

ARAPAHOE COUNTY, COLORADO
FEDERAL AWARDS REPORT IN ACCORDANCE
WITH THE
SINGLE AUDIT ACT AND OMB CIRCULAR A-133
December 31, 2012

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>.....	1
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program, on Internal Control Over Compliance, and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133.....	3
Schedule of Expenditures of Federal Awards.....	6
Notes to Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs.....	11
Summary Schedule of Prior Year Findings.....	17



Independent Auditors' 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*

Board of County Commissioners
Arapahoe County, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the 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, 2012, and the related notes to the financial statements, which collectively comprise Arapahoe County, Colorado's basic financial statements, and have issued our report thereon dated June 18, 2013. Our report includes a reference to other auditors who audited the financial statements of Arapahoe County Public Airport Authority and Arapahoe County Water and Wastewater Authority, both of which are discretely presented component units, as described in our report on Arapahoe County, Colorado's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Arapahoe County Water and Wastewater Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our

audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2012-01 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Arapahoe County, Colorado's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 other matters that we reported to management of Arapahoe County, Colorado in a separate letter dated June 18, 2013.

Arapahoe County, Colorado's Response to Findings

Arapahoe County, Colorado's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Arapahoe County, Colorado's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Greenwood Village, Colorado
June 18, 2013



Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program, on Internal Control Over Compliance, and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133

Board of County Commissioners
Arapahoe County, Colorado

Report on Compliance for Each Major Federal Program

We have audited Arapahoe County, Colorado's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Arapahoe County, Colorado's major federal programs for the year ended December 31, 2012. 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.

Arapahoe County, Colorado's basic financial statements include the operations of the Arapahoe County Public Airport Authority (the Authority), a discretely presented component unit, which expended \$4,772,687 in federal awards which is not included in Arapahoe County, Colorado's schedule of expenditures of federal awards during the year ended December 31, 2012. Our audit, described below, did not include the operations of the Authority, because the Authority engaged other auditors to perform an audit in accordance with OMB Circular A-133.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Arapahoe County, Colorado's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Arapahoe County, Colorado's compliance.

Opinion on Each Major Federal Program

In our opinion, Arapahoe County, Colorado complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-02 and 2012-03. Our opinion on each major federal program is not modified with respect to these matters.

Arapahoe County, Colorado's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Arapahoe County, Colorado's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of Arapahoe County, Colorado is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Arapahoe County, Colorado's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Arapahoe County, Colorado's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2012-02 and 2012-03 that we consider to be significant deficiencies.

Board of County Commissioners
Arapahoe County, Colorado

Arapahoe County, Colorado's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Arapahoe County, Colorado's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the 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, 2012, and the related notes to the financial statements, which collectively comprise Arapahoe County, Colorado's basic financial statements. We issued our report thereon dated June 18, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Clifton Larson Allen LLP

Greenwood Village, Colorado
June 18, 2013

ARAPAHOE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2012

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures	Cluster Total	Total By CFDA and Agency
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
Passed-Through Colorado Department of Human Services Temporary Emergency Food Assistance Program (TEFAP) - Commodities	10.569	9104Z2	\$ 480,436	\$ 480,436	
Temporary Emergency Food Assistance Program-Administration	10.568	9104Z2	3,694	3,694	
	<u>CFDA 10.568 Subtotal</u>		<u>3,694</u>		\$ 484,130
SNAP - Administrative (a)	10.561		4,278,471	4,278,471	
	<u>CFDA 10.561 Subtotal</u>		<u>4,278,471</u>		
SNAP - Distribution - Workforce 10 (a)	10.551		157,923		
	<u>CFDA 10.551 Subtotal</u>		<u>157,923</u>	157,923	
Total Passed-Through Co. Dept. of Human Services			4,920,524		4,436,394
TOTAL U.S. DEPARTMENT OF AGRICULTURE					<u>\$ 4,920,524</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
Passed-Through Denver Regional Council of Governments: Title IIIB - Arapahoe County	93.044		\$ 64,720	\$ 64,720	
Title IIIB - Arapahoe/Douglas Contract 9804	93.044		323,586	323,586	
Arapahoe OAA Chore Services	93.044		10,494	10,494	
Total Passed-Through CCDHS DRCOG	<u>CFDA 93.044 Subtotal</u>		<u>398,800</u>		\$ 398,800
Passed-Through Colorado Department of Local Affairs: Community Service Block Grant	93.569		353,801	353,801	
Total Passed-Through CO Department of Local Affairs			<u>353,801</u>		353,801
Passed-Through Colorado Department of Human Services to County Department of Social Services:					
Child Welfare Services (Title IV-B)	93.645		447,165		447,165
Social Services Block Grant (Title XX)	93.667		2,248,994		2,248,994
Child Support Enforcement (Title IV-D)	93.563		3,885,980		3,885,980
Medicaid Transportation (Title XIX)	93.778		2,400,971		2,400,971
Independent Living (Title IV-E)	93.674		183,103		183,103
Foster Care (Title IV-E)	93.658		4,441,318		4,441,318
Child Care Development Block Grant	93.575		1,197,978	1,197,978	
Child Care Development Funds	93.596		3,159,856	<u>3,159,856</u>	4,357,834
Adoption Assistance Grant - Title IVE	93.659		1,988,450		1,988,450
Temporary Assistance to Needy Families (b)	93.558		13,307,515	13,307,515	
Temporary Assistance to Needy Families- ARRA (b)	93.714		208,830	<u>208,830</u>	13,516,345
LEAP Low Income Energy Assistance (c)	93.568		3,338,180		3,338,180
Passed-Through Colorado Office of Energy Management Low Income Home Energy Assistance - Weatherization (c)	93.568		425,685		425,685
Total Passed-Through CO Office of Energy Management	<u>CFDA 93.568 Subtotal</u>		<u>425,685</u>		
Total Passed-Through CO Department Human Services			<u>36,808,340</u>		<u>\$ 37,986,626</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					<u>\$ 37,986,626</u>

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

(Continued)

ARAPAHOE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2012

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures	Cluster Total	Total By CFDA and Agency
<u>U.S. DEPARTMENT OF ENERGY</u>					
Passed-Through Colorado Office of Energy Conservation: ARRA - Weatherization Assistance	81.042	C900628	\$ 2,180,100		\$ 2,180,100
ARRA - Energy Efficiency Conservation Block Grant	81.128		321,776		321,776
TOTAL U.S. DEPARTMENT OF ENERGY					<u>\$ 2,501,876</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)</u>					
Passed-Through Co Office of Emergency Management: Co. Statewide Emergency Management Program	97.042		\$ 89,000		\$ 89,000
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)			<u>89,000</u>		<u>\$ 89,000</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>					
Passed-Through Co .Div. of Criminal Justice 2012 National Crimes Victim Week	16.582		\$ 4,804		
ICAC - Internet Crimes Against Children	16.543		9,939		
Bullet Proof Vest Grant	16.607		9,922		
Aurora Theatre Shooting Grant	16.580		6,011		
Edward Byrne Memorial Justice Program ARRA 2009 - JAG	16.804		25,695		
JAG Grants	16.804		54,997		
	<u>CFDA 16.804 Subtotal</u>		<u>111,368</u>		\$ 111,368
State Criminal Alien Assistance Program	16.606		148,789		148,789
TOTAL U.S. DEPARTMENT OF JUSTICE					<u>\$ 260,157</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>					
Passed-Through Governor's Office of Homeland Security State Homeland Security Program 2009	97.067	9SHS10NCR	\$ 914,152		
State Homeland Security Program 2010	97.067	10SHS11NCR	1,589,682		
State Homeland Security Program 2011	97.067	11SHS12NCR	182,132		
Citizen Corp Grant Program 2010	97.067	10CCP11NCR	18,085		
	<u>CFDA 97.067 Subtotal</u>		<u>2,704,051</u>		
Interoperable Emergency Communication Grant Program 2009 Ext	97.001	9IEC10NCR	95,915		
Interoperable Emergency Communication Grant Program 2010	97.055	10IEC11NCR	200,799		
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY					<u>\$ 3,000,765</u>
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>					
Direct Program through Denver Regional Office: Centennial Community Development Block Grant 2010	14.218		\$ 23,465		
Centennial Community Development Block Grant 2011	14.218		159,617		
Centennial Community Development Block Grant 2012	14.218		25,935		
Community Development Block Grant 2009	14.218		85,166		
Community Development Block Grant 2010	14.218		53,914		
Community Development Block Grant 2011	14.218		766,605		
Community Development Block Grant 2012	14.218		162,163		
	<u>CFDA 14.218 Subtotal</u>		<u>1,276,865</u>	\$ 1,276,865	
ARRA Community Development Block Grant Centennial 2008	14.253		16,601		
ARRA Community Development Block Grant 2008	14.253		89,861		
	<u>CFDA 14.253 Subtotal</u>		<u>106,462</u>	<u>106,462</u>	
					\$ 1,383,327
HOME Program 2009	14.239		161,097		
HOME Program 2010	14.239		521,728		
HOME Program 2011	14.239		87,148		
	<u>CFDA 14.239 Subtotal</u>		<u>769,973</u>		769,973
Passed-Through Colorado Department of Local Affairs Section 8 Program - Vouchers/Certificates	14.871		25,680		
	<u>CFDA 14.871 Subtotal</u>		<u>25,680</u>		25,680
TOTAL U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT					<u>\$ 2,178,980</u>

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

(Continued)

ARAPAHOE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2012

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures	Cluster Total	Total By CFDA and Agency
<u>U.S. DEPARTMENT OF LABOR</u>					
Passed-Through Colorado Department of Labor & Employment:					
Wagner-Peyser	17.207	PY2011 WP 1945	\$ 45,091		
	17.207	PY2011 WP 1945	475,434		
	17.207	PY2011 SJH 2132	39,000		
	17.207	PY2011 WP 2180	516,660		
	CFDA 17.207 Subtotal		1,076,185	\$1,076,185	
Unemployment Insurance Programs	17.225	EUC 2234	234,860		\$ 234,860
Trade Adjustment Assistance	17.245	TAA-1669	19,937		19,937
Workforce Investment Act Adult Worker & Statewide Activities	17.258	WIA 10% SECTRS 1680	77,666		
	17.258	WIA 10% AD SECTRS	152,930		
	17.258	WIA Adult 1718	119,054		
	17.258	WIA 10% SECTRS 1833	72,126		
	17.258	WIA 10% Outreach 1833	1,915		
	17.258	WIA BP-10% 1833	4,656		
	17.258	WIA Adult 2177	375,473		
	17.258	WIA Adult 1942	1,054,160		
	CFDA 17.258 Subtotal		1,857,980	1,857,980	
Workforce Investment Act Youth Worker & Statewide Activities	17.259	WIA Youth -1719	12,925		
	17.259	WIA 10% YPI 1833	2,400		
	17.259	WIA 10% YPI 1680	11,745		
	17.259	WIA 10% YPP 1833	1,000		
	17.259	WIA Youth 1943	711,682		
	CFDA 17.259 Subtotal		739,752	739,752	
Workforce Investment Act Dislocated Worker Worker & Statewide Activities	17.260	WIA 25% DE DW 1805	75,000		
	17.260	WIA 25% DW UI CI 1519	140,867		
	CFDA 17.260 Subtotal		215,867		215,867
WIA Pilots, Demonstrations & Research	17.268	PY 2012/13 H-1B TG 2150	213,977		213,977
ARRA - Energy Partnership Grant	17.275	ARRA EPG 1802	1,136,258		1,136,258
H-1B Job Training Grants	17.278	WIA DW 1720	131,084		
	17.278	WIA 10% DW CG 1833	22,026		
	17.278	WIA 25% E DW 1877	222,463		
	17.278	WIA DW 1944	783,218		
	17.278	WIA 25% DW-UI C 2103	71,261		
	17.278	WIA 10% SECTRS 1833	11,902		
	17.278	WIA 25% DW - UI 1877	70,608		
	CFDA 17.278 Subtotal		1,312,562	1,312,562	3,910,294
Disabled Veterans Outreach	17.801	DVOP 2046	12,000		
	17.801	DVOP 2288	5,000		
	CFDA 17.801 Subtotal		17,000	17,000	
Local Veterans Employment	17.804	LVER 2037	3,000		
	17.804	LVER 2279	1,250		
	CFDA 17.804 Subtotal		4,250	4,250	1,097,435
Homeless Veterans Registration Project	17.805	VWIP 2028	52,315		52,315
CDPHE Get Into Water	66.471	CDPPHE GIWS 2121	40,304		40,304
TOTAL U.S. DEPARTMENT OF LABOR					\$ 6,921,247
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
Passed-Through Colorado Department of Transportation:					
Highway Planning and Construction	20.205		\$ 174,911		
Highway Planning and Construction	20.205		1,686,263		
	CFDA 20.205 Subtotal		1,861,174		\$ 1,861,174
Occupant Protection - Click It or Ticket	20.600		14,996		14,996
TOTAL U.S. DEPARTMENT OF TRANSPORTATION					\$ 1,876,170
<u>TOTAL EXPENDITURES OF FEDERAL AWARDS</u>					\$ 59,735,345

- (a) Allocation of financial assistance between federal monies passed through the state and state monies has been derived from and provided by the Colorado Department of Human Services and Colorado Department of Labor & Employment \$4,436,394.
- (b) TANF passed through the Colorado Department of Human Services \$13,516,345.
- (c) LEAP passed through the Colorado Department of Human Services and the Colorado Office of Energy Management \$3,763,865.

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

ARAPAHOE COUNTY, COLORADO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2012

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 basic 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.

Governmental funds account for the County's federal grant activity. Amounts reported in the schedule of expenditures of federal awards are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met, or on the accrual basis at the time liabilities are incurred and all eligibility requirements are met, except in the following programs, which are reported in the schedule of expenditures of federal awards on the cash basis:

Program Title	CFDA
SNAP Cluster	10.561
SNAP - Distribution – Workforce	10.551
Temporary Assistance for Needy Families	93.558
Temporary Assistance for Needy Families - ARRA	93.714
Child Support Enforcement	93.563
Low-Income Home Energy Assistance	93.568
CCDF Cluster	93.575, 93.596
Child Welfare Services-State Grants	93.645
Foster Care-Title IV-E	93.658
Adoption Assistance	93.659
Social Services Block Grant	93.667
Chafee Foster Care Independence Program	93.674
Medicaid Cluster	93.778

Grant Subrecipients

Of the federal expenditures presented in the schedule of expenditures of federal awards, the County provided federal awards to subrecipients during the year ended December 31, 2012 as follows:

Federal Program	CFDA#	Amount
Community Development Block Grant	14.218	\$ 885,710
State Homeland Security	97.067	1,692,911
Citizen Corp Program	97.067	2,181
Interoperable Emergency Communications Grant	97.055	157,329
Interoperable Emergency Communications Grant Extension	97.001	93,417

ARAPAHOE COUNTY, COLORADO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2012

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.

Noncash Programs

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

Commodities Distribution CFDA #10.569		
Value of commodities received during 2012	\$	480,436
Value of commodities on hand as of December 31, 2012	\$	89,092

**ARAPAHOE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012**

Section I—Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

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

Type of auditors’ report issued on compliance for major program: Unmodified

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.568	Low-Income Home Energy Assistance
93.558, 93.714	Temporary Assistance for Needy Families cluster (ARRA for 93.714)
81.042	ARRA – Weatherization Assistance for Low Income Persons
93.563	Child Support Enforcement (Title IV-D)
93.658	Foster Care (Title IV-E)
93.575, 93.596	Child Care Development Fund cluster
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs \$1,792,060

Auditee qualified as low-risk auditee? yes no

ARAPAHOE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012

PART II—FINDINGS RELATED TO FINANCIAL STATEMENTS

2012-01 Motor Vehicle Licensing Revenue, Significant Deficiency

Criteria: The County collects certain fees related to motor vehicle licensing. The majority of the collections are passed on to the State of Colorado (the State), and a portion is retained as revenue of the County. The portion of licensing fees to be remitted to the State is reported by the County as a liability when received.

Condition: During 2011, the County remitted the correct amount of licensing fees to the State. However, the County understated its portion of the licensing fee revenue, and overstated its liability to the State as of December 31, 2011 by approximately \$425,000.

Cause: The County utilizes a journal entry template to record motor vehicle licensing revenue each month, and to make corresponding adjustments to the County's liability to the State. The County populates the journal entry template based on State reports (from the Department of Revenue). However, the County had been using incorrect amounts from the State reports, which caused errors in the monthly journal entries.

Effect: As of December 31, 2011, fund balance of the General Fund was understated and liabilities were overstated by approximately \$425,000. Accordingly, the County reported a prior period adjustment during 2012 to correct beginning fund balance by the same amount. The adjustment is more fully described in Note 20 to the financial statements.

Recommendation: We recommend management review existing procedures to ensure liabilities at the end of each reporting period represent valid claims against County resources. Management should consider investigating any unusual liabilities or those that represent significant variances from the prior year. Further, we recommend the County review and amend its procedures for recognizing motor vehicle licensing revenues each month, including the use of its existing journal entry template.

**Views of Responsible
Officials and Planned**

Corrective Actions: Finance staff review the balance sheet accounts and work with Clerk & Recorder's office staff to make sure the liability and revenue accounts are properly stated based on the State reports. This process is done at the end of each month so there should not be an unreconciled balance outstanding.

Contact Information: Steve Oliver, Accounting Manager

ARAPAHOE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012

PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2012-02

DEPARTMENT OF HEALTH & HUMAN SERVICES
Passed-Through Colorado Department of Human Services
Child Support Enforcement – CFDA #93.563
Award Year: 2012

Special Tests
Significant Deficiency, Noncompliance

Criteria: 45 CFR Part 303 – Standards for Program Operations indicates specific requirements 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 for compliance with specific criteria within 45 CFR Part 303 and noted the following exceptions:

1. The information from applications for 12 out of 40 files was entered late into ACSES within the required 20 day time frame of receipt of the application.
2. One of the 40 files was missing documentation that procedures were applied to contact delinquent obligors and enforce obligations were in compliance with Title IV-D staff manual volume 6.700.31. Specifically, the file lacked support that the “Notice to Withhold Income” was sent.

Cause: Two of the files that were not processed timely were noted to have a SIDMOD (State Identification Module) issue at the State level. SIDMOD issues are caused when an NCP’s (non custodial parent) name and birth date are close enough to another person in the system to indicate a possible misidentification. This results in delays in processing the information until the SIDMOD issue is cleared.

The remaining timing errors were caused by a backlog of case files as a result of staffing issues. The intake division had a loss of approximately three staff members at one time, which caused this backlog during the year.

Finally, with lack of documentation that procedures were applied to contact delinquent obligors and enforce obligations is due to administrative error.

Effect: The County is not in compliance with the Federal requirements of the Child Support Program, this includes timeliness and accuracy of information entered into ACSES. The non-compliance issues may result in actions taken by the State or the Federal agency.

ARAPAHOE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012

PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding 2012-02 (continued)

Questioned Costs: We noted no questioned costs relating to the above conditions.

Recommendation: We recommend the County include verification of the above noncompliance items in its internal review process and provide additional training to staff as soon as possible.

Views of Responsible Officials and Planned Corrective Actions:

1. The information from applications for 12 out of 40 files was entered late into ACSES within the required 20 day time frame of receipt of the application.

Response: We agree with this finding. The Child Support Intake Team experienced staffing issues in 2012 which resulted in 10 of the 12 cases with late entry exceptions primarily because CSE promotes merited intake staff who apply for Program Specialist positions in other teams. In 2012, 3 staff members from the Intake Team moved on representing a 40% loss in intake staff. The Child Support Management Team has developed and implemented a division-wide process to assist in initiating cases when and if the intake team is short-handed in the future. Additional staff is cross-trained on intake processes and procedures. This will assure that the workload does not bottleneck and all cases are initiated within the 20 day timeframe. As of June 2013, cases are initiated within an average 14.5 days.

The remaining 2 files that were initiated outside of the 20 day timeframe were as a result of the State Identification Module (SIDMOD) which causes a delay in case initiation until the issues are cleared at the State level. Arapahoe County does not have control over this issue and believes that SIDMOD issues are State exceptions rather than County exceptions.

2. One of the 40 files was missing documentation that procedures were applied to contact delinquent obligors and enforce obligations were in compliance with Title IV-D staff manual volume 6.700.31. Specifically, the file lacked support that the "Notice to Withhold Income" was sent.

Response: We agree with this finding. In this particular case, the Establishment Specialist established a temporary order and set a hearing with the Court for the parents to address issues raised during the Administrative Process Action negotiation conference. Typically, when this situation arises, the Establishment Specialist will forward the case to the Enforcement Specialist to issue the Notice to Withhold Income under the provisions of the temporary order, but in this case, the Establishment Specialist held the file to prepare it for hearing and the notice was not sent timely. The Establishment Supervisor will reiterate the requirement to forward the file immediately so that the Notices to Withhold Income are sent timely.

Contact Information: Bob Prevost, Division Manager of Arapahoe County Child Support

ARAPAHOE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012

Finding 2012-03

DEPARTMENT OF ENERGY

Passed-Through Colorado Office of Energy Conservation
ARRA - Weatherization Assistance – CFDA #81.042
Contract Number: C900628
Award Year: 2012

Eligibility
Significant Deficiency, Noncompliance

Criteria: The Colorado Energy Office Policy number CEO-WX-301.2 defines the Low Income Home Energy Assistance client eligibility approval process. According to section 4.3.1 of this policy, total income for the most recent three months immediately preceding eligibility determination, annualized, must be documented in the file. This type of documentation must be included in the file, or a printed tape of the calculation. Either method requires two signatures of approval.

Condition: During our testing, we noted that 3 out of 40 cases selected did not contain a second approval signature on the calculation of total income.

Cause: The three exceptions represent an oversight by the Business Associate II employee to provide the required second review and approval signature on the printed income calculation of Weatherization applicants.

Effect: The County was not in compliance with Colorado Energy Office Policy number CEO-WX-301.2 regarding eligibility.

Questioned Costs: We noted no questioned costs relating to the above conditions.

Recommendation: We recommend management review existing procedures regarding eligibility, and amend procedures as necessary to ensure that all income calculations include the required approvals.

Views of Responsible
Officials and Planned

Corrective Actions: The Weatherization Division concurs with the recommendation and will immediately implement the following corrective action:

- (1) Prior to the job being created/entered in SAP, the Division Manager, will double check the eligibility documentation to ensure that there are two approval signatures on the printed income calculation tape for Weatherization applicants. If the tape is missing the 2nd signature, he will either review the income calculation and provide the 2nd signature or return the file to either the Business Associate II or Administrative Supervisor to obtain the necessary 2nd review and approval signature.

ARAPAHOE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012

PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding 2012-03 (continued)

- (2) Prior to closing a file and reporting expenditures to state for reimbursement, the Administrative Supervisor will review the application information to ensure that the 2nd approval signature is present on the printed income calculation tape for Weatherization applicants. If not, she will obtain the review and 2nd approval signature prior to closing the case file.

Contact Information: Steve Elliott, Division Manager of Weatherization

**ARAPAHOE COUNTY, COLORADO
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012**

PART II—FINDINGS RELATED TO FINANCIAL STATEMENTS

None.

PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2011-01

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Low-Income Home Energy Assistance— CFDA # 93.568

**Eligibility
Significant Deficiency, Noncompliance**

Condition: During the recalculation of benefit payments during eligibility testing over 40 transactions, the following was noted:

1. During the recalculation of household income, on one of the daily paystubs used to calculate monthly income the net pay was used instead of gross pay understating the household income by \$6.
2. During the review of the review of one case file, income was reported on the application; however the LEAP main frame and turn-around form incorrectly report household income of \$0.
3. During the review of one case file, it was noted that the client resides in subsidized housing but this was not entered into the LEAP mainframe or updated on the turnaround report. The reduction in total benefits for subsidized housing is \$180; the total benefits should have been \$200.

Recommendation: We recommend the County implement a training program so that personnel are aware of eligibility requirements.

Implementation
Status: Implemented.

Finding 2011-02

DEPARTMENT OF HEALTH & HUMAN SERVICES
Child Support Enforcement – CFDA #93.563

**Special Tests
Significant Deficiency, Noncompliance**

Condition: We tested 40 files for compliance with specific criteria within 45 CFR Part 303 and noted the following exceptions:

ARAPAHOE COUNTY, COLORADO
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012

PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding 2011-02 (continued)

1. The information from applications for 3 out of 40 files was entered late into ACSES within the required 20 day time frame of receipt of the application.
2. One of the 40 files exceeded the interstate timeframe.
3. One of 40 files was not closed even after directed to close by the other state involved in the case.
4. One out of 40 files did not contain support that a National Medical Form was sent to confirm health insurance coverage.
5. One out of the 40 files did not order either party to provide health insurance coverage.

Recommendation: We recommend the County include the above noncompliance items in the internal review process and to provide additional training to staff as soon as possible.

Implementation

Status: Partially implemented. See current year finding 2012-02.

Finding 2011-03

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Foster Care – Title IV-E – CFDA # 93.658

ARRA Foster Care – Title IV-E – CFDA # 93.658

Eligibility

Significant Deficiency, Noncompliance

Condition: We noted the following instances of noncompliance relating to eligibility:

In 1 out of 40 cases selected for testing, there is no evidence that the County performed the required redetermination annually. We noted a lag of approximately 17 months between the two most recent redeterminations performed by the County.

Recommendation: We recommend management review existing procedures regarding eligibility, and amend procedures as necessary to ensure a redetermination is performed at least annually.

Implementation

Status: Implemented.

ARAPAHOE COUNTY, COLORADO
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012

PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding 2011-04

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Temporary Assistance to Needy Families – CFDA # 93.558

Eligibility
Significant Deficiency

Condition: In 1 out of 40 cases selected for eligibility testing, the applicant indicated that she has been investigated for welfare fraud. There is no evidence that County staff performed additional procedures to determine whether the individual was actually convicted of welfare fraud and potentially ineligible for TANF benefits. However, the County has since determined that the applicant had not been convicted of welfare fraud either as of the application date or as of the time of our testing. Accordingly, we noted no noncompliance.

Recommendation: We recommend management provide additional training to staff so that they are aware of compliance requirements related to welfare fraud. Such training should reference the need for case workers to document additional required procedures to verify compliance when applicants indicate they have been convicted of welfare fraud.

Implementation
Status: Implemented.