utility account so that the utilities would not be shut off.
- One file tested had a data entry error into the LEAP system. Documentation in the file indicated that there were 5 eligible household members. However, only 4 household members were entered into the system.

Status – The following response details the plans that have implemented to correct these findings.

Timeliness has improved substantially with a total of 805 cases over 50 days for the 2010-2011 season, down from 2220 for 2009-2010 seasons. To date in the 2011-2012 season there are 60 cases over 50 days. Data entry is being checked on a daily basis and corrections are made immediately. In addition data entry is being monitored in the department quality assurance monitoring.

Auditor Response – Not implemented. See finding 2011-02.

2010-05 **Passed-through the Colorado Department of Human Services
CFDA # 93.558 and # 93.716
Temporary Assistance for Needy Families (TANF) (ARRA)**

**Eligibility
Significant Deficiency in Internal Control over Compliance**

Finding – The County submits their Colorado Works Policies to the state for approval. These policies have the procedures to determine eligibility requirements and documentation required to operate the plan. In addition, the Colorado Department of Human Services Staff Manual 3.600 for the TANF program describes the requirements and procedures for determining eligibility and the types of documentation required to ensure the benefit issuance amount paid through CBMS is correct. The Colorado Regulatory Citation Volume 3.620 and 3.621 describe eligibility criteria for diversion payments. In addition, the County has developed internal policies surrounding the eligibility criteria and required documentation for diversion payments.

The county improperly paid benefits in instances where information was not received from clients as required, information was incorrectly entered into the CBMS system, or all appropriate eligibility information was not received prior to payment of benefits. We noted the following errors in 4 of 60 files selected for testing (questioned costs - \$4,885 of \$42,924 tested):

- We noted in two instances where the county did not receive the required proof of immunizations for all children in the household prior to the clients completing one year in the TANF program for the most recent application to the TANF program.
- We noted one instance where an application was not processed within 30 days.
- One instance where the applicant stated a prior drug felony and evidence of attending a rehab facility or program was not documented within the file.

Status – The following response details the plans that have been implemented to correct these findings:

Immunizations are no longer a program requirement effective January 2011. Additionally, staff is provided training in monthly unit meetings to address training issues identified with regard to application time frames, proper denials and requirements for cases with drug felonies. Staff will have ongoing TANF regulation refresh training as needed. The County also takes advantage of any state training that is provided.

Auditor Response – Partially implemented. See finding 2011-03.

2010-06

Direct Funding

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CFDA # 14.218 Community Development Block Grants/Entitlement Grants

CFDA # 14.253 Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)

Subrecipient Monitoring

Program Income

Significant Deficiency in Internal Control over Compliance

Finding – According to regulations at 24 CFR 570.501, the recipient is responsible for ensuring that CDBG funds are used in accordance with all program requirements. This includes not only subrecipients but also units of local government participating with the county. Also, the CDBG Department is to have a written policy and procedures related to monitoring the entities that receive federal funding from this program. Monitoring is to take into account the risk of the subrecipient before and during the project, including how program income is verified and used to offset project expenditures. Federal grants also require standards for financial management systems i.e. financial reporting, accounting records and internal controls.

We noted the following issues related to monitoring and program income:

2010 Monitoring – We selected 4 projects for compliance with 24 CFR 570.501. During our testing we noted that all the project files did not document any review or oversight of the CDBG project. 2009 was the last year the subrecipients were monitored.

Program Income – We also noted that monitoring of program income is not occurring over the program income from its subrecipients that have this type of activity. This is important as Community Development records the CDBG program income on the annual CAPR (Comprehensive Annual Performance Report) and in the IDIS software. On the 2009 (6/1/09-5/31/10) CAPR, approximately \$18,000 was program income, but CDBG staff did not have a way to verify if all program income was submitted by the subrecipients for applicable projects. During 2010, CDBG staff did not require the subrecipients who reported program income for any support from their system to document the accuracy of the program income related to the draws made. There is no external support on the amount of program income that is coming from subrecipients for accuracy and legitimacy of the amounts included on the monthly draw requests (note the program income is used to decrease the entitlement on the monthly draw requests).

Status –Monitoring has been conducted in accordance with regulations. Monitoring risk assessments were developed and are utilized to determine the monitoring schedule. Program Income tracking mechanism’s were developed to monitor PI generated from past agreements and PI agreements are now executed for all current and future CDBG projects that generate PI.

Auditor Response – Partially implemented. See finding 2011-04.

2010-07

Direct Funding
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
CFDA # 14.218 Community Development Block Grants/Entitlement Grants
CFDA # 14.253 Community Development Block Grant ARRA Entitlement
Grants (CDBG-R) (Recovery Act Funded)

Reporting

Significant Deficiency in Internal Control over Compliance

Finding – One of the fourteen federal requirements applicable to the CDBG programs is to file various types of reports at specific times during the grant period. The reports are to be prepared by a knowledgeable staff that is supported with sufficient documentation and approved by a supervisor and submitted timely. Also the compliance requirement indicates the quarterly 272 and 425 reports are to be filed by CDBG.

We noted the following related to reporting:

- The 1st quarter ARRA 1512 report could not be provided and 4/4 of the reports were submitted without approval.
- 4/4 SF-425 Federal Financial Reports were not filed
- 4/4 ARRA SF-425 Federal Financial Reports were not filed
- 1/4 ARRA SF- 272 Federal Cash Transaction Reports were late
- 1/4 SF-272 Federal Cash Transaction Reports were late

Status –

- 4/4 ARRA 1512 reports were submitted with approval.
- 1st quarter SF- 272 Federal Cash Transaction Reports were filed timely
- 2nd, 3rd and 4th quarter SF-272 Federal Cash Transaction Reports were not filed due to regulatory changes no longer requiring them
- 1st quarter SF-425 Federal Financial Reports were not filed
- 2nd and 3rd quarter SF-425 Federal Financial Reports were filed late due to the transfer of accounting responsibilities to the Human Services Business and Finance Office and staff turnover
- 4th quarter SF-425 Federal Financial Reports were filed timely

Auditor Response – Not implemented. See finding 2011-05.

2010-08

Direct Funding

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
CFDA # 14.218 Community Development Block Grants/Entitlement Grants
CFDA # 14.253 Community Development Block Grant ARRA
Entitlement Grants (CDBG-R) (Recovery Act Funded)**

Matching, Level of Effort, Earmarking

Significant Deficiency in Internal Control over Compliance

Finding – According to regulations at 24 CFR 570.902, the County is required to have no more than 1.5 times their annual grant balance in their line of credit 60 days before the end of the program year. On April 1, 2010 the county had 1.72 grant years of funding remaining in the line of credit.

Status – Program improvements were implemented and the County was in compliance with approximately 1.1 grant years of funding remaining in the line of credit on April 1, 2011.

Auditor Response – Fully implemented.

2010-09

Direct Funding

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CFDA # 14.218 Community Development Block Grants/Entitlement Grants

CFDA # 14.253 Community Development Block Grant ARRA

Entitlement Grants (CDBG-R) (Recovery Act Funded)

Procurement and Suspension and Debarment

Significant Deficiency in Internal Control over Compliance

Finding – One of the fourteen federal requirements applicable to the CDBG program is to check vendors for suspension and debarment by checking the EPLS listing before entering into contracts that involve federal funds greater than \$25,000.

We tested 4 projects for compliance with the federal requirement of suspension and debarment by verifying the EPLS listing. During our testing we noted one case where the EPLS was not verified.

Status – Processes and procedures were developed to ensure all vendors are checked for suspension and debarment. The verification is included with all agreements sent to the County Attorney’s office for approval.

Auditor Response – Fully implemented.

2010-10

Direct Funding

DEPARTMENT OF HEALTH AND HUMAN SERVICES

CFDA # 93.600 HEAD START

CFDA # 93.708 ARRA Head Start

Allowable Costs/Payroll

Significant Deficiency in Internal Control Over Compliance

Finding – We noted the following related to the HR/Payroll process:

Head Start management and staff work on the regular Head Start grant, before and after school program (WRAP), or spend time on food service, indicating multiple programs/grants. No actual time worked on a program was completed by Head Start staff during 2010 or in early 2011 as required by OMB 87 for working on multiple programs/grants. We were unable to determine if the Head Start federal reimbursement program was properly charged due to lack of records to support actual time worked on this specific program.

Status – Effective immediately, all existing Head Start employees have been transitioned to 100% time reporters. This will be reflected on the employee orientation form, verified and signed off by the employee's supervisor.

Auditor Response – Fully implemented.

2010-11

Direct Funding

DEPARTMENT OF HEALTH AND HUMAN SERVICES

CFDA # 93.600 Head Start

CFDA # 93.708 ARRA Head Start

**Allowable Costs/WRAP(before and after school program) allocation
Reporting/Cash Management**

Significant Deficiency in Internal Control Over Compliance

Finding – We noted the following related to the before and after school program (WRAP) allocation:

In the prior years a cost allocation was made to reclassify costs from the regular Head Start grant for costs that are associated with the before and after school program (WRAP) based upon an approved allocation plan or actual costs (i.e. the school lunch program separated out the WRAP associated meals). Also the reimbursement for food services from the USDA was allocated to the WRAP program based on a percentage of the WRAP food costs, but this was not performed in 2010. We also found an error in recording the May USDA reimbursement as it was incorrectly coded to another revenue account. The client was informed and this was corrected.

In 2010 only the first quarter allocation was made and we were unable to determine if the remaining three quarters would have been made if we did not request this information. In late February 2011 we received the remaining quarterly allocations and the new allocation plan that is now a percentage based on classroom hours and to be used for all accounts that appear to have a shared cost element. The rate used for the 2nd quarter was 12.80% and the rate used for the 3rd and 4th quarter was 6.44%. The change in rates is due to consolidation of the school, including WRAP classrooms between school years.

Given the above information, we are concerned the monthly Head Start draws may not all be for the Head Start program as the three quarterly allocations to the WRAP program were not made until 2/17/11 and the final draw was made on 2/14/11. There might be an overcharge i.e. advance of federal funds for the months April through December 2010 (or the quarterly periods).

Status – Previously, Wrap-related costs were allocated to the appropriate program at the end of each period by the Financial Analyst. Effective immediately, all transactions will be initially assigned and coded to the appropriate program by the Head Start supervisors, then approved by the Head Start Director, and processed by the Division of Business & Finance. This new procedure has been developed by the Division of Business & Finance, and approved and implemented by the Head Start Director starting in April 2011.

Auditor Response – Fully implemented.

2010-12

Direct Funding
DEPARTMENT OF HEALTH AND HUMAN SERVICES
CFDA # 93.600 HEAD START
CFDA # 93.708 ARRA Head Start

Allowable Costs/Eligibility/Administrative Earmark – Documentation

Significant Deficiency in Internal Control Over Compliance

Finding – We noted the following issues relating to documentation:

- **Food Service** – The Child Plus software can generate reports that reflect the child’s attendance and meals. This information is used to request monthly reimbursements from USDA for the food service costs. This report did not agree to cost reimbursements forms due to input errors in the Child Plus system entered by the Family Support workers. The enrollment specialist re-computes the actual number of meals/snacks based on hard copy attendance records provided by each school site to ensure the cost reimbursement report is accurate. This has been corrected starting in September 2010.

The request for reimbursement does not document approval by the supervisor before being submitted.

Income Eligibility

1. The Head Start program allows a certain percentage of children that can be in the program even if they are over the income guidelines. There was no documentation in the file why these children were enrolled in the program.
2. The priority score sheets that are retained in the child’s file did not always agree to the information that is recorded in the Child Plus system. This was not consistently applied in 2010.

15% administrative cost cap – One person is completing the report and no level up, supervisor review, is checking the computation for allowable administrative costs or errors. There did not appear to be a monthly calculation performed in 2010 as indicated in the prior year response.

Status – The following actions have been implemented:

- *Food Service*: Head Start management will provide layers of approval for this request for reimbursement: Family Support Workers will enter the record of meals and attendance, the Specialist Supervisor will review this information and compare it to the Child Plus database, and the Nutritionist will review this information and apply for reimbursement. Once all information is entered, the Specialist Supervisor will provide final approval.
- *Income Eligibility*: Documentation of final eligibility is now in each child's file.
- *15% Administrative Cost Cap*: The Financial Analyst will prepare this report and the Head Start Director will approve on a monthly basis.

Auditor Response – Fully implemented.

2010-13

Direct Funding

DEPARTMENT OF HEALTH AND HUMAN SERVICES

CFDA # 93.600 Head Start

CFDA # 93.708 ARRA Head Start

Allowable Costs/Reporting

Significant Deficiency in Internal Control Over Compliance

Finding – We noted the following issues related to reporting:

ARRA Reporting:

- ARRA 1512 quarterly reporting – there was confusion by management if the final report was filed until a notice was received from the federal government; the filing was not received i.e. late. Not all the reports had sufficient documentation on the numbers filed and there was no supervisor review on two of the three reports filed.
- ARRA 272/425 quarterly reports – three of the four reports did not have documents to support the numbers included in the reports
- ARRA 269 semi annual reports did not have documents to support the numbers included in the reports

Regular Head Start Federal Grant Reporting:

- 269 semi annual reports – one of two were late and one of two ½ late and did not have documents to support the numbers included in the reports
- 272/425 quarterly reports – two of the four reports did not have documents to support the numbers included in the reports

Status – The following procedures have been implemented: The Financial Analyst will develop a calendar to specify the due dates of all federal reporting deadlines. This calendar will be reviewed and approved by the Budget Manager. Based on this calendar, the Financial Analyst will reconcile all transactions and prepare the report for approval by the Head Start Director. The monthly financial reports submitted to the Head Start Director will include the dates and timelines of all submitted reports. This new procedure was developed by the Division of Business & Finance, and approved and implemented by the Head Start Director in April 2011.

Auditor Response – Fully implemented.

2010-14

Direct Funding

DEPARTMENT OF ENERGY

CFDA # 81.128 - Energy Efficiency Conservation Block Grant (Recovery Act)

Allowable Activities / Allowable Costs

Cash Management

Compliance

Material Weakness in Internal Control over Compliance

Finding – Advances are allowable under the grant agreement; however, per the agreement and the Treasury rule, they are to be used as soon as administratively feasible. We tested cash draws for compliance with the requirements outlined in the agreement with the Department of Energy and noted the following transactions that were drawn in error:

- \$10,600 was drawn in error prior to expenditures being paid. This balance was drawn on October 7, 2010 as part of draw 6, applied to reduce the next draw (draw 7) on November 8, and was then drawn again on December 8 (draw 8). The advance has not been applied to reduce a future draw as of the end of February 2011.

Jefferson County, Colorado
Summary Schedule of Prior Year Findings
Year Ended December 31, 2011

- \$84,449 was drawn in relation to a separate project that should not have been paid with Federal funding under this grant. The advance was received on December 15, 2010 as part of draw 9 and was applied to reduce draw 11 that was received on February 1, 2011.
- \$111,326.27 was drawn in error related to expenditures that were previously drawn. In January 2011, the County received an invoice for December 2010 activity from the contractor for \$144,594.45 which was included in draw 11. The contractor subsequently sent the County an amended invoice for \$111,326.27 which was included in draw 12. Both balances were requested in separate draw downs; however, only the \$111,326.27 was actually paid to the contractor. The advance received after yearend has not been applied to reduce a future draw as of the end of February 2011.

Status– For 2011 Facilities and Construction Management has implemented a new procedure for drawing down federal funds. Invoices are approved and routed internally between the Project Manager, Supervisor and Division Director for review and approval. The Grant Coordinator is no longer part of the approval process.

The Grant Coordinator monitors accounts payable for entries in the G/L that are related to the approved ARRA projects. Draws are typically made quarterly but can be monthly if a significant expenditure is on the books. The Grant Coordinator prepares a coversheet with the draw amount, reconciliation, copy of approved invoices and a copy of the G/L for management to review and approve.

When the approved routing comes back the draw is made. Accounting is notified to expect payment and a copy of the draw confirmation and appropriate Business Unit are attached.

Auditor Response – Fully implemented.

2010-15

Direct Funding

DEPARTMENT OF ENERGY

CFDA # 81.128 - Energy Efficiency Conservation Block Grant (Recovery Act)

Reporting

Material Weakness in Internal Control over Compliance

Finding – We tested financial, performance and ARRA reporting for compliance with the requirements outlined in the agreement with the Department of Energy and noted the following:

- Financial status reports and progress reports: Based on the grant agreement, the quarterly financial status reports and progress reports are due within 30 days of the end of the reporting period. Two of the finance status reports and one of the progress reports were not submitted within this time frame. We also noted that there was not a review of these reports after they were completed by the Special Projects Coordinator.
- Financial status reports, progress reports and ARRA reports: There were variances in the amount of federal expenditures each quarter between the three required reports because they were prepared using the accrual method and because certain amounts were estimates. Although all reports agreed in total to the general ledger at the end of the year, three of the twelve quarterly reports filed did not agree to supporting documentation.
- Also due to the errors noted in the cash management finding (advances) we are unable to determine the accuracy of the information in the reports.

Status – For 2011 Facilities and Construction Management prepares quarterly reports based on known transactions that are recorded in the JDE general ledger and no longer uses estimates. Reports are verified by management prior to submittal. Documentation has been enhanced.

Auditor Response – Fully implemented.

**2010-16 Direct Funding
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
CFDA # 14.228 - Community Development Block Grants/State's
Program and Non-Entitlement Grants in Hawaii**

Reporting

Significant Deficiency in Internal Control over Compliance

Finding – One of the fourteen federal requirements applicable to the NSP program is to file financial and performance reports at specific times during the grant period. The reports are to be prepared by a knowledgeable staff and be supported with sufficient documentation.

We noted that the first financial reports of 2010 that were submitted for both the NSP Single Family grant and NSP Multi-Family grant were inaccurate. This affected the carry forward amounts on all of the subsequent reports that were submitted in 2010. We noted that only the carry forward amounts were inaccurate, but the actual expenditures reported in each month were correct. We noted 1 of 6 financial reports tested was not filed timely.

Status – All 2011 Reports were filed timely.

Auditor Response – Fully implemented.

**2010-17 Passed-Through Colorado Department of Health and Environment
Public Health Emergency Preparedness
CFDA # 93.069**

Allowable Costs/Cost Principles

Compliance

Significant Deficiency in Internal Control over Compliance

Finding – We tested five employees for five payroll periods in February, April, June, September and December 2010 for a total of 22 transactions. During the first five months of the year, management did not require timesheets from regular employees except for exception time (e.g. vacation, sick leave and holiday); timesheets were required from all emergency hires/temporary employees. The actual costs for time worked on grants was not accurately charged to the individual grants as noted in the cost reimbursement requests.

During the last seven months of the year, the department used a time tracking system to record actual time spent on each grant, however the actual costs of time worked on grants was not accurately charged to the individual grants as noted in the cost reimbursement requests.

Status – The department developed and implemented an automated time keeping system in 2010 specifically to comply with the requirements of OMB 87. During the implementation period for the new system, there was a miscommunication and the grant billers were not notified to change the calculation of monthly reimbursement requests from labor distributions based on the program supervisor’s monthly e-mails to distributions based on actual hours worked and recorded in the time keeping system. When this error was discovered as part of this audit, the department issued corrected reimbursement requests for the Emergency Preparedness grants for the period January 2011 through March 2011, and the correct calculation have been used from the April 2011 invoice forward. All EP reimbursement requests have been calculated using actual hours worked from the timekeeping system and matched to payroll.

Auditor Response – Fully implemented.

2010-18

**Passed-Through Colorado Department of Health and Environment
CFDA # 93.069
Public Health Emergency Preparedness**

**Procurement and Suspension and Debarment
Significant Deficiency in Internal Control over Compliance**

Finding – We reviewed and tested various projects and contracts for compliance with the federal requirement of suspension and debarment by verifying the EPLS listing. During our testing we noted one case where the EPLS was not verified by this department and a second case which was to be verified by another Jefferson County Department. We also noted management was not aware of the required federal EPLS requirement. Management has since performed the EPLS checks on both of these contracts and noted they were not debarred or suspended.

Status – The department has incorporated the EPLS verification check as part of its contracting process.

Auditor Response – Fully implemented.

2010-19 **Passed-through Colorado Department of Local Affairs**
CFDA # 93.710
ARRA - Community Services Block Grant (CSBG-R)

Eligibility / Allowable Costs
(Finding in accordance with OMB Circular A-133 __.510(a)4)

Finding – One of the fourteen federal requirements applicable to the CSBG-R program is to comply with eligibility criteria.

During the 2010 audit, the County brought to our attention questioned costs of \$99,411 relating to the CSBG-R program. We obtained supporting schedules from the CSBG department detailing out their estimate of the unallowable costs. To determine the total questioned costs, the CSBG department audited 100% of the CSBG-R that were processed by the County’s Workforce Department. It was determined that 33 of the 172 clients served did not meet the eligibility criteria; therefore, total benefits paid to these clients were unallowable. In accordance with OMB Circular A-133 __.510(a)(4) “If the auditor does become aware of questioned costs for a Federal program which is not audited as a major program and the known questioned costs are greater than \$10,000, then and auditor shall report this as an audit finding.”

Status – Human Services has re-paid the funds to the Community Development Division and we are working with the Colorado Department of Local Affairs who are in turn working with Health and Human Services to determine how the funds should be handled. The Community Development Division is prepared to repay the funds to the State if Health and Human Services makes that determination. If the funds are allowed to remain with Community Development they will be applied to furthering the Community Services Block Grant projects for the 2011/2012 program years.

Auditor Response – Fully implemented.