



Federal Awards Reports in Accordance with the
Single Audit Act and the Uniform Guidance
December 31, 2015

Jefferson County, Colorado

	<u>Page(s)</u>
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1 - 2
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3 - 5
Schedule of Expenditures of Federal Awards	6 - 10
Notes to the Schedule of Expenditures of Federal Awards	11
Schedule of Findings and Questioned Costs	12 - 21
Summary Schedule of Prior Year Findings	22 – 25



**Independent Auditor’s 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***

The Board of County Commissioners and
Members of the Audit Committee
Jefferson County, Colorado

We have audited, 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, 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 (“Jefferson County”) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Jefferson County’s basic financial statements and have issued our report thereon dated June 3, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jefferson County’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Jefferson County’s internal control. Accordingly, we do not express an opinion on the effectiveness of Jefferson County’s internal control.

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 a 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. *A significant deficiency* is a deficiency, or a 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.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson County's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jefferson County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Golden, Colorado
June 3, 2016



**Independent Auditor’s Report on Compliance for Each Major Federal Program;
Report on Internal Control over Compliance; and Report on the Schedule of Expenditures
of Federal Awards Required by the Uniform Guidance**

The Board of County Commissioners and
Members of the Audit Committee
Jefferson County, Colorado

Report on Compliance for Each Major Federal Program

We have audited Jefferson County, Colorado’s (“Jefferson County”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Jefferson County’s major federal programs for the year ended December 31, 2015. Jefferson County’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on the compliance for each of Jefferson County’s major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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’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 on compliance for each major federal program. However, our audit does not provide a legal determination of Jefferson County, Colorado’s compliance.

Opinion on Each Major Federal Programs

In our opinion, Jefferson County complied, in all material respects, with the compliance 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, 2015.

Report on Internal Control over Compliance

Management of Jefferson County is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jefferson County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 over compliance 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. *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.

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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, 2015-003, 2015-004, 2015-005 and 2015-006 that we consider to be significant deficiencies.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Jefferson County as of and for the year ending December 31, 2015, and have issued our report thereon dated June 3, 2016, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming our opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 additional 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 expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Eide Sallee LLP

Golden, Colorado
June 3, 2016

Jefferson County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

Program Description	CFDA #	Pass-through Entity Identifying Number	Sub-totals by Pass- through Entity Identifying Number	2015 Federal Expenditures	Clusters	Totals by Agency	Amounts Passed- Through to Subrecipients
DEPARTMENT OF AGRICULTURE							
Passed through Colorado Department of Human Services:							
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	*		\$ 2,738,986		\$ 2,738,986	
Passed through Colorado State Forest Service:							
Cooperative Forestry Assistance	10.664						
Volunteer Fire Asst Grant	10.664	*	\$ 4,218				
Wildland Urban Interface Fire Mit. Grant	10.664	*	27,541				
			CFDA 10.664 Subtotal:	31,759		31,759	
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	3,992,525				
	10.557	WIC-AB15L-DOA	1,071,026				
	10.557	WIC-AB16L-DOA	422,111				
	10.557	WIC-AL15L-DOA	30,823				
	10.557	WIC-AL16L-DOA	14,423				
			CFDA 10.557 Subtotal:	5,530,908		5,530,908	
Child and Adult Care Food Program	10.558	*		207,959		207,959	
Passed through CO Dept of Local Affairs:							
National Forest Payments	10.665	*		54,896		54,896	
TOTAL: DEPARTMENT OF AGRICULTURE						\$ 8,564,508	
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Direct Funding:							
Community Dev. Block Grants/Entitlement Grants	14.218	*		1,343,520		1,343,520	\$ 1,154,499
HOME Investment Partnerships Program	14.239	*		1,238,888		1,238,888	1,144,923
Veterans Homelessness Prevention Demonstration Program	14.260	*		14,298		14,298	
TOTAL: DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						\$ 2,596,706	
DEPARTMENT OF JUSTICE							
Direct Funding:							
State Criminal Alien Assistance Program	16.606	*		44,802		44,802	
Second Chance Act Reentry Initiative	16.812	*		331,477		331,477	
Passed through Colorado Dept. of Public Safety/Division of Criminal Justice:							
Crime Victim Assistance	16.575						
Sheriff Crime Victim Assistance (VOCA)	16.575	*	67,139				
Elder Abuse Victim's Specialist	16.575	*	34,088				
			CFDA 16.575 Subtotal:	101,227		101,227	
Crime Victim Compensation Grant	16.576	*		675,000		675,000	
Violence Against Women Formula Grants							
District Attorney-VAWA	16.588	*		56,195		56,195	
Pub Safety Partnership and Comm. Policing Grants	16.710						
COPS Meth Initiative 2009	16.710	*	48,170				
COPS Meth Initiative 5	16.710	*	11,641				
			CFDA 16.710 Subtotal:	59,811		59,811	
Edward Byrne Memorial Justice Assistance Grant	16.738						
Criminal Investigator - CHEEZO	16.738	2014-DJ-14-003173	94,093				
JCSO Critical Incident Team	16.738	2014-DJ-14-003312-04-1	90,126				
Law Enforcement Bomb Dog Replacement	16.738	2013-DJ-14-003155-01-1	21,164				
1st Judicial District Juv. Offenders Pre-Sentence	16.738	*	13,513				
DA Elder Abuse Against Crimes	16.738	*	16,797				
			CFDA 16.738 Subtotal:	\$ 235,693		\$ 235,693	

* Pass-through Entity Identifying Number NOT AVAILABLE

The accompanying Notes are an Integral Part of this Schedule

Jefferson County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

Program Description	CFDA #	Pass-through Entity Identifying Number	Sub-totals by Pass- through Entity Identifying Number	2015 Federal Expenditures	Clusters	Totals by Agency	Amounts Passed- Through to Subrecipients
Passed through City of Lakewood							
Edward Byrne Memorial Justice Assistance Grant	16.738						
Edward Byrne Justice Grant Formula 5	16.738	*		\$ 23,033		\$ 23,033	
Passed through West Metro Drug Task Force							
Equitable Sharing Program	16.922						
Equitable Sharing Program-District Attorney	16.922	*	\$ 14,526				
Equitable Sharing Program-Sheriff	16.922	*	28,000				
			CFDA 16.922 Subtotal:	42,526		42,526	
TOTAL: DEPARTMENT OF JUSTICE						\$ 1,569,764	
DEPARTMENT OF LABOR							
Passed through Colorado Department of Labor and Employment:							
Employment Service/Wagner-Peyser Funded Activities	17.207						
Wagner-Peyser Plan Year 2013	17.207	*	7				
Wagner-Peyser Plan Year 2014	17.207	*	402,884				
Wagner-Peyser Plan Year 2015	17.207	*	389,992				
Governor's Summer Job Hunt 13	17.207	*	167				
Governor's Summer Job Hunt 14	17.207	*	35,064				
			CFDA 17.207 Subtotal:	828,114	828,114 ¹	828,114	
Disabled Veterans' Outreach Program (DVOP)	17.801	*					
PY15 DVOP	17.801	*	9,239				
FY16 DVOP	17.801	*	5,202				
			CFDA 17.801 Subtotal:	14,442	14,442 ¹	14,442	
WIA Adult Program	17.258						
WIA Adult Program-Plan Year 2014	17.258	*	693,942				
WIA Adult Program-Plan Year 2015	17.258	*	238,257				
			CFDA 17.258 Subtotal:	932,199	932,199 ²	932,199	
WIA Youth Activities	17.259	*					
WIA Youth-Plan Year 2013	17.259	*	15,916				
WIA Youth-Plan Year 2014	17.259	*	580,530				
WIA Youth-Plan Year 2015	17.259	*	445,211				
Youth Work Experience-Plan Year 2014	17.259	*	101,807				
Youth Work Experience-Plan Year 2015	17.259	*	32,448				
			CFDA 17.259 Subtotal:	1,175,911	1,175,911 ²	1,175,911	
Veterans' Employment Program	17.802	*		16,758		16,758	
Local Veterans' Employment Representative Program	17.804						
Workforce Development LVER-Plan Year 2015	17.804	*	4,720				
Workforce Development LVER-Plan Year 2016	17.804	*	780				
			CFDA 17.804 Subtotal:	5,500	5,500 ¹	5,500	
Trade Adjustment Assistance	17.245						
Workforce Development TAA-Plan Year 2012	17.245	*	7,262				
Workforce Development TAA-Plan Year 2014	17.245	*	9,177				
			CFDA 17.245 Subtotal:	\$ 16,439.00		\$ 16,439	

* Pass-through Entity Identifying Number NOT AVAILABLE

The accompanying Notes are an Integral Part of this Schedule

Jefferson County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

Program Description	CFDA #	Pass-through Entity Identifying Number	Sub-totals by Pass- through Entity Identifying Number	2015 Federal Expenditures	Clusters	Totals by Agency	Amounts Passed- Through to Subrecipients
WIA Dislocated Workers Formula Grants	17.278						
WIA Dislocated Workers-Plan Year 2012	17.278	*	\$ 87,155				
WIA Dislocated Workers-Plan Year 2013	17.278	*	10,143				
WIA Dislocated Workers-Plan Year 2014	17.278	*	223,128				
WIA Dislocated Workers-Plan Year 2015	17.278	*	214,556				
WIA TAA Case Management-Plan Year 2014	17.278	*	8,696				
Enhanced Dislocated Workers-Fiscal Year 2016	17.278	*	33,102				
WIOA 25% Enhanced DW-Plan Year 2015	17.278	*	45,476				
Enhanced DW-Hire for CO initiative	17.278	*	108,728				
			CFDA 17.278 Subtotal:	\$ 730,985	\$ 730,985 ²	\$ 730,985	
H-1B Job Training Grants	17.268	*		39,205		39,205	
TOTAL: DEPARTMENT OF LABOR						\$ 3,759,552	
DEPARTMENT OF TRANSPORTATION							
Direct Funding:							
Airport Improvement Program	20.106	*		1,157,469		1,157,469	
Passed through Colorado Department of Transportation							
Highway Planning and Construction	20.205	*		228,102		228,102	
State and Community Highway Safety	20.600						
Click It or Ticket	20.600	*	4,216				
CDOT Speed Mitigation-Fiscal Year 2015	20.600	*	54,186				
			CFDA 20.600 Subtotal:	58,402	58,402 ³	58,402	
National Priority Safety Programs	20.616	*		19,618	19,618	19,618	
TOTAL: DEPARTMENT OF TRANSPORTATION						\$ 1,463,590	
INSTITUTE OF MUSEUM AND LIBRARY SERVICES							
Passed through Colorado Department of Education							
Library Services and Technology Act	45.310	FY14-006		2,653		2,653	
TOTAL: INSTITUTE OF MUSEUM AND LIBRARY SERVICES						\$ 2,653	
ENVIRONMENTAL PROTECTION AGENCY							
Passed through Colorado Department of Health & Environment:							
Capitalization Grants for Clean Water State Revolving Funds	66.468	WQC-XXK11G-POW		3,850		3,850	
TOTAL: ENVIRONMENTAL PROTECTION AGENCY						\$ 3,850	
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Direct Funding:							
Head Start	93.600	*		2,975,443		2,975,443	
Lead Surveillance	93.753	*		1,337		1,337	
Children's Health Insurance Program	93.767	*		13,145		13,145	
Early, Periodic Screen, Diagnose, Treat	93.778	*		55,208	55,208	55,208	
Passed through Colorado Department of Health & Environment:							
Public Health Emergency Preparedness	93.069						
	93.069	EPR-HW15J-HHS	259,387				
	93.069	EPR-HW16J-HHS	288,722				
	93.069	EPR-HF15J-HHS	39,458				
			CFDA 93.069 Subtotal:	\$ 587,568		\$ 587,568	

* Pass-through Entity Identifying Number NOT AVAILABLE

The accompanying Notes are an Integral Part of this Schedule

Jefferson County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

<u>Program Description</u>	<u>CFDA #</u>	<u>Pass-through Entity Identifying Number</u>	<u>Sub-totals by Pass- through Entity Identifying Number</u>	<u>2015 Federal Expenditures</u>	<u>Clusters</u>	<u>Totals by Agency</u>	<u>Amounts Passed- Through to Subrecipients</u>
Guardianship Assistance	93.090	*		\$ 39,796		\$ 39,796	
Family Planning-Services	93.217						
	93.217	FPP-JA15L-HHS	\$ 91,604				
	93.217	FPP-JA16L-HHS	61,098				
			CFDA 93.217 Subtotal:	152,702		152,702	
Immunization Cooperative Agreements	93.268						
	93.268	IMM-KA15H-HHS	116,570				
	93.268	IMM-KT15H-HHS	11,950				
			CFDA 93.268 Subtotal:	128,520		128,520	
Centers for Disease Control-Investigations and Technical Assistance	93.283						
	93.283	EPI-QH15H-HHS	24,200				
	93.283	EPI-QE15H-HHS	20,330				
			CFDA 93.283 Subtotal:	44,530		44,530	
CDC-Investigations (Build EPI, Health Info)	93.521	EPI-NQ14H-HHS		79,872		79,872	
HIV Prevention Activities-Health Department Based	93.940	EPI-KG4-HHS		61,882		61,882	
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	Non-Cash Value		14,940		14,940	
Maternal and Child Health Services Block Grant to the States	93.994						
	93.994	MCH-NC15L-HHS	55,423				
	93.994	MCH-NC16L-HHS	54,655				
	93.994	MCH-NB15L-HHS	155,647				
	93.994	MCH-NB16L-HHS	35,435				
			CFDA 93.994 Subtotal:	301,161		301,161	
Passed Through National Institutes of Health (NIH)							
Countering Tobacco Marketing 5U01	93.393	CA154240-04		4,272		4,272	
Passed through CO Dept of Human Services:							
Promoting Safe and Stable Families	93.556	*		105,492		105,492	
Temporary Assistance for Needy Families (TANF)	93.558	*	-	7,430,498		7,430,498	
Child Support Enforcement	93.563	*		3,246,471		3,246,471	
Child Support Enforce Research Section 1115	93.564	*		32,623		32,623	
Low-Income Home Energy Assistance	93.568	*		2,300,145		2,300,145	
Child Care and Development Fund: Discretionary	93.575	*		721,879	721,879 4	721,879	
Child Care and Development Fund	93.596	*		2,272,149	2,272,149 4	2,272,149	
Child Welfare Services: Title IV-B - Child Care	93.645	*		377,786		377,786	
Foster Care-Title IV-E	93.658	*		5,268,953		5,268,953	
Adoption Opportunity Grant	93.659	*		1,113,617		1,113,617	
Title XX	93.667	*		651,382		651,382	
Independent Living IV-E	93.674	*		150,157		150,157	
Medicaid: Title XIX	93.778	*	2,917,619	2,917,619	2,917,619 5		
Passed through Health Care Policy and Finance:							
SEP - Options for Long Term Care	93.778	14-55362	1,595,122	\$ 1,595,122	\$ 1,595,122 5		
			CFDA 93.778 Subtotal:			\$ 4,512,741	

* Pass-through Entity Identifying Number NOT AVAILABLE

The accompanying Notes are an Integral Part of this Schedule

Jefferson County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

Program Description	CFDA #	Pass-through Entity Identifying Number	Sub-totals by Pass- through Entity Identifying Number	2015 Federal Expenditures	Clusters	Totals by Agency	Amounts Passed- Through to Subrecipients
Passed through Colorado Department of Local Affairs:							
Community Services Block Grant	93.569	*		\$ 472,458		\$ 472,458	\$ 310,218
TOTAL: DEPARTMENT OF HEALTH AND HUMAN SERVICES						<u>\$ 33,116,726</u>	
DEPT OF HOMELAND SECURITY							
Passed through Colorado Department of Public Safety:							
Disaster Grant-Public Assistance Presidentially Declared Disaster	97.036	FEMA-DR-4145-CO		312,347		312,347	
Emergency Management Performance Grants	97.042	*		52,500		52,500	
Homeland Security Grant Program	97.067						
Passed through Colorado Department of Public Safety:							
Emergency Management Performance Grant/Special Projects	97.067	*	\$ 6,500				
Passed through Arapahoe County:							
State Homeland Security Program	97.067	14SHS15NCR	1,610				
				<u>CFDA 97.067 Subtotal:</u>		<u>8,110</u>	<u>8,110</u>
TOTAL: DEPARTMENT OF HOMELAND SECURITY						<u>\$ 372,957</u>	
EXECUTIVE OFFICE OF THE PRESIDENT							
Passed through the Rocky Mountain HIDTA:							
Office of National Drug Control Policy-West Metro Drug Task Force	95.001	*		51,022		51,022	
TOTAL: EXECUTIVE OFFICE OF THE PRESIDENT						<u>\$ 51,022</u>	
TOTAL: JEFFERSON COUNTY FEDERAL EXPENDITURES				<u>\$ 51,501,328</u>		<u>\$ 51,501,328</u>	<u>\$ 2,609,640</u>

* Pass-through Entity Identifying Number NOT AVAILABLE

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 Title 2 U.S. Code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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.

Jefferson County did not elect to use the 10% De Minimus indirect cost rate.

Note B – CFDA 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 – Noncash Programs

Certain federal financial assistance programs do not involve cash awards to the County. Of the federal expenditures presented in the accompanying schedule of federal awards, noncash award programs include the following:

WIC Food Vouchers (CFDA #10.557)	\$3,992,525
Chlamydia Tests (CFDA #93.977)	\$ 14,940

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
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:	Unmodified
Any audit findings disclosed that are required to be reported: in accordance with Uniform Guidance 2 CFR 200.516	Yes

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Head Start	93.600
Low-Income Home Energy Assistance	93.568
Community Development Block Grants/Entitlement Grants	14.218
Foster Care - Title IV-E	93.658
Temporary Assistance for Needy Families Cluster	93.558
Child Support Enforcement	93.563

Dollar threshold used to distinguish between type A and type B programs:	\$ 1,545,040
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None noted in the current year audit.

Section III – Federal Award Findings and Questioned Costs

2015-001 Direct Funding
CFDA # 14.218
Community Development Block Grants/Entitlement Grants

Allowable Costs/Principles
Significant Deficiency in Internal Control over Compliance

Criteria – The Uniform Guidance, Section 200.303 Internal Controls, requires the non-Federal entity must establish and maintain effective internal controls over Federal awards that provide reasonable assurance that awards are being managed in compliance with Federal statutes, regulations and the terms and conditions of the Federal award.

As described in the 2015 compliance supplement, Part 3 includes the requirements of OMB Circular A-133 and 2 CFR part 200, subpart F. We consider factors such as the County’s internal controls and the internal controls over compliance requirements and tests as prescribed in OMB Circular A-133 and 2 CFR part 200, subpart F.

Improper Payments

Under OMB guidance, Public Law (Pub. L.) No. 107-300, the Improper Payments Information Act of 2002, as amended by Pub. L. No. 111-204, the Improper Payments Elimination and Recovery Act, Executive Order 13520 on reducing improper payments, and the June 18, 2010 Presidential memorandum to enhance payment accuracy, Federal agencies are required to take actions to prevent improper payments, review Federal awards for such payments, and as applicable, reclaim improper payments. Improper payment includes this specific criteria:

“Any payment that an agency’s review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation.”

Condition – We reviewed 4 of 26 payroll periods (January, April, June and November of 2015) that consisted of 29 timesheets for which employees charged a portion of their time to the CDBG grant. We noted the following in our testing:

- 1 of 29 instances in which the staff did not sign off on their own time sheet resulting in a 3.45% error rate.
- 7 of 29 supervisors did not approve the staff’s time sheet resulting in a 20.69% error rate.

Cause – Due to insufficient controls over the payroll approval process (documentation), the controls are not operating as designed to prevent, detect and correct errors timely.

Effect – Failure to document the review and approval of expenditures charged to the grant may result in disallowed costs.

Questioned Costs – None reported

Context/Sampling – A nonstatistical sample of 4 out of 26 pay periods (which resulted in 29 timesheets) were selected for testing, which accounted for \$13,753 of \$1,343,520 of federal program expenditures.

Repeat Finding from Prior Year(s) - No

Recommendation – We recommend the County review the approval process for payroll (time-keeping) to determine why the controls failed and to design and implement controls that will prevent, detect and correct this from occurring in the future. The County needs to exercise judgment in determining the most appropriate and cost effective internal control in a given environment or circumstance to provide reasonable assurance for compliance with Federal program requirements. The Uniform Guidance also refers non-Federal entities to the following documents for best practices:

- “Standards for Internal Control in the Federal Government” (Green Book) issued by the Comptroller General.
- “Internal Control Framework” issued by the Committee of Sponsoring Organizations (COSO)

Views of Responsible Officials – Agree.

2015-002 Direct Funding
CFDA # 14.218
Community Development Block Grants/Entitlement Grants

Procurement
Special Provisions (Wage Rate Requirements)
Significant Deficiency in Internal Control over Compliance

Criteria –The Uniform Guidance, Section 200.303 Internal Controls, requires the non-Federal entity must establish and maintain effective internal controls over Federal awards that provide reasonable assurance that awards are being managed in compliance with Federal statutes, regulations and the terms and conditions of the Federal award.

As described in the 2015 compliance supplement, Part 3 includes the requirements of OMB Circular A-133 and 2 CFR part 200, subpart F. We considered factors such as the County’s internal controls and the internal controls over compliance requirements and tests as prescribed in OMB Circular A-133 and 2 CFR part 200, subpart F.

Procurement Requirements

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA) and available at <https://www.sam.gov/portal/public/SAM/>.

Condition– We tested compliance and internal controls over procurement and noted one of the projects was a construction project that involved Wage Rate Requirements. For this specific project we noted the following:

- There was no documentation to support that a System for Award Management (SAM) check was performed to determine if the contractor was debarred or suspended.
- The CDBG policy regarding Wage Rate Requirements includes that the contractor is to be approved by the CDBG supervisor; there was no documentation that this approval was performed.
- There were no site visits performed during construction or support evidencing face to face interviews were performed.
- There was no documentation if the correct prevailing wages were correctly paid.

Cause – Due to insufficient controls over the Procurement and Wage Rate Requirements compliance requirements, the controls are not operating as designed to prevent, detect and correct errors timely.

Effect – Failure to provide documentation of 1) the SAM’s check being performed, 2) the County approving the contractor, 3) site visits occurring during construction coupled with face to face interviews, and 4) reviewing prevailing wages may result in disallowed costs.

Questioned Costs – None reported

Context/Sampling – A nonstatistical sample of 6 of 12 projects were selected for procurement testing, of which one of the projects was a construction project that included Wage Rate Requirements.

Repeat Finding from Prior Year(s) - No

Recommendation – We recommend that the County review the approval and documentation process for Procurement (SAM’s) and Wage Rate Requirements to determine why the controls failed and make corrections to the design of controls that will prevent, detect, and correct this from occurring in the future. The County needs to exercise judgment in determining the most appropriate and cost effective internal control in a given environment or circumstance to provide reasonable assurance for compliance with Federal program requirements. The Uniform Guidance also refers non-Federal entities to the following documents for best practices:

- “Standards for Internal Control in the Federal Government” (Green Book) issued by the Comptroller General.
- “Internal Control Framework” issued by the Committee of Sponsoring Organizations (COSO)

Views of Responsible Officials – Agree

**2015-003 Passed-through Colorado Department of Human Services
CFDA # 93.568
Low-Income Home Energy Assistance**

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

Criteria - The Low-Income Home Energy Assistance Program (LEAP) is a block grant program in which States (including Territories and Indian tribes) design their own programs, within very broad Federal guidelines. The objectives of LEAP are to help low-income people meet the costs of home energy (defined as heating and cooling of residences), increase their energy self-sufficiency, and reduce their vulnerability resulting from energy needs. A primary purpose is meeting immediate home energy need. The State of Colorado releases a LEAP manual for each program year. According to the State's manual, 3.756.14 Determination of Eligibility, a county department shall have up to fifty (50) calendar days from the date of application as defined in the "Definitions" section of these rules to determine eligibility.

Condition - The County did not process eligibility determinations timely. We noted 6 errors in 60 files selected for testing that were related to timely determinations.

Cause - Due to a shortage of staff, the County Staff was unable to keep up with the case load.

Effect - Due to insufficient monitoring of eligibility determination, the County may not timely detect an error in eligibility that may result in questioned costs.

Questioned Costs - None reported

Context/Sampling - A nonstatistical sample of 60 transactions out of approximately 10,000 total transactions were selected for testing, which accounted for \$17,214 of \$2,252,885 of LEAP federal program expenditures (excludes administrative costs).

Repeat Finding from Prior Year(s) - No

Recommendation - The County should communicate with Discover Goodwill about the expected caseload and timely eligibility determinations. Additionally, the County needs to communicate the results of any Quality Assurance findings with the Discover Goodwill staff on a timely basis.

Views of Responsible Officials – Agree

**2015-004 Passed-through the Colorado Department of Human Services
CFDA # 93.778
Medical Assistance Program**

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

Criteria - According to the Colorado Department of Health Care Policy and Financing (HCPF), processing standards 8.100.3.D, the County is required to process an initial application for any program not requiring a disability determination no later than 45 days following receipt of application.

Condition - We reviewed ten long-term care case files related to eligibility. Two cases were not properly approved / denied within the 45 day timeframe.

Cause - Cases are not timely processed due to the County's ineffective monitoring of the 45 day deadline. Additionally, as noted in the County's response to the prior year finding, case supervisors were to create an excel spreadsheet to track the date that cases are sent for disability determination with reminders at 30 days and 45 days to check the progress. This was not completed during 2015.

Effect - Failure to process applications timely results in participants that are delayed approval for Medicaid services.

Questioned Costs - None reported

Context/Sampling - A nonstatistical sample of 10 participants, specifically relating to long-term care cases, was selected for eligibility testing.

Repeat Finding from Prior Year(s) - Yes, prior year finding 2014-001

Recommendation - We recommend that the County utilize available COGNOS reports and / or implement the excel spreadsheet as mentioned above to determine which cases are nearing the exceeding processing guidelines.

Views of Responsible Officials – Agree.

**2015-005 Passed-through the Colorado Department of Human Services
CFDA # 93.558
Temporary Assistance for Needy Families (TANF)**

**Allowable Costs, Eligibility
Significant Deficiency in Internal Control over Compliance**

Criteria - There are four purposes of the TANF program (42 USC 601 and 45 CFR section 260.20(a)-(d)). The first purpose of TANF states only the financially “needy” are eligible for services, benefits, or “assistance” and the second purpose of TANF is to end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage. The State’s TANF program is referred to as ‘Colorado Works’. Colorado Department of Human Services (CDHS) Staff Manual 3.600 *Colorado Works Program Eligibility* describes the specific requirements and procedures for documenting and determining eligibility of the TANF program, to ensure compliance with 45 CFR 260.20.

Condition - The County improperly paid benefits due to information not being updated timely within the CBMS system. We noted the following two errors in two of sixty files selected for testing:

- One instance in which case information was not processed timely, resulting in the client receiving an additional month of benefits, although he/she should not have due to the case needing to be closed due to non-compliance.
- One instance in which case information was not processed timely, resulting in the client receiving five additional months of pregnancy benefits, although she should not have due to the child being born and a redetermination having taken place, at which point the case information should have been updated.

Cause - Due to a lack of, or failure of appropriate controls, caseworkers did not update case files with all appropriate documentation to ensure eligibility prior to benefit issuance.

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

Questioned Costs - \$605 of \$17,176 tested

Context/Sampling - A nonstatistical sample of 60 transactions out of approximately 18,600 total transactions were selected for testing, which accounted for \$17,176 of \$5,211,242 of EBT federal program expenditures.

Repeat Finding from Prior Year(s) - Yes, prior year finding 2014-002

Recommendation - We recommend the County review policies and procedures designed to ensure that clients provide appropriate documentation prior to issuing benefits. As part of this, staff should receive continuous training to aid in accomplishing this

Views of Responsible Officials – Agree.

**2015-006 Passed-through the Colorado Department of Human Services
CFDA # 93.558
Temporary Assistance for Needy Families (TANF)**

**Allowable Costs, Eligibility
Significant Deficiency in Internal Control over Compliance**

Criteria - There are four purposes of the TANF program (42 USC 601 and 45 CFR section 260.20(a)-(d)). The first purpose of TANF states only the financially “needy” are eligible for services, benefits, or “assistance” and the second purpose of TANF is to end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage. The State’s TANF program is referred to as ‘Colorado Works’. Colorado Department of Human Services (CDHS) Staff Manual 3.600 *Colorado Works Program Eligibility* describes the specific requirements and procedures for documenting and determining eligibility of the TANF program, to ensure compliance with 45 CFR 260.20.

Additionally, according to the State Regulations for TANF, 3.603.1 Purpose and Use of Case File Records, information pertaining to eligibility, verifications, assessments, program participation and associated expenditures and further contact with the participant shall be documented in the case file and/or in the statewide benefit management system.

Condition - We noted the following two errors in sixty files selected for testing:

- One instance in which a case comment was not entered to describe the reasoning as to why the client did not have to turn in timesheets required by the Individual Responsibility Contract (IRC).
- One instance in which a case comment was not entered nor was documentation provided in the case files as to why a transportation benefit was given.

Cause - Due to a lack of, or failure of appropriate controls, caseworkers did not update case files with all appropriate documentation to ensure eligibility prior to benefit issuance.

Effect - The County could inappropriately provide benefits if they do not obtain the appropriate documentation to support distribution of benefits.

Questioned Costs - None reported

Context/Sampling - A nonstatistical sample of 60 transactions out of approximately 18,600 total transactions were selected for testing, which accounted for \$17,176 of \$5,211,242 of EBT federal program expenditures.

Repeat Finding from Prior Year(s) - No

Recommendation - We recommend the County review policies and procedures designed to ensure that clients provide appropriate documentation prior to issuing benefits. As part of this, staff should receive continuous training to aid in accomplishing this.

Views of Responsible Officials – Agree.

**2014-A Reconciliation Controls Within the Financial Close and Reporting Process
Significant Deficiency**

Initial Fiscal Year Finding Occurred: 2014

Finding Summary: Through audit procedures performed, we noted the following instances in which improvements to the design and implementation of controls surrounding year-end reconciliations of account balances and evaluations of estimates related to the financial close and reporting process should be made. Although these items did not result in material audit adjustments, they indicate a lack of controls within the reconciliations of account balances and evaluation of estimates that hindered the financial close and reporting process. The following was noted during the audit:

- The landfill liability account balance is an estimate that continues to roll forward at the same amount each year without evaluation. This estimate should be reviewed, evaluated and updated each year to insure the estimate is as accurate as possible and to insure that the post-closure contractual expenses are reasonable, financially prudent and recorded in accordance with standards.
- Two invoices that should have been recorded in the Accounts Payable balances as accruals were not recorded in the Social Services Fund.
- There was an over accrual of dental and vision insurance expense in the Employee benefits fund.
- There was an overstatement of IBNR estimate related to general liability, auto, and workers compensation, as of December 31, 2014 in the self-insurance and worker's compensation funds.

Status: During 2015, the Accounting Division had the Division and Department Directors sign a statement that they had reviewed the revenues and expenditures and that per their knowledge the revenues and expenditures had been accurately reported. This was to emphasize the importance of accurate recording and processing of financial data especially since the County is so decentralized. Additionally, a meeting was held in early 2016 with the Division and Department Directors to go over the strict timeline in place for submitting all year-end information and reconciliations as well as the accuracy of submitting and accruing accounts payable invoices for the year and understanding that they are signing a form saying as much with hopes that this would raise awareness and give all other departments a sense of accountability related to accurate financial reporting.

The Accounting Division also worked with Purchasing to evaluate the Landfill contractual expenditures and updated the liability estimate based on current facts.

Lastly, management closely evaluated the estimate for the IBNR based on updated actuarials that were obtained in 2015 to more accurately state the accrual at year end.

The appropriate corrective action was taken.

**2014-001 Passed-through Colorado Department of Human Services
CFDA # 93.778
Medical Assistance Program**

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

Initial Fiscal Year Finding Occurred: 2014

Finding Summary: According to the Colorado Department of Health Care Policy and Financing (HCPF), processing standards 8.100.3.D, the County is required to process a disability determination no later than 90 days following receipt of an application, and an initial application for any program not requiring a disability determination shall be processed no later than 45 days following receipt of application. We reviewed sixty case files related to eligibility. We noted the following in our testing: one instance of non-compliance in which the County did not send notice of action within 45 days. This related to a long-term care case in which the disability determination was completed within 90 days; however, the case was pending income verification and this was not completed within the 45 day timeframe.

Status: Long-Term Care supervisors did not create an excel spreadsheet to track the date cases that are sent for disability determination with reminders at 30 days and 45 days to check the progress and at 90 days to close the case.

As such, a repeat finding was identified (finding 2015-004) as similar exceptions were noted during the 2015 audit.

**2014-002 Passed-through the Colorado Department of Human Services
CFDA # 93.558
Temporary Assistance for Needy Families (TANF)**

**Allowable Costs, Eligibility
Significant Deficiency in Internal Control over Compliance**

Initial Fiscal Year Finding Occurred: 2003

Finding Summary: The County improperly paid benefits due to information not being updated timely within the CBMS system. We noted the following two errors in two of sixty files selected for testing:

- One instance in which a case was not processed timely, which resulted in the client receiving benefits, although he/she should not have due to being above the income threshold.
- One instance in which a redetermination was not signed by the participant.

Status: The County continued to experience an extremely high turnover rate which has caused them to be behind in processing change report forms in a timely manner. This lead to a repeat finding in 2015 – see finding 2015-005. A corrective action plan was provided for this finding.

2014-003 Department of Transportation
CFDA # 20.106
Airport Improvement Program (“AIP”)

Davis Bacon
Material Weakness in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2014

Finding Summary: The Davis-Bacon wage determination establishes minimum prevailing wages that must be paid to workers based on their job classifications in accordance with OMB Circular A-133. The OMB Circular A-133 Compliance Supplement indicates, “nonfederal entities shall include in their construction contract subject to the Davis-Bacon Act, a requirement that the contractor or subcontractor comply with the Davis-Bacon Act and the DOL regulations (29 CFR part 5, Labor Standards Provisions Applicable to Contract Governing Federally Financed and Assisted Construction”.) This includes a requirement for the contractor or subcontractor to submit to the nonfederal entity weekly, for each week in which any contract work is performed, a copy of the payroll, and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6)

Weekly payroll certifications submitted by contractors and subcontractors were being submitted to and reviewed by a contracted independent third party engineer. The County was relying on this third party engineer to monitor compliance with Davis Bacon requirements regarding the weekly payrolls and statements of compliance and did not adequately monitor work performed by the third party to ensure compliance with the noted requirements.

Status: The Airport and County recognize that the responsibility for compliance of Davis Bacon requirements ultimately belongs to the County. As a result, procedures have been implemented to have qualified County personnel obtain and review certified payrolls as well as provide oversight and controls for Davis Bacon compliance matters. When third-party engineers are used to assist the County with monitoring compliance, the County will now monitor and cross-check all work performed and all communications sent. The appropriate corrective action was taken.