

ARAPAHOE COUNTY, COLORADO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2007**

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	\$225,713
Temporary Emergency Food Assistance Program (TEFAP) - Administrative	10.568	9104Z2	\$51,103
Total TEFAP			<u>\$276,816</u>
Food Stamp Program - Administrative (1)	10.561	005	\$2,343,575
Food Stamp Program - Distribution (1)	10.551	005	\$30,406,348
Total Food Stamp Program			<u>\$32,749,923</u>
Total Passed-Through Co. Dept. of Human Services			<u>\$33,026,739</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>\$33,026,739</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	\$33,567
			<u>\$33,567</u>
Passed-Through Colorado Department of Local Affairs: Community Services Block Grant	93.569	KCS80003	\$328,229
			<u>\$328,229</u>
Passed-Through Colorado Department of Human Services to County Department of Social Services: (1)			
Child Welfare Services (Title IV-B)	93.645	005	\$422,633
Social Services Block Grant (Title XX)	93.667	005	\$1,843,120
Child Support Enforcement (Title IV-D)	93.563	005	\$3,798,643
Medicaid Transportation (Title XIX)	93.778	005	\$2,355,539
LEAP Low Income Energy Assistance	93.568	005	\$2,168,708
Independent Living (Title IV-E)	93.674	005	\$168,755
Foster Care (Title IV-E)	93.658	005	\$4,342,507
Child Care Development Block Grant	93.575	005	\$2,191,835
Child Care Development Funds	93.596	005	\$3,064,346
Adoption Assistance Grant	93.659	005	\$2,259,612
Temporary Assistance to Needy Families	93.558	005	\$6,746,873
Other Federal Assistance	93.XXX		-\$53,006
Disability Program Navigator POIHA REHB0809	84.126A	REHB0809	31,500
Total Passed-Through Colorado Department of Human Services			<u>\$29,341,065</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$29,702,861</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

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, 2007**

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	\$1,825,503
<i>TOTAL U.S. DEPARTMENT OF ENERGY</i>			<u>\$1,825,503</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)</u>			
Passed-Through Co Office of Emergency Management: Co. Statewide Emergency Management Program	97.042		\$59,946
			<u>\$59,946</u>
<i>TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)</i>			<u>\$59,946</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Passed-Through Bureau of Justice Assistance Program Office of Community Oriented Policing Services (COPS) COPS in Schools	16.710		\$20,875
Edward Byrne Memorial Justice Assistance Grant Program Finger /Palm Print Database	16.738		\$1,149
Drug Control and System Improvement Program: South Metro Drug Task Force	16.579	21-DB-02-30-15	\$70,000
HIDTA (High Intensity Drug Trafficking Area)	16.XXX	20-MP-01-13-1	\$36,251
State Criminal Alien Assistance Program	16.606		\$738,165
Total Passed-Through Co.Div. Of Criminal Justice			<u>\$866,440</u>
<i>TOTAL U.S. DEPARTMENT OF JUSTICE</i>			<u>\$866,440</u>
<u>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed -Through Co Dept. of Local Affairs, Div. Of Emergency Management State Homeland Security Program 2005	97.073 / 97.067 (1)	5EM75803	\$877,192
State Homeland Security Program 2006	97.067	7EM76803	\$865,995
State Homeland Security Program 2007	97.067	8EM77803	\$15,751
Law Enforcement Terrorism Prev. Program 2005	97.067	5EM75503	\$482,045
Law Enforcement Terrorism Prev. Program 2006	97.067	7EM76503	\$575,101
Law Enforcement Terrorism Prev. Program 2007	97.067	8EM77503	\$3,886
Citizen Corp Grant Program 2005	97.053 / 97.067 (1)	5EM75303	\$38,542
Citizen Corp Grant Program 2006	97.067	7EM76303	\$18,920
Citizen Corp Grant Program 2007	97.067	8EM77303	\$34
Public Safety Interoperability Of Communications	11.555	8EM77F03	\$6,635
<i>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</i>			<u>\$2,884,101</u>

(1) The CODA number on the State Award for 2005 SHE is listed as 97.073 & CAP is 97.053 . The Federal CODA number is 97.067.

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, 2007**

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	Multiple	\$50,487
Office of Colorado Workforce Development	17.260	Multiple	\$148,189
Total Passed-Through Colorado Department of Local Affairs			<u>\$198,676</u>
Passed-Through Colorado Department of Labor & Employment:			
Wagner-Geysler	17.207	06 & 07 KAA,00017	\$408,992
Workforce Investment Act Dislocated Worker/SAW	17.260	797,856&89,908&37, 1012&15	\$1,287,972
Workforce Investment Act Adult	17.258	856 & 71, 1012 & 13	\$1,626,218
Workforce Investment Act Youth	17.259	856 & 7, 1012 & 13, 1135 & 57	\$957,675
Total Passed-Through Colorado Department of Labor & Imp.			<u>\$4,280,857</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u><u>\$4,479,533</u></u>
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>			
Direct Program through Denver Regional Office:			
Centennial Community Development Block Grant 2005	14.218		\$3,718
Centennial Community Development Block Grant 2006	14.218		\$177,224
Centennial Community Development Block Grant 2007	14.218		\$133,138
Community Development Block Grant 2004	14.218		\$35,891
Community Development Block Grant 2005	14.218		\$174,036
Community Development Block Grant 2006	14.218		\$491,808
Community Development Block Grant 2007	14.218		\$218,844
Total Community Development Block Grant Program			<u>\$1,234,659</u>
American Dream Home Program 2005	14.239		\$12,597
American Dream Home Program 2006	14.239		\$18,458
American Dream Home Program 2007	14.239		\$18,461
HOME Program 2002	14.239		\$31,151
HOME Program 2003	14.239		\$29,372
HOME Program 2004	14.239		\$422,183
HOME Program 2005	14.239		\$322,478
HOME Program 2006	14.239		\$237,985
HOME Program 2007	14.239		\$1,974
Total HOME Program	14.239		<u>\$1,094,659</u>
Section 8 Program - Vouchers/Certificates	14.855		<u>\$19,390</u>
TOTAL U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			<u><u>\$2,348,708</u></u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed-Through Colorado Department of Transportation:			
Highway Planning and Construction	20.205		\$1,904,593
Highway Planning and Construction	20.205		\$94,493
Federal Highway Safety Grant - Twist Campaign	20.600		\$7,800
Alcohol Traffic Safety and Drunk Driving (Leaf Funds)	20.601		\$14,752
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u><u>\$2,021,638</u></u>
<u>TOTAL EXPENDITURES OF FEDERAL AWARDS</u>			<u><u>\$77,215,469</u></u>

GRANT SUBRECIPIENTS
For The Year Ended December 31, 2007

Federal Program	CFDA#	Amount
Community Development Block Grant	14.218	1,166,129
Child Support Enforcement IV-D	93.563	1,849,799
Home	14.239	987,993
State Homeland Security 2005	97.073/97.067	822,112
State Homeland Security 2006	97.067	662,479
Law Enforcement Terrorism Prev Prgm 2005	97.067	441,602
Law Enforcement Terrorism Prev Prgm 2006	97.067	393,830
Citizen Corp. Grant Program 2005	97.053/97.067	37,657
Citizen Corp. Grant Program 2006	97.067	18,854

ARAPAHOE COUNTY, COLORADO

**NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2007**

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 2007	\$	30,406,348
Commodities Distribution CFDA #10.569		
Value of commodities distributed during 2007	\$	225,713
Value of commodities on hand as of December 31, 2007	\$	77,099

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, 2007 no proceeds of this loan had been requested or received by the County.

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The Board of Arapahoe 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 business type 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, 2007, which collectively comprise Arapahoe County's basic financial statements and have issued our report thereon dated May 2, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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.

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.

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.

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 also noted certain matters that we reported to management of Arapahoe County in a separate letter dated May 2, 2008.

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.

Gordon, Hughes & Banks, LLP
Gordon, Hughes & Banks, LLP

Greenwood Village, CO
May 2, 2008

The Board of Arapahoe 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, 2007. 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 \$5,428,853 in federal awards which is not included in the County's schedule of expenditures of federal awards during the year ended December 31, 2007. 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.

As described in items 2007-01 and 2007-14 in the accompanying schedule of findings and questioned costs, Arapahoe County did not comply with requirements regarding provider eligibility

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and payments that are applicable to its Foster Care Title IV-E program and did not comply with eligibility requirements that are applicable to its Temporary Assistance for Needy Families (TANF). Compliance with such requirements is necessary, in our opinion, for Arapahoe County to comply with the requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2007.

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 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 and others that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2007-03, 2007-11, 2007-13, 2007-16, 2007-18, 2007-19, 2007-21 and 2007-22 to be control deficiencies.

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 2007-01, 2007-02, 2007-04, 2007-05, 2007-06, 2007-07, 2007-08, 2007-09, 2007-10, 2007-12, 2007-14, 2007-15, 2007-17 and 2007-20 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. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 2007-01, 2007-09 and 2007-14 to be material weaknesses.

Arapahoe County's response 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 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.

Gordon Hughes & Banks, LLP
Gordon, Hughes & Banks, LLP

Greenwood Village, CO
May 2, 2008

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2007

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
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
93.659	Adoption Assistance

Dollar threshold used to distinguish between type A and type B programs: **\$2,321,561**

Auditee qualified as low-risk auditee? _____ yes no

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

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

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

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2007

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 - 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.

Questioned Costs – \$10,990 paid to the County licensed providers of the total paid to both county licensed and those licensed by the state of \$48,475.

Effect – The internal controls surrounding the licensing of foster care homes are ineffective and may result in disallowed costs or having the child in an unsafe Foster Care home.

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2007

Cause – Due to lack of training for new staff and insufficient supervision, staff errors were not being detected or corrected in a timely manner.

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 - The Department agrees with the recommendations. We have changed and improved upon a number of our practices to help ensure better compliance. No new foster care providers will be approved for certification (with the exception of emergency/provisional placements) until all required certification documents are obtained. The program supervisor will review all current provider files by March 30, 2008 and an approval sheet form will be signed and placed in each file indicating that the file has met all certification requirements. In addition, an independent review of the files will be conducted by neutral members of the Placement Services & Operations Team, not directly a part of the Foster Care Program resource Team, and signed approval and date will be indicated on the approval form. These audits began on January 7, 2008. The County is also working in partnership with Jefferson County to implement a pre-certification training program to ensure that all required hours of training have been met. All open files that were audited in 2007 are currently being updated and therefore should be brought into compliance by February 2008. Most homes either have been put on hold until compliance is achieved or they have no children currently in the home. Finally a team under the Finance Division Manager will follow up on all of the 2007 findings and the Management Corrective Action Plan to see that it is fully implemented.

2007-02

Passed-through Colorado Department of Human Services

Foster Care – Title IV-E

CFDA – 93.658

Eligibility/State Requirements Timeliness of Determining Eligibility

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.

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

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2007

Questioned Costs – None

Effect – Benefits may have been paid for children who are not eligible.

Cause – The County has made changes in how grant operations are to be conducted, performed and monitored. Prior to this change 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.

Recommendation – We recommend the County continue to monitor the timeliness standards as directed by the state to ensure compliance with regulations.

Management Corrective Action Plan - Our action plan for this finding was discussed in greater detail with all comments on IV-E under finding 2007-01. Please read those comments to see our plan for more effective review of the case files to ensure that all documentation necessary for the file are obtained in a timely manner.

2007-03

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

Criteria – In order for the provider to be paid for the child's care, the provider will enter into a contract with the County reflecting a specific amount to be paid on a monthly basis. The rates for state licensed CPA's (group homes and treatment types) are entered by the state into the Trails system (the County obtains a contract/agreement from the CPA's only) and downloaded by the business office. The state also establishes base rates (for kinship type of care) for other types of out of home care and these rates are also downloaded from the system. There are cases of negotiated rates and these are separate contracts the County has with the provider and includes a negotiated rate that is entered into the system by the County. Each month the provider is required to complete the roster that indicates the child name, days in foster care, daily rate and the total amount the provider expects to receive and signed by the provider to the County by the 10th of the following month. From this information the business office will compare the expected payment to the provider based on information entered into the Trails system.

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2007

Condition – 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.

Questioned Costs – None

Effect – Providers may not have been paid the proper amounts.

Cause – The County lacks a system to ensure required annual changes are made to contracts as completed. In addition, not all contract changes are communicated to the County's Business Office.

Recommendation – We recommend a tickler system be implemented and monitored for all required contracts, including negotiated rates and all changes made during the contract period. We also recommend communication with the business office be included in this process so they are aware of any changes that have been made to the contract. The County should consider the need to compare the information in Trails to what the provider is requesting.

Management Corrective Action Plan - The Department reviewed all of the questioned cases. While there was a discrepancy between the amount paid and the amount on the contract it was determined that the proper amount was paid to the provider. We are setting up a process whereby any changes to the contract or rates are recorded in Trails so that all necessary parties may see them. As to the last recommendation – we are already comparing the bill from the provider to what is

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2007

in Trails. That is why the questioned cases had the correct payment made on them. The error was between what was in Trails and what was on the contract. As stated above, that process has been improved upon.

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

Criteria – Verification of the child's citizenship or alien status is required as noted in Volume 7.001.41 Title IV-E Foster Care. The child must be a United States citizen, naturalized citizen, or qualified alien to be eligible of Title IV-E. Refer to Section 3.140 of the Income Maintenance manual (9 CCR 2503-1).

Condition – 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.

Questioned Costs – None

Effect – The County may be using federal funds for the child's foster care for an ineligible child.

Cause – The County does not have sufficient internal controls in place to ensure all required documentation is obtained before ascertaining the child meets all the required eligibility requirements as directed in the federal and state guidelines.

Recommendation – We recommend the County determine all documentation requirements be met before requesting federal funding for the child's care.

Management Corrective Action Plan - Our action plan for this finding was discussed in greater detail with all comments on IV-E under finding 2007-01. Please read those comments to see our plan for more effective review of the case files to ensure that all documentation necessary for the file are obtained in a timely manner.

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

Criteria – The state requires the county to maintain adoption records as listed in Volume 7.306.34 that includes a detailed list of 15 items that must be in the subsidized adoption cases.

Condition – 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.

Questioned Costs – None

Effect – The County is not always able to document that proper procedures were followed in the adoption of a child.

Cause –County personnel were not always aware of record retention requirements. In addition, the County has undergone many changes within departments and some of the required information may not have been transferred timely to the proper departments. Foster Care personnel prepare the initial determination and are responsible for legal compliance before the file is transferred to the Adoption program. Information is also transferred to the Business office for payments to the

Arapahoe County, Colorado
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adoptive parents. Finally, although still active, many of the files are over ten years old.

Recommendation – We recommend the County review all active and closed case files to ensure files contain the state requirements. We also recommend the County provide a formal training for all staff that includes an understanding of all the current state requirements. We also recommend the supervisor of the program institute a quality control process whereby the supervisor reviews the staff's work on each case to determine if additional training is required.

Management Corrective Action Plan - The County reviewed all active case files to ensure files contained required documents. The County also provided a formal training for all staff to improve understanding of all requirements. The Adoption Supervisor will continue to provide over-site of completed files to ensure that all requirements are on file. We have also made significant changes to the supervisory and management of the adoption program.

2007-06

Passed-through Colorado Office of Energy Conservation
CFDA # 81.042

WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS
(WAP)

Procurement, Suspension and Disbarment

Criteria 10 CFR 600.113 requires that recipients of federal awards comply with the common rule in regards to suspension and debarment.

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

Questioned Costs - None

Effect – The County may have entered into a contract with a suspended or debarred vendor.

Cause – The County was not aware that it should have reviewed all vendors for possible suspension and debarment. For two transactions not reviewed, the purchase was made via a state bid. For one transaction tested, only one vendor responded to the request for proposal.

Recommendation – The County should review all possible contracts in excess of \$25,000 to determine the suspended or debarred status of the vendor.

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Management Corrective Action Plan – Arapahoe County has implemented the practice of the requirement to check on debarment and suspension of vendor prior to entering into contracts for Weatherization Assistance Program (WAP). The practice has been implemented utilizing the Excluded Parties List Systems (EPLS). The repeated finding will be corrected in 2008.

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

Criteria – 45 CFR part 92 requires the County establish fiscal controls and accounting procedures adequate to demonstrate funds have been properly expended.

Condition – 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

Questioned Costs - Unknown

Effect – The County is unable to document that services were provided to eligible participants. In addition, there may not have been sufficient, accurate participant information in the file to provide services.

Cause – Prior to the transition in 2007 this program was administered by a subrecipient of the County. After that time, the County began to administer this program.

Recommendation – We recommend that the County implement a policy of timely quality control reviews of files.

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Management Corrective Action Plan – The Department agrees with the recommendations. Currently we are in the process of implementing a policy and procedure that mandates random supervisory review of files. The official effective date of the policy will be February 5, 2008. In addition to reviewing the files the department will have a monthly meeting with pertinent staff to discuss any findings of the internal reviews and any needs for training.

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

Criteria – 45 CFR part 92 includes the County responsibilities for subrecipient monitoring including those related to the cash management of subrecipients.

Condition - 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.

The District's December 31, 2006 audit was not obtained by the County to determine if the federal funds received as a pass through agreed to the County records and if the prior year federal finding was cleared. The County did receive the report during our field work and the finding was cleared.

Questioned Costs – Approximately \$16,000.

Effect – Due to untimely monitoring, the amounts paid to the District during the first six months of 2007, were overpaid by \$16,000.

Cause – Although the County did comply with most of the requirements for subrecipient monitoring (by visiting the 18th Judicial District to understand

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
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operations, staffing, processes, including obtaining all contracts and performed a count of physical assets and also met with the state for assistance during the transition) the requests for the actual costs should have been made more timely and the funds could have been held from the District in a more timely manner.

Recommendation – We recommend the County determine if the amount is collectible from the District and if the funds are to be returned to the federal agency.

Management Corrective Action Plan - In order to help with cash flow for the District Attorney the process was set up that allowed the DA to bill the county for an estimated amount of their reimbursable expenses. County Finance would make the payment and then subsequently the DA would settle up with Human Services on the exact amount. During the past two years it became apparent that the DA had overestimated their expenditures and as a result the County had forwarded them a total of \$16,448.56 more than they should have received. On October 31, 2007 HS sent a bill to the DA for payment of the amount. The bill was not paid. When the DA Finance division was asked they said they had not received it. Therefore in January 2008 a copy of the bill was faxed to them. We are currently awaiting payment.

2007-09 Passed-through Colorado Department of Human Services
CFDA# 93.568
LOW-INCOME HOME ENERGY ASSISTANCE
Eligibility/Income Calculation

Criteria – State of Colorado, Staff manual volume III, requires that the amount of benefits the participant receives is based on income guidelines to determine if they are within the 185% poverty threshold and once this is determined the income is included in a formula to determine the dollar amount of the benefit to be used to pay the heating company.

Condition – 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.

Questioned Costs - \$638 of total tested \$7,828.

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Effect – The County is not in compliance with calculating income that effects the amount of benefits paid and may result in disallowed costs.

Cause – The County is not reviewing the calculations for benefits properly or timely.

Recommendation - We recommend the County review its current policy on training staff on the proper method for calculating income to ensure the accuracy of the eligibility requirements.

Management's Response and Corrective Action Plan – In order to ensure better quality control in LEAP we have changed some processes. We currently have placed every Program Specialist on 100% sign off, meaning that all of their casework is reviewed. As the Program Specialist shows proficiency they are allowed to work with less supervision. In addition to this there is an ongoing requirement that the Lead Worker conduct two case file reviews each week for each program specialist. Additional training has been provided to all LEAP staff in regard to correct calculation of income for LEAP benefits.

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

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. Appropriate documentation relating to participant eligibility could not be located for two files. Missing documentation included: one case file was not located for testing. Resource information was incorrectly applied in one instance.

Effect: Failure to maintain complete participant files may result in 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.

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Schedule of Findings and Questioned Costs (continued)
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Recommendation: The County should review the eligibility of those participants whose documentation could not be located and update the case files accordingly. The County should consider implementation of a checklist and quality control procedure to be used to ensure all documentation required is in the file.

Management's Response and Corrective Action Plan - The department has thoroughly reviewed the files and wherever possible updated information on the cases questioned. In addition the department has created a checklist (INT145) for all assistance payments programs to help ensure that required information is in the files. We have implemented six-sided case file folders which will improve the organization of information in the files. This, along with the checklist, will facilitate easy identification of missing items so that the worker can obtain missing information from the client immediately.

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

Condition – County did not send 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.

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.

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

Recommendation – Consider revising the current policy of review of the file from forty five days to twenty five days.

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Schedule of Findings and Questioned Costs (continued)
December 31, 2007

Managements Response and Corrective Action Plan – The department is currently working to develop a process that will allow program specialists to review case files at 25 days so that if they discover that information is missing they can obtain it before the 45 day deadline. This process will be developed and implemented no later than February 29, 2008.

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

Criteria – 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.

Condition – 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.

Effect – The grant may be not always be charging the correct parental fee; 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 – \$85 of total tested \$13,516.

Cause – Due to a lack of supervision and training, errors are not being detected or corrected in a timely fashion. In addition, the program was relying on Colorado Works to determine and document immunization eligibility.

Recommendation – The County should review the appropriate calculation of the parental fee with its staff to determine that the correct parental fee is being charged and review the required documentation to ensure it is included in the files to support eligibility.

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
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Management's Response and Corrective Action Plan – Case file reviews were not previously conducted on Low Income Child care cases. The current supervisor is conducting six case file reviews per month per Program Specialist. The results of the reviews are tracked in the case file review database and shared with the program specialists in the monthly one on one meeting. This should correct the income and documentation issues. All Low Income Child care staff will be sent to State training.

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

Criteria - The Colorado Department of Human Services Staff Manual Section 3.905(D) outlines the authorization for payment.

Condition - One out of forty cases, indicates the number of days on the roster was incorrectly counted.

Effect - The grant may be overcharged or undercharged due to the miscalculation of days on the roster. The cost of the assistance may be disallowed.

Questioned Costs - \$11 out of \$13,516.

Cause – The provider incorrectly determined the number of days, which was not detected by County personnel.

Recommendation – The County should include in the quality control process the importance of recounting the number of days listed on the provider rosters.

Management's Response and Corrective Action Plan - The department does currently review all bills from providers for accuracy. Staff reviews the billing form for errors by comparing the number of days being billed and the number of days authorized in the system. This bill was not reviewed and corrected as it should have been. We will continue to diligently review the bills thoroughly to ensure that discrepancies are caught and corrected.

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

Criteria – 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.

Condition – 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 a photo identification was missing in one instance.

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 – \$2,745 of total tested \$10,852

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 review the eligibility of those participants whose documentation could not be located and update the case files accordingly. The County should consider implementation of a checklist and quality control procedure to be used to ensure all documentation required is in the file.

Management's Response and Corrective Action Plan – The department recognizes the significance of the problem in this area. We have updated the cases under question as completely as possible. We have implemented a mandatory checklist of what is required for each file in all assistance payments programs. We are doing regular case file reviews to see that all items are included. We are starting a process whereby staff from the FAS division will periodically also do case file reviews to determine the completeness of the files. In June 2007 the Department hired an administrator to oversee the operations of the TANF program. We also have added additional staff to the program. We believe that these steps will help us gain better control over the required documentation in the files.

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

Criteria – The common rule requires the County establish fiscal controls and accounting procedures adequate to demonstrate funds have been properly expended.

Condition – 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.

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

Questioned Costs – \$171 net, of the total tested \$10,055.

Cause – Errors resulted from improper input of client documentation. There appears to be a lack of experienced case workers to implement the standardized procedures in place to ensure consistent case file documentation in the eligibility area.

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.

Management's Response and Corrective Action Plan – The department has increased the training efforts for staff. For some time we had a lot of turnover and our trainers spent most of their time working with new staff. While new staff training continues we are now also providing additional training to ongoing staff. We have set up a new training room in Aurora that allows for 16 students at a time. The department has also implemented a new policy of placing screen prints in the files of any changes to a case on CBMS. And finally as with all of the programs in this area we are requiring the use of a mandatory checklist for the file.

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

Criteria – The County’s purchasing policy requires that all procurements in excess of \$100,000 be approved by the Finance Director.

Condition – 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.

Effect – The County may be paying too much for goods and services.

Questioned Costs – None

Cause – Emergency management completed a requisition process manually. As a result of the manual process required approvals and other procedures were omitted. In addition, the County Purchasing Department was requiring informal bids by the department at a higher level (\$10,000) than that allowed in the purchasing policies.

Recommendation – Emergency management personnel should review County procedures related to procurement and implement procedures to comply with the County’s procurement policies. The County should either enforce the current dollar threshold at which bids are required or change the threshold.

Management’s Response and Corrective Action Plan – The North Central Region (NCR) Coordinator, and Arapahoe County staff will review the requirements to adhere to Arapahoe County Purchasing Policy once again to ensure that they comply with those policies and work out a manual procedure as necessary. Also, in 2008 Purchasing is proposing a change from the \$2,500 for informal bid to \$5,000 they are waiting on Board Approval.

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

Criteria – OMB A-87 “Cost Principles for State, Local and Indian Tribal Governments”, attachment B requires that payroll documentation “reflect an after the fact distribution of actual activity” and that “budgets or other distribution percentages determined before the services are performed do not qualify as support” but may be used on an interim basis as long as they are reviewed and adjusted on a quarterly basis.

Condition – 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.

Effect – The potential exists that grants within this area are not being allocated appropriate costs based on the time spent on the program.

Questioned Costs – None.

Cause – Emergency management personnel were not aware that costs should be allocated between various grants based on actual time spent on the grant.

Recommendation – Emergency management department should develop procedures to ensure that costs are allocated on a rational manner among programs based on time spent or other appropriate measures so that costs are appropriately charged to each program.

Management’s Response and Corrective Action Plan – The North Central Region (NCR) Coordinator has begun implementing the allocation of Administrative costs between the HSGP, LETPP and CCP grants for his time and other staff members. This started in February. They are allocating by the budget and following up by actual time with adjustments as needed.

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

Criteria – The common rule requires the County to ensure contracts entered into with federal funding ensures that the contractors are legitimate vendors and have not been suspended or debarred.

Condition – 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.

Effect – The potential exists that contracts were awarded to contractors who were suspended and debarred prior to September, 2007.

Questioned Costs – None.

Cause – No one at Public Works or in the Purchasing Department was aware that they should be checking for suspension and debarment prior to that date.

Recommendation – The County needs to continue the practice of checking vendors for suspension and debarment of contractors before they are awarded contracts.

Management Corrective Action Plan – The County implemented a system in 2007 that requires all selected contractors and subcontractors to be reviewed before a contract is executed.

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2007-19 Passed-through Colorado Department of Transportation
CFDA # 20.205
Highway Planning and Construction Program
Reporting

Criteria – Pursuant to the agreement between CDOT and Arapahoe County, “...to be eligible for payment, billings must be received within 60 days after the period for which payment is being requested and final billings on this contract must be received by the State within 60 days after the end of the contract term...”

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

Effect – The County is not in compliance with their agreement with CDOT.

Questioned Costs – None.

Cause – The County believes it is more efficient to wait for a group of contractor invoices to batch together before requesting reimbursement.

Recommendation – The County should request reimbursement from CDOT at least every 60 days.

Management Corrective Action Plan – The County has implemented a system that will require submission of requests for reimbursement within the 60-day time frame.

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

Criteria – Prior to February, 2007, the County’s plan included income for adult WIA participants. In addition, the State of Colorado technical assistance manual includes the criteria for WIA youth.

Condition – Documentation of income eligibility was lacking or improperly applied in 2 instances.

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Schedule of Findings and Questioned Costs (continued)
December 31, 2007

Effect – Failure to properly calculate eligibility may result in benefits being paid to participants who may not meet eligibility requirements. The cost of the assistance may be disallowed.

Questioned Costs – \$254, of the total tested \$11,495.

Cause – One error resulted from the wrong income guideline sheet being used and the other error was a result of a lack of documentation in the file.

Recommendation – The County should be sure that all case workers have the correct income guideline sheet when determining eligibility. The County should also review income documentation procedures with case workers.

Management's Response and Corrective Action Plan – If the costs in question were incurred in a case that received only intensive level services, the income guidelines would not apply as they were set in place for training based services only. While the income guidelines no longer apply for WIA Adult & DW, they remain in place for WIA Youth and are monitored by a program supervisor during intake to ensure that all required documentation is included and accurate. The MIS Supervisor then reviews 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 is also in place for both workforce specialists and intake staff to ensure that they have the tools and knowledge needed to submit the correct level of documentation.

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

Criteria – 20 CFR part 663.500 establishes the role of the County in determining that trainers are eligible.

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

Effect – Failure to properly check the Navigator system for approved training providers may result in participants receiving training from providers who are not

Arapahoe County, Colorado
Schedule of Findings and Questioned Costs (continued)
December 31, 2007

approved. The cost of the training may be disallowed. In this instance the training provider was included on the Navigator listing.

Questioned Costs – None

Cause – The error appears to be a result of a breakdown in communication between MIS and the case specialist in which the message from MIS that a proper Navigator printout was needed before approval was not received by the case specialist.

Recommendation – The County should be sure that all case workers are aware that Navigator must be checked prior to any training being approved. The County should also review the lines of communication between MIS and case specialists.

Management's Response and Corrective Action Plan – The training voucher is currently being 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. If someone is approved for a 12-month training program, we establish eligibility at initial approval of the ITA expense. That approval carries them through the duration of the training, even though the provider may become ineligible during the course of the training. Likewise, if the customer is incurring the cost of training, and we are only supporting that training through the provision of supportive services, we do not obtain documentation of Navigator approval. This particular file in question has not been approved, nor submitted for payment therefore training eligibility has not been fully established.

2007-22

Federal Grant Programs – Excluding Health and Human Services Department Cost Principles

Internal Controls Surrounding Allowable Costs

Criteria – OMB Circular A-87, Attachment B, paragraph 8.h, requires time and effort time sheets be completed for employees who charge their salary to a federal grant. The Circular requires full time employees to complete a semi-annual certification that is to be signed by the employee and the supervisor. The Circular also requires employees who work less than a full time employee to complete a monthly report indicating the actual time worked on grant programs and also requires the employee and supervisor signatures. The grant requires documentation of employee time and effort time sheets to be completed as required by OMB Circular A-87, Attachment B, paragraph 8.h.

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Additional information in paragraph 8.h., item four indicates "...where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system or other substitute system has been approved by the cognizant Federal agency.." This includes working on more than one federal award or a federal award and a non federal award. Also in subsection 5 (e) item ii indicates ..."that at least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity report are made. Costs charged to federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent and the budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances."

Condition – 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.

Effect – Due to lack of internal controls the County is in non compliance with OMB 87 for time certifications or adequate timesheets and this may result in unallowable costs.

Questioned Costs - Unknown

Recommendation -We recommend training on the OMB 87 requirements with grant departments, other than the health and human services department to ensure understanding and compliance with the time certification and time recording requirements.

Management Corrective Action Plan - The County is working on implementing procedures to identify new federal awards in a timely manner and provide training to responsible officials on compliance requirements. Time certification will be included in the training and time certifications for the grants in question will be implemented immediately.

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Summary Schedule of Prior Year Findings
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2006-01 Passed-through Colorado Department of Human Services
Foster Care – Title IV-E
CFDA – 93.658
Allowable Costs/Eligibility

Finding - 12 provider files were tested for proper certification and support according to state regulations and noted the following findings related to certification of Foster Care providers:

- Three instances where a facility (home) inspection was missing.
- Three instances in which no DMV check was completed to verify driving record and current driver's license.
- Nine instances of auto liability insurance were missing.
- Three instances in which a family with a dog did not have pet immunization records in the file.
- Three instances in which the required three personal reference letters were not found in the file.
- Four cases in which families with school age children did not obtain reference letters from the school for each child.
- Eight instances in which a signed citizenship affidavit was not completed.
- Six instances in which health evaluations were not completed for each member of the household.
- Two instances in which proper verification of training was not found in the file.
- Three instances in which a certification card for CPR was not on file.
- Two instances in which a current certificate to run a foster home was not found in the file. One case indicated license from June 26, 2006 but no provisional license prior to this time frame was issued. The other case did not have a certificate.
- One instance in which the provider's certificate expired May 1, 2006 and was not recertified for four months.

Status – An overall Foster care Program review was completed in September 2007 that concluded with a program restructure, practice changes, new training plans and quality improvement processes that include regular desk audits by the Foster Care supervisor and an entity external to the foster care unit. Significant changes have been made to the management of the foster care program and responsibilities and performance expectations have been clarified for the supervisory role. Since this occurred in September 2007 and the 2007 audit was on cases selected by the auditors from January through August of 2007, the impact of the changes was not

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Summary Schedule of Prior Year Findings (Continued)
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felt during the period being audited. We anticipate significantly improved performance in the 2008 audit.

Auditor Response – Not implemented. Finding repeated as 2007-01.

**2006-02 Passed-through Colorado Department of Human Services
Foster Care – Title IV-E
CFDA – 93.658
Eligibility**

Finding – In 2/25 case files tested the permanency plan was not completed within the 12 month time frame. The County did complete a file interruption status on the CFMS system that does not allow federal funds to be spent on the child's foster home care until the permanency plan is signed by the courts.

Status – In previous practice, the county's finance division would only determine eligibility if the court order related to the identified permanency plan had been received. There was no process in place to obtain a missing court order and the court orders were often incorrect. Discussed with the paralegals was the issue and a process was developed to obtain missing orders in a timely manner. A "template" was also developed to ensure that court orders (TCO) are accurately completed and collected timely.

Auditor Responses – Fully implemented.

**2006-03 Passed-through Colorado Department of Human Services
Foster Care – Title IV-E
CFDA – 93.658
Eligibility**

Finding – 2/25 cases files tested did not have a copy of the child's birth certificate to determine the child's citizenship or alien status.

Status – The auditors state that our corrective action plan to the finding was not implemented. We respectfully disagree with that. As stated in last year's report we did implement many processes that resulted in us receiving a favorable review from the state. The difference in opinion comes with timing. We received the audit recommendation in May 2007. We developed a plan and implemented it in June and July 2007. The 2007 single audit work however took its sample from January through August 2007 meaning that many audited cases came from the time period prior to when we implemented our changes. We believe we have made many

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improvements as discussed in our response to 2007-04 and expect to see better performance in the 2008 audit.

Auditor Response – Not implemented. Finding repeated as 2007-04.

2006-04 Passed-through Colorado Department of Human Services
Foster Care – Title IV-E
CFDA – 93.658
Eligibility/State Requirements Timeliness of Determining Eligibility

Finding – 8/25 cases did not complete the SS9 eligibility form within the 45 day time frame as required by the state regulations.

Status – The department’s position as to the status of this finding is the same as above. While the results of the review of cases in the 2007 audit continued to show some problems, the timing of the sample in the audit was such that the cases reviewed came from before the implementation of our changes. See our responses to 2007-02.

Auditor Response – Not implemented. Finding repeated as 2007-02.

2006-05 Passed-through Colorado Department of Human Services
CFDA# 93.568
LOW-INCOME HOME ENERGY ASSISTANCE
Eligibility/Income Calculation

Finding – In 2 out of 25 cases the income calculations was 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 case resulted in an overpayment to the vendor due to the incorrect calculation of the income (to low) that increased the benefit amount.

Status– Please see the response to finding 2007-09. We have made numerous changes to the processes in LEAP that address this concern.

Auditor Response – Not implemented. Finding repeated as 2007-09.

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2006-06 Passed-through Colorado Department of Human Services
CFDA# 93.568
LOW-INCOME HOME ENERGY ASSISTANCE
Eligibility/Signed Application

Finding – One of twenty five files we tested did not have a signed application.

Status – Fully Implemented.

Auditor Response – Fully implemented.

2006-07 Passed-through Colorado Department of Human Services
CFDA# 93.568
LOW-INCOME HOME ENERGY ASSISTANCE
Eligibility/Income Verification

Findings – In 2 out of 25 cases reviewed we were unable to determine if one disability payment was ongoing and for the other case if the pension funds and a lawsuit settlement were ongoing. There was no documentation in the file the caseworker followed up on these income flows if they were to be received in the future.

Status – As stated above we have made numerous changes to LEAP processes. Please see our response to 2007-09.

Auditor Response – Due to the relationship with incorrectly computing income this will be a repeated finding combined with finding 2007-09.

2006-08 Passed-through Colorado Office of Energy Conservation
CFDA # 81.042
WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS (WAP)
Procurement, Suspension and Debarment

Findings – We were unable to obtain documentation from the County which indicated the contracts entered into in the WAP program were checked to ensure the vendors were legitimate and could practice in the state. The insurance information was not with Risk Management or procurement and the County is contacting the vendor for the information.

Status – Arapahoe has implemented the practice of the requirement to check on debarment or suspension of vendor prior to entering into contracts for

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Weatherization Assistance Program (WAP). The practice has been implemented utilizing the Excluded Parties List Systems (EPLS). The repeated finding will be corrected in 2008.

Auditor Response – Partially Implemented. Finding repeated as 2007-06.

2006-09 Passed-through Colorado Department of Human Services
CFDA# 93.659
Adoption Assistance (Title IV-E)
State Case File Requirements for Active and Closed files

Findings – The County did not comply with the states requirements for adoption subsidy cases. 9 of the 25 files tested did not contain some of the items as required by the state.

Status - The department continues to maintain that we did implement these actions as soon after the audit report as possible but due to timing the positive affect of the changes were not felt in the 2007 audit. See our response to 2007-05 for what we are currently doing to address this finding. A revised checklist has been developed and implemented and desk audits have been performed and will continue to be performed regularly to ensure that active files are up to date. However, as there are over a thousand files that will remain active for potentially 18 years and were certified under previous rules and regulations, compliance to current rule and regulation will remain a problem.

Auditor Response – Not implemented. Finding repeated as 2007-05.

2006-10 Passed-through Colorado Department of Human Services
CFDA#93.659
Adoption Assistance (Title IV-E)
Eligibility

Finding -- We noted the following non compliance with the eligibility guidelines during our testing of the program:

- 9/25 Medicaid redetermination forms were not timely completed. The client was informed these are a requirement by the state, but the state regulations per Volume 7 does not require this information be in the file. There appears to be a conflict between the state and county on the requirements. We also noted the

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form is copied and has many copies in the file to fill in the date only for future dating.

- 1/25 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. The client has requested this information from the state.
- 5/25 files did not contain the required SS-11, Subsidized Adoption eligibility determination.

Status – A full record review was conducted of adoption cases to ensure proper documentation. As above, this was completed after the time period for the sample for the 2007 audit so the results won't be seen until the 2008 audit. While there remained problems with the 2007 audit we did notice that the error rates decreased. We believe we are showing some progress and expect to see significant improvement in the 2008 audit.

Auditor Response – Partially implemented. Finding repeated as 2007-05.

2006-11 Passed-through the Colorado Department of Human Services
CFDA # 10.551/10.561
Food Stamp Cluster
Eligibility

Finding – Documentation of income eligibility was lacking or improperly applied in 3 instances; documentation of a participants shelter cost was lacking or inappropriately applied in 5 instances; 3 instances in which there were errors between the amount issued and the allotted amount in the State's Colorado Benefits Management System (CBMS).

Status – While we did not fully complete our corrective actions for the 2007 audit we have since done so. Please see our response to 2007-15.

Auditor Response – Not implemented. Finding repeated as 2007-15.

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2006-12 Passed-through the Colorado Department of Human Services
CFDA # 10.551/10.561
Food Stamp Cluster
Monitoring

Finding - The County is not submitting the required EBT reports to the State each month per letter FA-06-04-A. Additionally, agency letter GEN-06-03-P was not signed by staff until after GHB brought the letter to the County's attention.

Status – Fully Implemented.

Auditor Response – Fully implemented as reports were filed subsequent to the prior year finding.

2006-13 Passed-through Colorado Department of Human Services
CFDA #93.558
Temporary Assistance for Needy Families
Eligibility

Finding – Documentation of participant eligibility could not be located for 9 files: income eligibility was incorrectly calculated in 3 instances; immunization records were missing in 5 instances; Individual Responsibility Contracts (IRC) were missing in 2 instances.

Status – As in the above discussions we have made every effort to implement the corrective action plan but due to timing the effects were not seen in the 2007 audit. We emphasize again the importance of this finding and have addressed it thoroughly. Please see our response to 2007-14.

Auditor Response: Not Implemented – Finding repeated as 2007-14.

2006-14 Passed-through Colorado Department of Human Services
CFDA #93.575/93.596
Child Care and Development Cluster
Eligibility

Finding – Parental fees were miscalculated for 4 out of twenty-five files tested; immunization records were not included in 5 out of twenty-five files tested; documentation supporting income was not located in 2 out of twenty-five files tested.

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Status – We did implement significant changes to the Child care process, the effects of which probably won't be seen until the 2008 audit. Please see our response in 2007-12.

Auditor Response – Not implemented. Finding repeated as 2007-12.

2006-15 Passed-through Colorado Department of Human Services
CFDA #93.778
Medical Assistance Program
Eligibility

Finding – Appropriate documentation relating to participant eligibility could not be located for 7 files: Missing documentation included: Resource information was incorrectly applied or missing in 2 instances; MS-10 forms regarding insurance were missing in 3 instances; and requirements of the Deficit Reduction Act was missing in 1 instance.

Status – Please see our response to 2007-10.

Auditor Response – Not implemented. Finding repeated as 2007-10.

2006-16 Passed-through Colorado Department of Human Services
CFDA # 93.778
Medical Assistance Program
Special Tests

Finding – County did not send notice of action within 45 days of the date of application. 3 instances out of 25 the County did not meet this requirement.

Status – Please see our response to 2007-11. Because of the timing of the prior year audit and our notification of the deficiencies, we were unable to implement our action plan in time to resolve any 2007 findings.

Auditor Response – Not implemented. Finding repeated as 2007-11.

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2006-17 Passed-through Colorado Department of Human Services
CFDA # 93.563
Child Support Enforcement (CSE)
Sub recipient Monitoring

Finding – The County has not performed the required sub recipient monitoring for the CSE grant in 2006. This was also a finding in the 2005 report.

Status – We did respond to this situation – mainly by monitoring the program for the first several months of 2007 before taking the administration of the program back into Human Services in May 2007. The remaining issue involves the overpayment made to the District Attorney for administering the program that resulted in them owing HS \$16,488. While we acknowledge that we should not have paid them estimates up front instead of their actual expenditures we maintain that if we weren't monitoring their expenditures we would not have known that an overpayment existed, nor would we have billed them for that amount in October 2007. Please see our response in 2007-08.

Auditor Response – Partially implemented. Finding repeated as 2007-08.

2006-18 Passed-through Colorado Department of Local Affairs, Division of
Emergency Management
CFDA # 97.073
State Homeland Security Program
Procurement

Finding – Four instances were noted in which Purchase Orders greater than \$100,000 were not properly approved by the Director of Finance and two instances were noted in which three quotes were not obtained as required by policy.

Status – The North Central Region (NCR) Coordinator, and Arapahoe County staff will review the requirements to Arapahoe county Purchasing Policy once again to ensure that they comply with those policies and work out a manual procedures as necessary.

Auditor Response –Not implemented. Finding repeated as 2007-16.

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**2006-19 Passed-through Colorado Department of Local Affairs, Division of
Emergency Management
CFDA # 97.073
State Homeland Security Program
Allowable Costs**

Finding – The Homeland Security Coordinator’s salary is currently being charged to a specific Homeland Security Grant when in fact he currently oversees several grants in this area.

Status – The North Central Region (NCR) Coordinator has begun implementing the allocation of Administrative costs between the HSGP, LETPP and CCP grants for his time and other staff members. This started in February. They are allocating by the budget and following up by actual time with adjustments as needed.

Auditor Response – Partially implemented. Finding repeated as 2007-17.

**2006-20 Passed-through Colorado Department of Local Affairs, Division of
Emergency Management
CFDA # 97.073
State Homeland Security Program
Sub-recipient Monitoring**

Finding – Sub-recipients are receiving equipment from Arapahoe County through grants and no monitoring is taking place.

Status - Again, we strongly disagree with this finding, as listed above under status. The County in an effort to further improve on procedures was able to get a report from the SAP computer system in 2007 for entities that received over \$500,000 in federal funding in 2006. The County sent a mailing out and received responses from most entities. The County hopes to further refine the report to be more useful for the 2007 monitoring. We are waiting until all expenditures have been booked for 2007 before doing the mailing.

Auditor Response – Fully Implemented.

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2006-21 Passed-through Colorado Department of Transportation
CFDA # 20.205
Highway Planning and Construction Program
Suspension and Debarment

Finding – The County is not checking for suspension and debarment of contractors or subcontractors. The County was not aware that CDOT did not monitor suspension and debarment of the sub contractors.

Status - Because of the timing of the prior year audit and our notification of the deficiencies, we were unable to implement our action plan in time to resolve any 2007 findings.

Auditor Response - Partially implemented. Finding repeated as 2007-18.

2006-22 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 – Please see response to 2007-19.

Auditor Response – Not implemented. Finding repeated as 2007-19.