

ARAPAHOE COUNTY, COLORADO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2008**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed-Through Colorado Department of Human Services Temporary Emergency Food Assistance Program (TEFAP) - Commodities	10.569	9104Z2	\$309,062
Temporary Emergency Food Assistance Program (TEFAP) - Administrative	10.568	9104Z2	\$25,364
Total TEFAP			<u>\$334,426</u>
Food Stamp Program - Administrative (1)	10.561	005	\$2,594,624
Food Stamp Program - Distribution (1)	10.551	005	\$34,014,815
Total Food Stamp Program			<u>\$36,609,439</u>
Total Passed-Through Co. Dept. of Human Services			<u>\$36,943,865</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u><u>\$36,943,865</u></u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed-Through Colorado Department of Human Services and Denver Regional Council of Governments: Title IIIB - Arapahoe County	93.044	0113A & 0024G	\$383,472
			<u>\$383,472</u>
Passed-Through Colorado Department of Local Affairs: Community Services Block Grant	93.569	KCS80003	\$340,123
			<u>\$340,123</u>
Passed-Through Colorado Department of Human Services to County Department of Social Services: (1)			
Child Welfare Services (Title IV-B)	93.645	005	\$451,047
Social Services Block Grant (Title XX)	93.667	005	\$2,203,302
Child Support Enforcement (Title IV-D)	93.563	005	\$2,949,297
Medicaid Transportation (Title XIX)	93.778	005	\$2,466,901
LEAP Low Income Energy Assistance	93.568	005	\$3,586,531
Independent Living (Title IV-E)	93.674	005	\$159,897
Foster Care (Title IV-E)	93.658	005	\$4,178,454
Child Care Development Block Grant	93.575	005	\$2,717,964
Child Care Development Funds	93.596	005	\$2,621,977
Adoption Assistance Grant	93.659	005	\$2,282,962
Temporary Assistance to Needy Families	93.558	005	\$7,546,194
Total Passed-Through Colorado Department of Human Services			<u>\$31,164,526</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u><u>\$31,888,121</u></u>
(1) Allocation of financial assistance between federal monies passed through the state and state monies has been derived from information provided by the Colorado Department of Human Services			

ARAPAHOE COUNTY, COLORADO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2008**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures
<u>U.S. DEPARTMENT OF ENERGY</u>			
Passed-Through Colorado Office of Energy Conservation: WAP - Weatherization Assistance for	81.042	C900351	\$1,246,686
<i>TOTAL U.S. DEPARTMENT OF ENERGY</i>			<u>\$1,246,686</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)</u>			
Passed-Through Co Office of Emergency Management: Co. Statewide Emergency Management Program	97.042		\$40,654
			<u>\$40,654</u>
<i>TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)</i>			<u>\$40,654</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Passed-Through Bureau of Justice Assistance Program Edward Byrne Memorial Justice Program Aftercare Program	16.738		\$72,691
Finger/Palm Print Database	16.738		\$43,501
Drug Control and System Improvement Program: South Metro Drug Task Force	16.579	21-DB-02-30-15	\$98,414
State Criminal Alien Assistance Program	16.606		\$141,427
Total Passed-Through Co.Div. Of Criminal Justice			<u>\$356,033</u>
<i>TOTAL U.S. DEPARTMENT OF JUSTICE</i>			<u>\$356,033</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed -Through Co Dept. of Local Affairs, Div. Of Emergency Management State Homeland Security Program 2006	97.067	7EM76803	\$489,725
State Homeland Security Program 2007	97.067	8EM77803	\$690,103
Law Enforcement Terrorism Prev. Program 2006	97.067	7EM76503	\$158,980
Law Enforcement Terrorism Prev. Program 2007	97.067	8EM77503	\$510,887
Citizen Corp Grant Program 2006	97.067	7EM76303	\$22,887
Citizen Corp Grant Program 2007	97.067	8EM77303	\$8,009
Citizen Corp Grant Program 2005 Received 2008	97.067	8EM75303A	\$16,800
			<u>\$1,897,391</u>
Passed-Through Governor's Office of Homeland Security State Homeland Security Program 2008	97.067	98HS78803	\$12,580
Citizen Corp Grant Program 2008	97.067	98HS78303	\$92
Public Safety Interoperability Of Communications	11.555	97HS77F03	\$2,345
			<u>\$15,017</u>
<i>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</i>			<u>\$1,912,408</u>

The accompanying notes to this schedule are an integral part of this schedule.

ARAPAHOE COUNTY, COLORADO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2008**

Federal Grantor/Pass-Through Grantor Program Title	Federal CODA Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures
<u>U.S. DEPARTMENT OF LABOR</u>			
Passed-Through Colorado Department of Local Affairs: Office of Colorado Workforce Development	17.266	L8DPNAR	\$23,351
	17.260	Multiple	<u>\$138,608</u>
Total Passed-Through Colorado Department of Local Affairs			<u>\$161,959</u>
Passed-Through Colorado Department of Labor & Employment: Wagner-Geyser	17.207	KAA00012, 00013	\$470,473
Wired	17.268	1300	\$202,083
Workforce Investment Act Dislocated Worker/SAW	17.260	1114,26,58,1012,15,1228&1303	\$1,129,047
Workforce Investment Act Adult	17.258	1012,13,1156 &1301	\$1,982,995
Workforce Investment Act Youth	17.259	1012,14,1157,1265 & 1302	\$931,934
Total Passed-Through Colorado Department of Labor & Imp.			<u>\$4,716,532</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>\$4,878,491</u>
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>			
Direct Program through Denver Regional Office: Centennial Community Development Block Grant 2007	14.218		\$178,869
Centennial Community Development Block Grant 2008	14.218		\$35,847
Community Development Block Grant 2004	14.218		\$16
Community Development Block Grant 2005	14.218		\$61,617
Community Development Block Grant 2006	14.218		\$154,458
Community Development Block Grant 2007	14.218		\$364,442
Community Development Block Grant 2008	14.218		\$310,549
Total Community Development Block Grant Program			<u>\$1,105,798</u>
Home Recycle Funds	14.239		\$61,000
HOME Program 2003	14.239		\$21,463
HOME Program 2004	14.239		\$44,238
HOME Program 2005	14.239		\$212,295
HOME Program 2006	14.239		\$136,426
HOME Program 2007	14.239		\$402,860
HOME Program 2008	14.239		\$119,167
			<u>\$997,449</u>
Section 8 Program - Vouchers/Certificates	14.855		\$21,047
TOTAL U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			<u>\$2,124,294</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed-Through Colorado Department of Transportation: Highway Planning and Construction	20.205		\$564,922
Alcohol Traffic Safety and Drunk Driving (Leaf Funds)	20.601		\$35,964
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>\$600,886</u>
<u>TOTAL EXPENDITURES OF FEDERAL AWARDS</u>			<u>\$79,991,438</u>

GRANT SUBRECIPIENTS
For The Year Ended December 31, 2008

Federal Program	CFDA#	Amount
Community Development Block Grant	14.218	922,036
Home	14.239	872,439
State Homeland Security 2006	97.067	24,381
State Homeland Security 2007	97.067	473,945
Law Enforcement Terrorism Prev Prgm 2006	97.067	127,934
Law Enforcement Terrorism Prev Prgm 2007	97.067	425,347
Public Safety Interoperability of Communications 2008	11.555	27,994

ARAPAHOE COUNTY, COLORADO

NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2008

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Arapahoe 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.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the general-purpose financial statements. 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 (general-purpose or basic) financial statements. Federal financial assistance provided to sub-recipients is treated as expenditure when it is paid to the sub-recipient.

Noncash Programs

Certain federal financial assistance programs do not involve cash awards to the County. These programs include the following:

U.S. Department of Agriculture		
Food Stamps CFDA #10.551 (Major Program)		
Value of food stamps issued during 2008		\$ 34,014,815
Commodities Distribution CFDA #10.569		
Value of commodities distributed during 2008	\$	309,062
Value of commodities on hand as of December 31, 2008	\$	148,133

CFDA and Contract Numbers

Certain programs do not contain CFDA and/or State or Federal contract numbers because they have not been assigned these numbers or the numbers were not obtainable.

Federal Capitalization Grant

In 2007, the County received a loan from Colorado Water and Power Development Authority, part of the funding source for this loan was a federal capitalization grant. As part of the loan agreement, the loan proceeds will be held by the Authority until requested by the County and approved by the Authority. As of December 31, 2008 no proceeds of this loan had been requested or received by the County.

This page left blank intentionally





CPAs & BUSINESS ADVISORS

To the Board of County Commissioners
Arapahoe 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Arapahoe County, Colorado as of and for the year ended December 31, 2008, which collectively comprise Arapahoe County's basic financial statements and have issued our report thereon dated May 5, 2009. 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. We did not audit the financial statements of Arapahoe County Water and Wastewater Authority, a discretely presented component unit of Arapahoe County, for the year ended December 31, 2008, which reflects total assets of \$98,703,888 and total revenues of \$17,387,427. We did not audit the financial statements of Arapahoe County Public Airport Authority, a discretely presented component unit of Arapahoe County, for the year ended December 31, 2008, which reflects total assets of \$51,353,195 and total revenues of \$7,877,516. These financial statements were audited by other auditors whose report expressed an unqualified opinion on the financial statements, and has been furnished to us, and our opinion on the governmental activities, the business activities, the aggregate discretely presented component units, insofar as it relates to the amounts included for the Arapahoe County Water and Wastewater Authority and Arapahoe County Airport component units for the year ended December 31, 2008, is based solely on the report of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Arapahoe 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 Arapahoe County's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of Arapahoe County's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

PEOPLE. PRINCIPLES. POSSIBILITIES.

www.eidebailly.com

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting as items 2008-A and 2008-B.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Arapahoe 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*.

We noted certain matters that we reported to management of Arapahoe County in a separate letter dated May 5, 2009.

Arapahoe 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 Arapahoe County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Commissioners, management and 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

Greenwood Village, CO
May 5, 2009



CPAs & BUSINESS ADVISORS

To the Board of County Commissioners
Arapahoe County, Colorado

**Report on Compliance with Requirements Applicable to Each
Major Program and on Internal Control Over Compliance in
Accordance With OMB Circular A-133**

Compliance

We have audited the compliance of Arapahoe County, Colorado, with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. Arapahoe 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 Arapahoe County, Colorado's management. Our responsibility is to express an opinion on Arapahoe County, Colorado's compliance based on our audit.

Arapahoe County's basic financial statements include the operations of the Arapahoe County Airport Authority, a component unit of the County, which expended \$1,169,051 in federal awards which is not included in the County's schedule of expenditures of federal awards during the year ended December 31, 2008. Our audit, described below, did not include the operations of Arapahoe County Airport Authority.

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 Arapahoe 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 Arapahoe County, Colorado's compliance with those requirements.

PEOPLE. PRINCIPLES. POSSIBILITIES.

www.eidebailly.com

5299 DTC Blvd., Ste. 1000 ■ Greenwood Village, CO 80111-3329 ■ Toll Free 877.882.9856 ■ Phone 303.770.5700 ■ Fax 303.770.7581 ■ EOE

In our opinion, Arapahoe County, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008. However, the results of our auditing procedures disclosed instances of non compliance, with those requirements which are required to be reported in accordance with OMB Circular A133 and which are described in the accompanying schedule of findings and questioned costs as items 2008-01, 2008-02, 2008-03, 2008-04, 2008-05, 2008-06, 2008-07, 2008-08, 2008-09 and 2008-10.

Internal Control Over Compliance

The management of Arapahoe 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 Arapahoe County, Colorado's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Arapahoe County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2008-01, 2008-02, 2008-03, 2008-04, 2008-06, 2008-07, 2008-08, 2008-09 and 2008-10 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Arapahoe 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 Arapahoe County's responses and, accordingly, we express no opinion on it.

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

Eide Bailly LLP
Eide Bailly, LLP

Greenwood Village, CO
May 5, 2009

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs
December 31, 2008

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued is **unqualified**.

Internal control over financial reporting:

- Material weakness (es) identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weakness(es)? yes none reported

Type of auditor's report issued on compliance for major programs is unqualified for all major programs tested.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes no

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2008

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.551 & 10.561 (Cluster)	Food Stamp Cluster
93.563	Child Support Enforcement
17.258, 17.259 & 17.260 (Cluster)	WIA Cluster
93.658	Foster Care
97.067	State Homeland Security
93.558	TANF
93.778	Medical Assistance Program
93.575 & 93.596 (Cluster)	Child Care Cluster
93.568	LEAP

Dollar threshold used to distinguish between type A and type B programs: \$2,399,743

Auditee qualified as low-risk auditee? _____ yes no

Section II—Financial Statement Findings

2008-A RECONCILIATION PROCESSES OF CASH AND CAPITAL ASSETS

Cash

Criteria – Transactions are to be recorded timely and accurately to ensure accurate financial reporting.

Condition/Context - During payroll testing, we discovered that the ICMA compensation payable account, which accumulates payroll contributions that are withheld from employees' paychecks and then remitted to ICMA was overstated. Upon further review, we determined that the contributions accumulated for October and November, 2008, and then remitted to ICMA, were not recorded properly which resulted in an overstatement of the liability account and an overstatement of the cash account. Upon remittance of the ICMA deductions, the entry should have been a credit to cash and a debit to the liability account. The liability account should zero out each month and as such, the liability account was overstated, the expense account was understated and the cash

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2008

account was overstated at 12/31/08. This error should have been caught by the County during the bank reconciliation process, as the cash account within the funds that this affected did not agree with the reconciled balance due to the journal entry that was made.

Effect – Overstatement of the cash and liability account, understatement of expense account

Cause – Transaction errors made were not detected in the bank reconciliation process as there is no comparison of the bank reconciliation to the cash recorded in the funds.

Recommendation - We recommend that the reconciliation process be strengthened. The reconciliation should include the reconciliation of the bank accounts each month in the Treasurer's office to the bank balances, which is currently happening. The reconciliation should be strengthened by also including a review of the funds' cash balances in the general ledger to insure that the total fund cash accounts match the overall bank reconciliation balances. This further review of the funds' cash accounts in the general ledger should take into account any journal entries made within the funds to insure cash is not being adjusted, inappropriately.

Management Corrective Action Plan - We agree with the finding and will strengthen our regular balance sheet review for all funds with an emphasis on looking at the cash balances and any journal entries affecting cash. This review will also include the benefit liability accounts.

Capital Assets

Criteria – Transactions are to be recorded timely and accurately to ensure accurate financial reporting.

Condition/Context - During our testing of capital assets surrounding additions and deletions, we determined that the reconciliation between the financial information presented in the CAFR and the information in the general ledger did not agree by \$14M. The county personnel changed in this area and did not realize that a timing issue had occurred during the 2007 audit that affected these additions and deletions. Additionally, we noted that various capital assets are being depreciated without a residual value applied; causing ending capital asset balances to be zero upon full depreciation, which is a violation of GASB 34.

Effect – Errors may be undetected and result in incorrect financial reporting.

Cause – New personnel were not informed of the prior year discrepancies.

Recommendation - We recommend that written procedures be implemented to help in the training process from year to year surrounding reconciliation processes so that new personnel can provide, understand and reconcile to the financial reporting information without extensive research involved. It would also be helpful for the finance department to maintain prior audit entries and

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2008

documentation so that any previous entries in account balance areas can be easily detected and resolved. We understand that several changes in the finance department personnel were made during 2008 and 2009, due to retirements and personnel leaving the County. These changes were outside of the County's control. We also understand that audit information was not retained for 2007, resulting in adjusting entries and other account balance issues not being available to those in the finance department.

Management Corrective Action Plan - We respectfully do not agree with the first part of this finding and believe that it comes from a misunderstanding of the facts. The information presented in the CAFR does agree with the information in the General Ledger. The misunderstanding is due to the auditors comparing balances from 2007 before we had updated the CAFR footnote to the new 2008 numbers. We do have all backup information for the \$14 million adjustment from the prior year. We do maintain reconciliations on the capital assets and our reconciliation agrees with the amount in the general ledger and the CAFR. The problem that occurred, from our perspective, was that our presentation in the footnotes included purchases and deletions as well as the \$14 million adjustments. We feel it was clearer to exclude the adjustments. The auditors agreed and we made the change. We agree with the auditors that it is important to work hard to maintain a strong reconciliation process in capital assets. We also agree with the auditors that we should maintain the details of previous adjustments for clarification and easier research. But we do these things now and had this information at the time of the audit. This point has been discussed with the auditors but we could not reach agreement.

We agree with the auditors on the second point in the finding. We are seeking a way to apply residual values to the depreciation process of our capital assets. We will continue this work in 2009.

2008-B SECURITY ACCESS FOR FINANCIAL INFORMATION

Criteria – The County is accountable and responsible for the safeguarding of its assets and this includes computer access to all types of data.

Condition/Context - It is our understanding that access to the County financial information in the human services, finance and budget departments can be accessed with 1 password. Upon trying to safeguard the financial information for the County, finance personnel requested a two access password process to financial information and were informed that one password was enough to deter entry into the system.

Effect – Potential with only using one password could lead to various forms of identity theft or access to secure data such as participant data.

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2008

Cause – Lack of understanding of the importance of a two password system to protect the County's data.

Recommendation - With identity theft at an all time high and the poor economy in which we live today a primary concern, we believe it is only prudent to try and protect the County's financial information with more than one password. We believe passwords should be complex, meaning at least 8 characters with capital letters, numbers and special characters represented in the passwords, so that it would be difficult for anyone to gain access to the county's financial data. We would like to see the County revisit this security issue and improve the password security for financial information maintained by the County.

Management Corrective Action Plan - We completely agree with the finding of the auditors and will work with the IT Department to strengthen County system passwords in the future.

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2008

Section III—Federal Award Findings and Questioned Costs

2008-01 **Passed-through Colorado Department of Human Services**
Foster Care – Title IV-E
CFDA – 93.658
Allowable Costs/Eligibility (Licensing of county providers)
Significant Deficiency

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. 710.33 - Application and Inspection for Certification of Foster Care Homes and 7.500.314 for Renewal or Continuation Notice.

Condition - 24 of the 40 files tested were county certified providers (the remaining files were certified by the state). These County licensed providers were tested for proper certification and support according to state regulations and noted the following findings related to certification of Foster Care providers:

- One instance of no current pet immunizations performed when there were pets in the home
- One instance where the required school attendance was missing
- One instance did not have the required health records
- Twelve instances where the required documentation for training was missing
- Nineteen instances the required training was not completed

Questioned Costs – Unknown

Effect – The County lacks procedures surrounding the licensing of foster care homes which may result in the child being placed in an unsafe Foster Care home or disallowed costs.

Cause – Due to lack of monitoring for compliance with the state requirements errors were not being detected or corrected in a timely manner.

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2008

Recommendation – We recommend the County implement a training program that includes the federal and state rules and regulations. In addition, the County should perform a review of all files to ensure the foster care providers are properly licensed and all required information is documented in the file.

Management Corrective Action Plan - We agree with the findings and have new procedures in place to correct the issues. Implemented in June 2008, as a part of the Collaborative Foster Care Program, providers now obtain their 24 hours of training prior to certification. In addition, CPR and First Aid Training are offered to providers on an ongoing basis. Several of the findings for training documentation and incomplete training were for providers who were certified prior to June 2008 when the new training expectations and oversight process went into effect. The Program Supervisor monitors training hours to ensure that required training hours are completed and that training certificates are produced on a monthly basis. If, at recertification, documents/training have not been received and/or completed, there will be no further placements in the home. An escalation process in place to address certification requirements that are not resolved over a given period of time including suspending payment until the situation is resolved. This process is monitored by the Program Supervisor with administrative oversight and approval by the Program Administrator.

2008-02

Passed-through Colorado Department of Human Services

Foster Care – Title IV-E

CFDA – 93.658

**Eligibility/and State Requirements Timeliness of Determining Eligibility
Significant Deficiency**

Criteria – The state requires the completion for the SS9 eligibility form to be completed within 45 days of the child’s placement in a foster home to determine eligibility. This form also provides required information and recalculations for income to determine if the child is IVE eligible or not.

Condition – Six of forty case files did not complete the SS9 eligibility form within the 45 day time frame and one of the forty cases tested indicated on the SS9 form the child is not IVE eligible but was entered into Trails as IVE eligible and received IVE funding since January 2008 through September 2008. This was noted by the client when pulling the files for the audit and also discovered by the auditors during the eligibility testing. The funding source for the child was changed from IVE to “without regards to income” in October of 2008 in the amount of \$9,671.

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2008

Questioned Costs – Known questioned costs for nine months were \$9,671 of approximately \$4,340,000 total during the same nine month period. This was corrected by the client.

Effect – Benefits may be made for children who are not IV E eligible and errors not detected timely.

Cause – Prior to 2006 many of the eligibility requirements were performed by the Business office and now are under the supervision of those with expertise in complying with federal and state compliance requirements. Five of the six SS9 late eligibility requirements related to the Business office. Due to the client not implementing a timely file review and not comparing the information entered into Trails with the SS9 to determine accuracy this error was not detected timely by the County staff.

Recommendation – We recommend the County continue to monitor the timeliness standards as directed by the state to ensure compliance with regulations and to implement a review process of each child's initial determination and redetermination to ensure the child is IVE eligible.

Management Corrective Action Plan – We agree with the findings and have taken steps to correct the issues. The Integrated Care Management System (ICM) was implemented in July, 2008. This sophisticated application system managed and monitored by the Administrator of Operational and Placement Services and is designed to automate the completion of documents, forms and referrals using case management, client, and provider information extracted from Trails. The system automates the workflow process, expedites approvals and the generation of documents and will generate email reminders to alert staff of upcoming and overdue tasks. The system generates reports on demand to assist in the monitoring and administrative oversight. In addition, in June 2008, an internal peer audit process was implemented to help monitor eligibility compliance. This system will allow more timely and accurate review of provider payments and eligibility benefits.

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2008

2008-03 Passed-through Colorado Department of Human Services

CFDA # - 93.563

Child Support Enforcement

Special Tests

Significant Deficiency

Criteria – 45 CFR Part 303 – Standards for Program Operations, requires the County to comply with specific criteria regarding Establishment of Paternity and Support Obligations, Enforcement of Support Obligations, Securing and Enforcing Medical Support Obligations and Provision of Child Support Services for Interstate Cases.

Condition – We tested 40 files and noted the following instances of non compliance:

- 21/40 files were late on entering the information from the applications into ACES within the required 20 day time frame of receipt of the application.
- 4/40 files had errors on the court order regarding who the responsible party is that is required to provide medical insurance for the child
- 3/40 files had incorrect information entered into ACES regarding the parent who is currently providing health insurance for the child
- 3/40 files did not send the required National Medical Support Notice (NMSN) to the parent in a timely manner

Questioned Costs - None

Effect – The County is not in compliance with the Federal requirements regarding timeliness and accuracy of information entered into ACES including the NMSN notice sent to appropriate parties. Due to these non compliance issues this may result in actions taken by the state or the federal agency.

Cause – Prior to the transition in 2007 this program was administered by a subrecipient of the County and some of the past due cases are included in the finding. The medical insurance issues are due to caseworkers not following up timely on determining the responsible party for providing insurance as well as sending out the NMSN notice in a timelier manner.

Recommendation – We recommend the County include the above non compliance items in their internal quarterly reviews and provide additional training to staff as soon as possible.

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2008

Management Corrective Action Plan - We agree with the finding for exceeding the 20 day time frame and have implemented new procedures to address this issue, effective November 2008. To increase efficiency, we will only meet with and interview TANF applicants who have been approved as opposed to meeting with all applicants. While we agree with the findings, we disagree with the sampling methodology used for this test. The majority of cases, 16 out of 21, that were not initiated within 20 days were received and initiated prior to 2008. We have improved our processes in 2008 and believe the results would have been different with a sample comprised entirely of cases initiated in 2008. We respectfully recommend that in future audits of compliance for initiation that samples should be drawn from cases initiated during current audit year.

We do not agree with the finding related to errors on the court orders for the provision of medical insurance. The pleadings addressing the medical provision of orders are State of Colorado forms and "either party" is the state recommended option. It is our opinion that this finding should be with the state and not Arapahoe County as we are following their guidance.

We agree with the finding of not sending the NMSN in a timely manner. The appropriate supervisor has followed up with the Enforcement Team to stress the importance of sending the NMSN timely and will begin reviewing the Medical ad hoc report. To clarify, state and federal agencies do not restrict or issue incentive funds related to medical support, so there is no benefit or adverse impact related to this issue. Currently, there are only recommendations at the federal and state levels of administration to issue incentives and have formal performance measures.

We will continue reviewing for compliance issues with case initiation and medical support.

In reference to 2007-07, we dispute that CSE did not fully implement the Quarterly Quality Review Policy and Procedure. It was fully implemented in the first quarter of 2008.

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2008

2008-04 **Passed-through Colorado Department of Human Services**
CFDA 93.778
Medical Assistance Program
Eligibility
Significant Deficiency

Criteria - 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.

Condition - 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 where the file could not be located.
- One instance in which an individual was not denied for non-compliance with the Deficit Reduction Act (DRA). Non-compliance with the DRA should have meant that the case would not have been processed further. However, we noted that the technician continued to process this case. The case was later denied for exceeding income, but the income used was not properly calculated.

Effect - Failure to maintain complete and proper participant files may result in Medicaid payments made to individuals who do not meet eligibility requirements.

Questioned Costs - Unknown

Cause - There appears to be a lack of experienced case workers to implement the standardized procedures in place to ensure consistent case file documentation.

Recommendation - The County should continue its use of the INT 145, an internal checklist, on all files. In addition, the County should continue to train case workers on the eligibility requirements.

Management Corrective Action Plan - We agree with the findings and have implemented six-sided case file folders that will improve the organization of information in the files and have created a checklist (INT145) for all assistance payments programs to help ensure that required information is in the files. We

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2008

believe these steps will facilitate easy identification of missing items so that the worker can obtain missing information from the client immediately.

We agree that one case file record could not be located. The county is in the process of exploring alternative ways to maintain client records, such as using barcodes or perhaps eliminating paper files, in order to more accurately track cases or case information.

We agree with the finding that one case was incorrectly denied. The case should have been denied for no DRA documents, but was erroneously denied for excess income. Mandatory refresher DRA trainings were conducted in May of 2008. The Community Support Services division is in the process of creating and implementing mandatory ongoing training for seasoned staff members, which will be implemented by late March 2009. DRA and income processing will be two subjects covered during this training. Additionally, the supervisory case file review process will incorporate mandatory MEQCI requirements as of January 1, 2009.

2008-05

Passed-through Colorado Department of Human Services
CFDA 93.778
Medical Assistance Program
Special Tests
Non compliance

Criteria – 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 Medicaid eligibility or ineligibility) within forty five days from receipt of the completed application.

Condition – The County did not send notice of action within forty five days of the date of application in five out of forty items tested.

Cause – The County processing timelines are such that they are not able to request additional documents from the applicant and still complete the application in forty five days.

Effect – Participants are delayed in being approved for Medicaid Services

Questioned Cost – None

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2008

Recommendation – We understand that CSS was unable to create a report that allows us to monitor cases prior to the case exceeding the processing guidelines due to the State Department of Human Services transitioning from the current Business Objects reporting system to COGNOS. We recommend the County continue to work with the State on a report that would allow the County to monitor cases that are nearing the 45 day deadline.

Management Corrective Action Plan - We agree with the finding that five cases were not processed timely. Four of the five cases were in the Adult Financial or Long Term Care units. Both units have been addressed concerning not delaying other programs when waiting on verification for Adult programs. Additionally, the Community Support Services division is in the process of creating and implementing mandatory ongoing training for seasoned staff members, which will include timely processing. This training will be implemented by late March 2009.

The Department of Health Care Policy and Financing states the application date for Medicaid is the date the client provides all the necessary verification to determine eligibility. Currently, the CBMS system cannot generate a report for that date, so it is not possible to develop a report that accurately determines when a case is approaching the 45 day deadline. A report that tracks the application date is generated weekly and is used as a guideline to assist in timely processing. The Quality Assurance Administrator is now monitoring this report for compliance and, if issues are found, will follow up with the Program Administrator to begin and action plan.

2008-06 **Passed-through Colorado Department of Human Services**
CFDA #93.558
Temporary Assistance for Needy Families
Eligibility
Significant Deficiency

Criteria – The County submits their Colorado Works policies and procedures to the State for approval. These program guidelines and 45 CFR Section 205.60 require case files be maintained that include documentation of income verification, re-determination of eligibility and applications for assistance. The County is required to maintain a system of internal controls to insure that all appropriate documentation is obtained to document the participant's eligibility.

Condition – We noted the following instances of noncompliance related to the internal control requirement over eligibility determination in 6 of 40 files tested:

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2008

- One instance in which the immunization records were missing.
- Two instances where there was no documentation indicating whether anyone in the household had been convicted of drug felonies.
- One instance where the applicant stated a prior drug felony and evidence of attending a rehab facility was not documented within the file.
- Two instances where support was not provided for an Individual Responsibility Contract (IRC).
- One instance in which a file could not be located.

Effect – Failure to maintain complete participant files may result in payments made to individuals who do not meet eligibility requirements. The cost of the assistance may be disallowed.

Questioned Costs – unknown

Cause – There appears to be a lack of experienced case workers to implement the standardized procedures in place to ensure consistent case file documentation.

Recommendation – We recommend the County follow state and federal guidelines on information required for determining eligibility. We also recommend that appropriate training be provided to technicians and that Supervisors perform spot checks on files to determine if progress is being made in this area and errors are corrected timely.

Management Corrective Action Plan - The County agrees with immunization record finding. Immunization records are requested at the time of certification, but cannot be required until redetermination. A checklist has been implemented and immunizations are listed as one of the components on that list. Additionally, this is monitored through the case file review process.

We agree with the two findings that drug felonies were not documented in the case file record. The county has changed the initial Assessment to include a question concerning conviction of a drug felony. While the county maintains that documentation concerning the treatment existed in an email in the Workforce file on the instance where the client had a drug felony, the county has enhanced the documentation requirements when someone does have a drug felony conviction.

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2008

We agree with the findings on the IRCs. The county recently reorganized the Colorado Works program, which now requires the Assessment Specialists within the division to complete the initial IRC with each mandatory client. Various providers offer ongoing services that require the updating the IRC throughout the certification period. The Colorado Works Administrator holds monthly meetings with each provider to monitor the participation of our clients. These procedures, while newly implemented during timeframe of this audit, are now in place to ensure this problem no longer exists.

We agree with the recommendations and believe we have processes in place. Formal classroom training that lasts between three and four weeks is provided for all new staff members, which includes training on the regulations, the computer system and internal procedures. Once completed, the new staff member's work is approved by the Lead Worker or by the Supervisor for six months to one year.

The Colorado Works management staff completes a minimum of six case file reviews per Assessment Specialist each month. Additionally, the State provides a list of twenty cases each month to be reviewed.

2008-07 **Passed-through Colorado Department of Human Services**
CFDA #93.575/93.596
Child Care and Development Cluster
Eligibility
Significant Deficiency

Criteria – The Colorado Department of Human Services Staff Manual Section 3.920 describes income eligibility inclusions, exclusions and adjustments. Section 3.905(B) outlines the calculation for parental fees based on income level and number of children. In addition, Section 3.904.1(E) of the Colorado Department of Human Services Staff Manual requires the counties to maintain current immunization records of the child.

Condition – We noted the following instances of non compliance relating to the eligibility compliance requirements for the child care and development cluster:

- Income was inappropriately calculated in 2 of 40 files tested.
- Completed immunization records were not obtained in 1 of 40 files tested.

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2008

Effect – If income is not properly calculated, the grant may not be charging the correct parental fee. Additionally, failure to maintain complete participant files may result in payments made to individuals who do not meet eligibility requirements.

Questioned Costs – \$280 out of \$14,389 payments to providers tested.

Cause – Due to a lack of supervision and training, errors are not being detected or corrected in a timely fashion.

Recommendation – The County should review the appropriate calculation of the income with its staff. In addition, the County should maintain all required documentation in each file to support eligibility.

Management Corrective Action Plan – We agree with the findings and the county has taken several steps to correct them. First, the county has reorganized the child care staff as of November 2008, which included moving in two very strong Program Specialists to allow more accurate determination of benefits. Second, all child care program Specialists attended state-sponsored training sessions in October 2008 that covered rules and regulations concerning the child care program. Third, a new case file review process is being created for every program in the Community Support Services division to ensure consistency in the case file review process and will tie error rate to personnel evaluations. Performance in this unit will be more closely tracked with the new system, which will be implemented in 2009 and monitored by the Quality Assurance Administrator. Finally, the Community Support Services division is in the process of creating a mandatory ongoing training for seasoned staff members. The training is expected to be implemented in late March 2009.

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2008

2008-08 **Passed-through Colorado Department of Human Services**
CFDA #93.575/93.596
Child Care and Development Cluster
Allowable Costs
Significant Deficiency

Criteria - The Colorado Department of Human Services Staff Manual Section 3.905(B) outlines the calculation for parental fees based on income level and number of children. Section 3.911 outlines requirements for provider rates and payments to providers.

Condition - We noted the following instances of non compliance relating to the allowable costs compliance requirements for the child care and development cluster out of 40 files tested:

- Seven instances in which the County calculated the correct parental fee; however, it did not withhold the correct parental fee when determining the amount owed to the provider.
- Three instances in which the daily rates paid to the provider did not agree to the fiscal agreements
- One instance in which the County paid rates under an old fiscal agreement. The new fiscal agreement was signed after the effective date of the new fiscal agreement; however, there was nothing in the contract that indicated retro-active payment would not be made if the addendum to the fiscal agreement was not provided back to the County timely.

Effect - The grant may be overcharged or undercharged due to the inappropriate parental fee withheld on payments to providers. In addition, the grant may be overcharged or undercharged if the county does not charge the providers the authorized rates in the fiscal agreements. These errors may result in the cost of the assistance being disallowed.

Questioned Costs - \$342 net over-payment of out of \$14,389 payments to providers tested.

Cause - Based on the child authorization form, the parent fee was not flowing through to the provider payroll system appropriately and there was not a procedure in place to ensure that the proper parent fee was being withheld. In addition, the

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2008

County had two addendums to the fiscal agreements during 2008. It appears that there was not a system in place to review the new rates that were entered into CHATS appropriately.

Recommendation - We recommend the County adopt procedures to verify the provider's daily rate between the child care authorization form and the fiscal agreements for each provider are in agreement. In addition, we recommend that the County adopt procedures to ensure that when provider payments are made that parent fee withheld agrees to the parent fee on the child care authorization.

Management Corrective Action Plan – We agree that the correct parental fee was not charged in seven of the cases. The Program Specialists are now required to print and compare the authorization screen for each child being authorized for care. This should alleviate the problem of the parental fee not carrying over to the authorization. The business office will continue to check that the parental fee is charged according to case comments.

We agree with the findings that the paid rate did not match the contracts in three cases. Two of these were data entry errors that occurred when the new rates were entered into the system. The County is attempting to obtain a report that will help ensure that rates entered into the system match the contract. The third case was a special needs rate that was not included in the contract. As of November 2008, when special needs cases are approved, the contract will be checked by the Program Specialists to make sure that it includes the special needs rate.

We agree that the addendum mailed to the provider did not specify that retroactive payments would not be made if the agreement was not returned timely. However, the cover letter that accompanied the addendum did state that agreements not returned timely would not receive the rate increase and the county believes the cover letter was sufficient in this particular case. In the future, the county will add that verbiage to the addendum.

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2008

2008-09 **Passed-through the Colorado Department of Human Services**
CFDA # 10.551/10.561
Food Stamp Cluster
Special Tests and Provisions
(ADP System for Food Stamps)
Significant Deficiency

Criteria – Colorado Department of Human Services Staff Manual 4B for the food stamp program describes the requirements and procedures for determining eligibility and types of documentation required to ensure the benefit issuance amount paid through CBMS is correct. In addition, the common rule requires the County establish fiscal controls and accounting procedures adequate to demonstrate funds have been properly expended.

Condition – We noted the following instances of non-compliance related to the internal control requirement over benefit issuances in 2 of 40 files tested:

- One instance where an individual did not receive the appropriate housing and utility deductions.
- One instance where the income used for eligibility was not calculated appropriately.

Effect – The amount of benefits paid to participants may not be correct. The cost of the assistance may be disallowed.

Questioned Costs – Net under-issuance of \$63 out of total benefit payments tested in the amount of \$8,448.

Cause – Errors resulted from improper input of client documentation by the technician into CBMS.

Recommendation – The County should continue to train case workers on the calculation of the benefit payments and implement procedures to insure appropriate entries are made in CBMS.

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2008

Management Corrective Action Plan – We agree with the findings and recommendations. Formal classroom training that lasts between three and four weeks is provided for all new staff members, which includes training on the regulations, the computer system and internal procedures. Once completed, the new staff member's work is approved by the Lead Worker or by the Supervisor for six months to one year. The Community Support Services division is in the process of creating and implementing mandatory ongoing training for seasoned staff members. The training is expected to be implemented in late March 2009. Additionally, six case file reviews are completed for each worker every month.

In reference to the incorrect utility deduction, the Food Assistance program at the state level implemented a change in the way utilities are considered for the new federal fiscal year, beginning in October 2008. This change should alleviate many errors that are related to utility deductions.

2008-10 **Passed-through Colorado Department of Human Services**
CFDA# 93.568
LOW-INCOME HOME ENERGY ASSISTANCE
State Regulations
Significant Deficiency

Criteria - State of Colorado, Staff manual Volume III, section 3.756.14 states that the County has up to fifty calendar days from the date of the application (date stamped) to determine eligibility.

Condition – Three out of forty files exceeded the 50 day requirement to determine eligibility.

Questioned Costs - None

Effect – The County is not in compliance with the state regulations on the fifty day turnaround.

Cause - Lack of supervisor's timely review of staff's work and insufficient training of staff resulted in non compliance with the state's turnaround requirement.

Recommendation – We recommend timely review of staff's work and sufficient training throughout the LEAP fiscal year to ensure compliance with the state regulations.

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2008

Management Corrective Action Plan - Arapahoe County acknowledges that three of the forty cases reviewed were not approved within the 50 days allowed by regulation. Several steps have been taken to avoid delays in processing cases.

First, during the 2008-2009 LEAP Season, a change was made to the process of assigning cases. Each case was assigned to a specific Program Specialist. In prior years, cases were worked in date order. Assigning cases to specific Program Specialists allows for more accountability and monitoring.

Secondly, the Weekly Status of Application Tracking Pending Report was distributed to each Program Specialist on a weekly basis. This report needed to be worked, documented and returned to the Lead Worker every week. Therefore, Program Specialists were made more aware of cases that were in danger or becoming out of compliance.

Third, Arapahoe County has implemented a Single Purpose Audit where LEAP cases will be reviewed by the Quality Assurance and Compliance team on a monthly basis. This program started reviewing LEAP cases in May 2009. Timeliness is a focus of these reviews.

Arapahoe County, Colorado
Summary Schedule of Prior Year Findings
December 31, 2008

2007-01 **Passed-through Colorado Department of Human Services**
Foster Care – Title IV-E
CFDA – 93.658
Allowable Costs/Eligibility

Finding - 20 of the 40 files tested were county certified providers (the remaining 20 files were certified by the state). These County licensed providers were tested for proper certification and support according to state regulations and noted the following findings related to certification of Foster Care providers:

- Two instances where no financial information was obtained
- Two instance where no safe questionnaires were completed
- Two instances where no facility inspection was completed and one instance where a facility agreement was not signed
- One instance that a Department of Motor Vehicle check was not performed
- Four instances did not have a copy of current driver's license
- Six instances there was no proof of car insurance
- Three instances of no FBI background check performed
- Four instances of no pet immunizations performed when there were pets in the home
- Three instances of not obtaining the required three reference letters
- One instances where the required school attendance was missing
- Two instances did not have the required citizenship affidavit
- Six instances did not have the required health inspections
- Twelve instances where the required training was missing or not in compliance with the required hours
- Four instances did not have current CPR/first aid training
- Three instances of certificates that were renewed without the proper paperwork and one instance of a certificate that was not renewed although the child remained in the home.

Status – Client Response - All new foster homes certified in 2008 are in compliance with certification requirements. The Collaborative Foster care Program with Jefferson County has been fully implemented and the accompanying pre-certification training is in place.

Auditor Response - Partially implemented see finding 2008-01.

Arapahoe County, Colorado
Summary Schedule of Prior Year Findings (Continued)
December 31, 2008

2007-02 **Passed-through Colorado Department of Human Services**
Foster Care – Title IV-E
CFDA – 93.658
Eligibility/State Requirements Timeliness of Determining Eligibility

Finding – Seven of forty case files did not complete the SS9 eligibility form within the 45 day time frame.

Status – Client response - All files that could be brought up to compliance have been.

Auditor Response - This process was implemented for 2008 files and files pulled prior to this date were not completed timely. See finding 2008-02.

2007-03 **Passed-through Colorado Department of Human Services**
Foster Care – Title IV-E
CFDA – 93.658
Provider Payments

Finding – We tested 40 provider payments and noted the following issues related to contracts and provider payments:

One negotiated contract indicated an amount of \$34.34, although was paid a correct daily rate of \$35.34 and this amount was only penciled in on the contract but not updated and signed by the provider. The correct amount was entered into the Trails system and correctly paid to the vendor.

One negotiated contract was not updated to the new daily rate of \$72 until we informed the County of the error. The contract was updated and signed by the provider and the County during our field work. The amount entered into Trails and the payment to the provider was correct.

One roster did not include the dates the child was in foster home care although the \$376.03 payment to the provider was made.

One signed contract for a RCCF provider was not obtained by the County although the payment was made to the provider for \$268.05. The signed contract was provided to the auditors in December 2007.

Status – Client Response - All the above processes were put in place for proper levels of review.

Arapahoe County, Colorado
Summary Schedule of Prior Year Findings (Continued)
December 31, 2008

Auditor Response – Substantially implemented.

2007-04 **Passed-through Colorado Department of Human Services**
Foster Care – Title IV-E
CFDA – 93.658
Eligibility

Finding – Four of the forty cases files tested did not include a copy of the child’s birth certificate to document the child’s citizenship or alien status. One child did not have a Social Security number.

Status – Client Response - see actions taken under the discussion of finding 2007-01

Auditor Response – Fully implemented.

2007-05 **Passed-through Colorado Department of Human Services**
CFDA# 93.659
Adoption Assistance (Title IV-E)
State and Federal Case File Requirements

Finding – The County did not comply with the states requirements for adoption subsidy cases. We tested 40 files and noted the following did not contain some of the items as required by the state or the federal agency.

- Five files did not contain either a verbal or temporary custody order
- Ten files did not obtain the required out of home placement orders
- One file was missing the SS 11 (Subsidized Adoption Eligibility for IVE)
- Three files were missing the SS 9 (IVE eligibility)
- Fourteen files were missing the SS 10 (IVE redetermination)
- Seven files were missing the petition to adopt
- Eleven files did not contain a background check information from Trails or CBI or FBI (requirement for IVE)
- Nine files were missing the orders terminating parental rights and the parents appeal
- Seventeen files did not have Subsidy Adoption Guidelines
- Three files did not contain a home study for the safety of the child. The home study is to be completed within one year of the adoption.

Status – Client Response - All proper steps for proper review have been implemented. All 2008 finalized adoptions fully meet compliance regulations. OPI

Arapahoe County, Colorado
Summary Schedule of Prior Year Findings (Continued)
December 31, 2008

Follow up – OPI verified that the Adoption unit did review all of their cases. A subsequent review by OPI found some documentation missing but overall the cases were more complete.

Auditor Response – Fully implemented.

2007-06 **Passed-through Colorado Office of Energy Conservation**
CFDA # 81.042
Weatherization Assistance for Low-Income Persons (WAP)
Procurement, Suspension and Disbarment

Finding - Four of ten vendors reviewed, the County did not ensure that the vendor was not suspended or debarred.

Status – Client Response - Arapahoe has implemented the practice of the requirement to check on debarment of suspension of vendor prior to entering into contracts for Weatherization Assistance Program (WAP). The practice has been implemented utilizing the Excluded Parties List System (EPLS).

Auditor Response - Fully implemented.

2007-07 **Passed-through Colorado Department of Human Services**
CFDA # - 93.563
Child Support Enforcement
Special Tests

Finding – We tested 40 files and noted the following instances of non compliance:

- In one file the application intake was not completed within the required 20 day time frame
- One file did not indicate the responsible party for medical insurance and for one file the medical insurance party was incorrectly input into ACES
- One file did not provide documentation that the \$20 application fee was paid
- Two files had missing or incorrect social security numbers for the children
- In one file the original information was missing and a “dummy file” was created

Status – Client Response - CSE implemented the proposed policy in 2008. However since the policy requires quarterly reviews the monthly meetings that included the discussions did not begin until the end of the quarter subsequent to the policy implementation. CSE began discussing the outcomes of the file reviews in July. We believe this change was effective as we have identified some issues that we

Arapahoe County, Colorado
Summary Schedule of Prior Year Findings (Continued)
December 31, 2008

otherwise may not have identified. Due to identifying these issues we were able to follow up with relevant staff and provide training.

Auditor Response – Partially implemented, see finding 2008-03.

2007-08 **Passed-through Colorado Department of Human Services**
CFDA # - 93.563
Child Support Enforcement
Subrecipient Monitoring

Finding - The 18th Judicial District (District) administered the CSE program for the first six months of 2007. The County has since taken over the CSE program under the Health and Human Services department. The County received requests for reimbursements from the District based on estimated expenses and reimbursements were made monthly to the District. The County also received detail information from the District but received this information, many months later and therefore did not enter this information into the CBMS system that is used to calculate the quarterly incentives. Due to the untimely receipt of expenses from the District, the County may have lost incentive revenue. Another factor is the reconciliation of expenses compared to the amount paid to the District, resulted in the discovery of an overpayment of approximately \$16,000 to the District. The County is in the process of collecting this overpayment.

Status – Client Response - The amount was collected in 2008.

Auditor Response – Fully implemented.

2007-09 **Passed-through Colorado Department of Human Services**
CFDA# 93.568
Low-Income Home Energy Assistance
Eligibility/Income Calculation

Finding – In five out of twenty-five cases the income calculations were not computed correctly. In one case, the dollar amount received for the benefit had no effect on the amount paid to the heating vendor as the amount was the maximum allowed. The other 4 cases resulted in an overpayment to the vendor due to the incorrect calculation of the income that increased the benefit amount.

Status – Client Response - Case file reviews were completed on all LEAP staff for the 2007/2008 LEAP season. Beginning with the 2008/2009 LEAP season all LEAP staff will be required to attend the New Worker training offered by the State Department of Human Services. In previous years, the State required all returning

Arapahoe County, Colorado
Summary Schedule of Prior Year Findings (Continued)
December 31, 2008

staff to attend Veteran training. Arapahoe County has mandated all returning staff to attend New Worker Training. Lastly all staff will be required to be placed on 100% sign-off until all staff show a proficiency of the program. OPI met with LEAP supervisors and determined that case file reviews were being conducted. They also confirmed plans to have all staff have each current case reviewed until the person shows at least 90% accuracy in their work. Income calculations are being checked during the case file review process.

Auditor Response – Fully implemented.

2007-10 **Passed-through Colorado Department of Human Services**
CFDA 93.778
Medical Assistance Program
Eligibility

Finding - Forty case files were tested during the prior year that were related to determining eligibility for the Medicaid program. Appropriate documentation relating to participant eligibility could not be located for two files. Missing documentation included: one case file was not located for testing and resource information was incorrectly applied in one instance.

Status – Client Response - CSS implemented the 145 checklist for all High Level Program Groups within the CBMS system. All staff received thorough training on the checklist. The checklist has been added to the New Worker Training curriculum. In fall 2008, the division completing the six-sided case file project.

OPI Follow-up – OPI verified that in most cases (a few exceptions were found) the staff were using the INT145 checklist. The six-sided folders have been implemented. Not all of the open cases have been reviewed by staff but a large number have been.

Auditor Response - Not implemented. See finding 2008-04.

2007-11 **Passed-through Colorado Department of Human Services**
CFDA 93.778
Medical Assistance Program
Special Tests

Arapahoe County, Colorado
Summary Schedule of Prior Year Findings (Continued)
December 31, 2008

Finding - During the prior year audit, GH&B tested forty case files and determined that the County did not send the notice of action within forty five days of the date of application. In three out of forty items tested, the County did not meet this requirement.

Status – Client Response - CSS was unable to create a report that allows us to monitor cases prior to the case exceeding the processing guidelines. This was largely due to the State Department of Human Services transitioning from the current Business Objects reporting system to COGNOS. Several staff within the County are members of the COGNOS transition team and identified this type of report.

Auditor Response - Not implemented. See finding 2008-05.

2007-12 **Passed-through Colorado Department of Human Services**
CFDA #93.575/93.596
Child Care and Development Cluster
Eligibility

Finding – The Colorado Department of Human Services Staff Manual Sections 3.905(B) outlines the calculation for parental fees based on income level and number of children. In addition, Section 3904.1 of the Colorado Department of Human Services Staff Manual requires the counties to maintain current immunization records of the Child. Income was incorrectly calculated which resulted in parental fees being miscalculated for three out of forty files tested; immunization records were not included in twenty three out of forty files tested (these participants were all referred from Colorado Works); documentation supporting income was not located in three out of forty files tested.

Status – Client Response - The staff within the Child care Assistance Unit are now subject to the case file review process on a monthly basis. Additionally all child care staff are required to complete the verification checklist INT145. The county is hosting the State's new worker training in October. All child care staff will attend this training.

Auditor Response – Not implemented. See finding 2008-07.

2007-13 **Passed-through Colorado Department of Human Services**
CFDA #93.575/93.596
Child Care and Development Cluster
Allowable Costs

Arapahoe County, Colorado
Summary Schedule of Prior Year Findings (Continued)
December 31, 2008

Finding - The Colorado Department of Human Services Staff Manual Section 3.905(D) outlines the authorization for payment. In one out of forty cases tested, the number of days on the attendance record was incorrectly counted.

Status – Client Response - The County has implemented quality control processes related to the importance of recounting the number of days listed on the provider rosters.

Auditor Response – Partially implemented. During testing of 2008 payments to providers we did not note any instances in which there were discrepancies between the number of days in child care per the attendance record and the number of days paid. However, we noted several instances in which the payments to providers were incorrect because they were not based on the authorized rate per the fiscal agreement. See finding 2008-08.

2007-14 **Passed-through Colorado Department of Human Services**
CFDA #93.558
Temporary Assistance for Needy Families
Eligibility

Finding - Proper documentation of participant eligibility could not be properly supported for ten of forty files reviewed: income eligibility was incorrectly calculated in two instances; immunization records were missing in three instances; Individual Responsibility Contracts (IRC) were missing in five instances and photo identification was missing in one instance.

Status – Client Response - A process was put into place to ensure that a more effective review of the case files took place and that all documentation necessary for the file are obtained in a timely manner.

Auditor Response – Not implemented. See finding 2008-06.

Arapahoe County, Colorado
Summary Schedule of Prior Year Findings (Continued)
December 31, 2008

2007-15 **Passed-through the Colorado Department of Human Services**
CFDA # 10.551/10.561
Food Stamp Cluster
Eligibility

Finding - Of the forty files tested, documentation of income eligibility was lacking or improperly applied in one instance; documentation of a participant's shelter cost was lacking or inappropriately applied in seven instances. As a result of the error, the amount of benefits distributed by the County may be incorrect.

Status – Client Response - While turnover continues to be an issue within CSS the training curriculum has been enhanced to include ongoing training for all staff with the emphasis on areas identified in the previous year's audit. All staff were mandated to attend CBMS trainings offered by the State CBMS training staff. To date, all staff have attended CBMS Basic Worker 02-04. Lastly, all staff are required to complete the INT 145 checklist at the time of initial application and at the annual recertification.

Auditor Response - Partially implemented. See finding 2008-09.

2007-16 **Passed-through Colorado Department of Local Affairs, Division of Emergency**
Management
CFDA # 97.067
State Homeland Security Program
Procurement

Finding – Five out of five instances were noted in which purchase orders greater than \$100,000 were not properly approved by the Director of Finance. We also noted five transactions greater than \$2,500 where informal bids were not secured by the ordering department.

Status – Client Response - Arapahoe has implemented the practice of the requirement to have all Procurements in excess of \$100,000 for North Central Region (NCR), be approved manually by the Sheriff and the Finance Director.

Auditor Response – Substantially implemented except for one isolated contract that carried over from 2007 to 2008.

Arapahoe County, Colorado
Summary Schedule of Prior Year Findings (Continued)
December 31, 2008

2007-17 **Passed-through Colorado Department of Local Affairs, Division of Emergency Management**
CFDA # 97.067
State Homeland Security Program
Allowable Costs

Finding – For two employees who are charged to multiple grants, the allocation of salaries is not in conformance with regulations. For a portion of the year, the Homeland Security Coordinator’s salary was currently being charged to a specific Homeland Security Grant when in fact he currently oversees several grants in this area. The County corrected this allocation during 2007. For employees who are charged to multiple grants, salary charges are based on pre-determined charges to each grant. The County does not adjust these pre-determined charges to actual time spent.

Status – Client Response - The NCR has implemented the allocation of administrative costs and time between the HSGP, LETPP and CCP grants for time actually worked and costs. They have turned in time certifications for the 1st and 2nd Quarters.

Auditor Response – Fully implemented.

2007-18 **Passed-through Colorado Department of Transportation**
CFDA # 20.205
Highway Planning and Construction Program
Suspension and Debarment

Finding – Prior to September 2007, the County was not always checking for suspension and debarment of contractors or subcontractors. During September 2007, County personnel reviewed all open purchase orders and performed tests for suspension and debarment on those vendors.

Status – Client Response - In 2008, all contracts related to projects that include funding from the federal government are processed through a suspension and debarment review procedure before any contracts are awarded. This suspension and debarment review procedure is performed by the project’s project manager in the CIP Section of the Transportation Division of Public Works and Development. The project manager for each project has the responsibility to perform this review and notify the Transportation Division Manger and Finance and Administration representative of the results of the suspension and debarment review in writing.

Arapahoe County, Colorado
Summary Schedule of Prior Year Findings (Continued)
December 31, 2008

The Public Works Department Transportation Division Manger will rely on this notification when requesting approval of the contractor's contract from the Director of Public Works and Development.

Auditor Response – Fully implemented.

2007-19

Passed-through Colorado Department of Transportation
CFDA # 20.205
Highway Planning and Construction Program
Reporting

Finding – The County is not requesting reimbursement from CDOT within 60 days of receiving an invoice from a contractor.

Status – Client Response - In 2008 the Department of Public Works and Development has begun a new process on all CDOT projects for which Arapahoe County acts as the project manager and requests reimbursements from CDOT. When we receive invoices from contractors, we verify that all the work billed by the contractor for the billing period is completed according to the project specifications. We then process the invoice for payment to the contractor, while simultaneously submitting a request to CDOT for reimbursement of their pro-rated portion of the payment.

The responsibility for submitting both requests to CDOT for reimbursement, and for submitting contractor invoices for payment rests with the Transportation Division of the Public Works Department. In our new process, when the Transportation Division submits a contractor invoice for payment and requests the reimbursement from CDOT, the Finance and Administration section of Public Works records the amount to be reimbursed by CDOT in an accounts receivable account in the general ledger. This account tracks the processing of the reimbursement request from the time the contractor invoice is submitted for payment, through to the collection of the reimbursement from CDOT.

In 2008, we currently have only one active CDOT-related project that required reimbursement requests for CDOT, the Arapahoe Road Corridor Study. Three requests for reimbursement have been submitted to CDOT in 2008. All three reimbursements were submitted within 60 days of processing the contractor invoice.

Auditor Response – Fully implemented.

Arapahoe County, Colorado
Summary Schedule of Prior Year Findings (Continued)
December 31, 2008

2007-20 **Passed-through the Colorado Department of Labor**
CFDA # 17.258, 17.259, 17.260
WIA Cluster
Eligibility

Finding – Documentation of income eligibility was lacking or improperly applied in 2/40 instances.

Status – Client Response - While the income guidelines no longer apply for WIA Adult & DW, they remain in place for WIA Youth and have been monitored by a program supervisor during intake to ensure that all required documentation is included and accurate. The MIS Supervisor will then review the packets before they are assigned to an intake specialist. The additional review has afforded us the opportunity to identify any issue prior to incurring a program expense. Additional training has also been provided for both workforce specialists and intake staff to ensure that they have the tools and knowledge needed to submit the correct level of documentation.

Auditor Response – Fully implemented.

2007-21 **Passed-through the Colorado Department of Labor**
CFDA # 17.258, 17.259, 17.260
WIA Cluster
Trainer Eligibility

Finding – The Navigator system was not properly checked to ensure that a training provider was eligible prior to the customer being approved for occupational training.

Status – Client Response - The training voucher has been modified to include a reference and 'check box' for the Navigator verification as we run into difficulties with status changes at the state level after programs have been approved. The checked box will indicate that a search of the Navigator system is required and that documentation of the search will be included in the participant's file.

Auditor Response – Fully implemented.

2007-22 **Federal Grant Programs – Excluding Health and Human Services Department**
Cost Principles

Arapahoe County, Colorado
Summary Schedule of Prior Year Findings (Continued)
December 31, 2008

Internal Controls Surrounding Allowable Costs

Finding – The non HHS grant departments did not complete the required monthly or semi-annual time and effort certifications nor did the time sheets reflect the hours worked on a grant as the departments were not aware of this requirement. For one individual tested, the timesheet did not document that this person was working on a federal grant.

Status – Client Response - The NCR has implemented the allocation of administrative costs and time between the HSGP, LETPP and CCP grants for time actually worked and costs. They have turned in time certifications for the 1st and 2nd Quarters

Auditor Response – Fully Implemented.