

BOULDER COUNTY, COLORADO

REPORT ON SINGLE AUDIT

December 31, 2006

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**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards**

The Board of County Commissioners
Boulder County, Colorado

We have audited the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Boulder County, Colorado (the County) as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 12, 2007. 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 the 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 the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2006-01 and 2006-02 to be significant deficiencies in internal control over financial reporting.

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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. Of the significant deficiencies in internal control over financial reporting described in the accompanying schedule of findings and questioned costs, we consider item 2006-02 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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 other matters involving the internal control over financial reporting that we have reported to the management of the County in a separate letter dated July 12, 2007.

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

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

Clifton Henderson LLP

Greenwood Village, Colorado
July 12, 2007

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

The Board of County Commissioners
Boulder County, Colorado

Compliance

We have audited the compliance of Boulder County, Colorado (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The County's major federal programs are identified in the summary of auditor's 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 the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Boulder County Housing Authority (the Authority), a blended component unit, which expended \$6,254,331 in federal awards which is not included in the County's schedule of federal awards during the year ended December 31, 2006. Our audit, described below, did not include the operations of the Authority because the Authority had a separate audit performed in accordance with OMB *Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations*.

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 the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

As described in item 2006-03 and 2006-04 in the accompanying schedule of findings and questioned costs, Boulder County, Colorado did not comply with requirements regarding eligibility and allowed/allowable costs that are applicable to its Food Stamps program (CFDA No. 10.551 and 10.561). As described in items 2006-03 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding eligibility that are applicable to its Temporary Assistance for Needy Families program (CFDA No. 93.558). As described in item 2006-07 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding subrecipient monitoring and allowed/allowable costs that are applicable to its Child Care Cluster program (CFDA No. 93.575/93.596). Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the 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, 2006.

Internal Control Over Compliance

The management of the County 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 the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity'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. 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 2006-03, 2006-04, 2006-05, 2006-06, 2006-07 and 2006-08 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 2006-03, 2006-04, and 2006-07 to be material weaknesses.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended December 31, 2006, and have issued our report thereon dated July 12, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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.

Clifton Henderson LLP

Greenwood Village, Colorado
July 12, 2007

BOULDER COUNTY, COLORADO
Schedule of Expenditures of Federal Awards
Year ended December 31, 2006

	<u>CFDA number</u>	<u>Pass-through identifying number</u>	<u>Expenditures</u>
Office of National Drug Control Policy			
High Intensity Drug Trafficking	7.000	I6PRMP572Z	\$ 35,532
Total Office of National Drug Control Policy			<u>35,532</u>
Department of Agriculture			
Commodity Loan and Deficiency Payments	10.051		11,533
Direct and Counter-cyclical Payments Program	10.055		50,213
Conservation Reserve Program - FSA Marketing Loss Assistance	10.069		1,632
Pass-through Colorado Department of Human Services:			
Food Stamps (n)	10.551		10,987,272
State Administrative Matching Grants for Food Stamp Program	10.561	006FS2520	1,267,153
Subtotal Food Stamps Cluster			<u>12,254,425</u>
Pass-through Colorado Department of Public Health and Environment:			
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	WIC0200581, WIC0700263	819,224
WIC (n)	10.557	N/A	2,338,119
Subtotal for WIC			<u>3,157,343</u>
Pass-through Colorado Department of Public Health and Environment:			
Child and Adult Care Food Program	10.558	65019-06	33,017
Pass-through Colorado Department of Human Services:			
Emergency Food Assistance Program (TEFAP) Administrative Costs	10.568	N/A	23,270
TEFAP Food Commodities (n)	10.569	N/A	134,090
Subtotal Emergency Food Assistance Cluster			<u>157,360</u>
Pass-through Colorado State Forest Service:			
Cooperative Forestry Assistance	10.664	G-6636-001	33,000
Pass-through Colorado Department of Agriculture:			
Forest Health Protection	10.680	06BAA00	9,500
Farm and Ranch Lands Protection Program	10.913		95,656
Total Department of Agriculture			<u>15,803,679</u>
Department of Housing and Urban Development			
Pass-through Department of Local Affairs:			
Community Development Block Grant States Program	14.228	H7CDB05058G	158,000
Community Development Block Grant States Program	14.228	04-04-8G	57,051
Total Department of Housing and Urban Development			<u>215,051</u>
Department of the Interior			
Payments in Lieu of Taxes	15.226		236,992
Pass-through Colorado Department of Natural Resources			
Sport Fish Restoration	15.605	1018-03C108230	12,959
Cooperative Endangered Species Conservation Fund	15.615	SWG-15-634 T-12-1	5,308
Total Department of the Interior			<u>255,259</u>
Department of Justice			
Pass-through Colorado Department of Public Safety, Division of Criminal Justice:			
Juvenile Accountability Incentive Block Grants	16.523	25-JB-L-20-17, 24-JB-L-20-17	25,055
Missing Children's Assistance	16.543		2,490
Crime Victim Assistance	16.575		54,035
Crime Victim Compensation	16.576	25-VC-20	550,000
Byrne Formula Grant Program	16.579	24-DB-13-17-4,24-DB-13-44-3	74,045
Edward Byrne Memorial Justice Assistance Grant Program	16.738	26-DJ-01-26-9,25-DJ-01-26-8	160,536
Bulletproof Vest Partnership Program	16.607		5,663
Total Department of Justice			<u>871,824</u>
Department of Labor			
Pass-through Colorado Department of Labor and Employment:			
Employment Services	17.207	940,838,994,864,1020	540,264
Disabled Veteran Outreach Program (DVOP)	17.801	948,1058	4,583
Local Veterans' Employment Representative Program (LVERP)	17.804	947,1057	5,402
Subtotal Employment Services Cluster			<u>550,249</u>

BOULDER COUNTY, COLORADO
Schedule of Expenditures of Federal Awards
Year ended December 31, 2006

	<u>CFDA number</u>	<u>Pass-through identifying number</u>	<u>Expenditures</u>
Pass-through Colorado Department of Labor and Employment:			
Transition Youth Grant	17.000	L5YTGBC	42,237
Unemployment Insurance	17.225	949,1059	17,526
Work Incentives	17.266	L7YTGBC,L5DPNBC,L7DPNBC	49,854
WIA Incentive Grants Section 503 Grants to States	17.267	916,1088	83,016
Pass-through Colorado Department of Labor and Employment:			
Workforce Investment Act Adult Program	17.258	1017,861,1016,860	300,671
Workforce Investment Act Youth Activities Program	17.259	862,1018,987,805,729,860,1016	506,692
Workforce Investment Act Dislocated Workers	17.260	694,816,694,816,920,863,798,929,742	1,229,081
Subtotal Workforce Investment Act (WIA) Cluster			<u>2,036,444</u>
Total Department of Labor			<u>2,779,326</u>
Department of Transportation			
Pass-through Colorado Department of Transportation:			
Highway Planning and Construction	20.205	SHE052A-022, STU1191-021	233,183
Total Department of Transportation			<u>233,183</u>
Environmental Protection Agency			
Pass-through Colorado Department of Public Health and Environment:			
Surveys, Studies, Investigation, Demonstrations and Special Purpose			
Activities Relating to the Clean Air Act	66.034	XA-97850201-0	164,449
Performance Partnership Grants (PPGs)	66.605	HAZ06000010,HAZ06000012	30,894
Surveys, Studies, Investigation, and Special Purpose Grants	66.606	AIR0600072	27,684
Total Environmental Protection Agency			<u>223,027</u>
Department of Energy			
Pass-through Colorado Office of Energy:			
Weatherization Assistance for Low-Income Persons	81.042	C900350	341,776
Total Department of Energy			<u>341,776</u>
Election Assistance Commission			
Help America Vote Act Requirement Payments	90.401		1,080,700
Total Election Assistance Commission			<u>1,080,700</u>
Department of Health and Human Services			
Pass-through Colorado Department of Human Services:			
Special Programs for the Aging – Title VII – Chapter 3 –			
Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	03B-97	7,206
Special Programs for the Aging – Title VII – Chapter 2 –			
Long-Term Care Ombudsman Services for Older Individuals	93.042	03B-97	3,325
Special Programs for the Aging – Title III – Part D –			
Disease Prevention and Health Promotion Services	93.043	03B-97	13,798
Pass-through Colorado Department of Human Services:			
Special Programs for the Aging – Title III – Part B –			
Grants for Supportive Services and Senior Centers	93.044	03B-97	394,212
Special Programs for the Aging – Title III – Part C – Nutrition Services	93.045	03B-97	76,160
Nutrition Services Incentive Program	93.053	03B-97	8,456
Subtotal Aging Cluster			<u>478,828</u>
Pass-through Colorado Department of Human Services:			
National Family Caregiver Support Program	93.052	03B-97	58,980
Pass-through Colorado Department of Public Health and Environment:			
Immunization Grants	93.268	IMM06000034/IMM0600128	50,477
Immunization Grants (n)	93.268	N/A	203,575
Subtotal Immunization Grants			<u>254,052</u>

BOULDER COUNTY, COLORADO
Schedule of Expenditures of Federal Awards
Year ended December 31, 2006

	<u>CFDA number</u>	<u>Pass-through identifying number</u>	<u>Expenditures</u>
Pass-through Colorado Department of Public Health and Environment: Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	EPI0600078/EPI0700041 EPI0600092/EPI06000309 EPI0700062/EPI06000154 EPI06000140/EPI07000009 EPI06000235/EPI07000104	423,936
Pass-through Colorado Department of Human Services: Promoting Safe and Stable Families	93.556	N/A	100,000
Temporary Assistance for Needy Families (TANF)	93.558	N/A	3,191,534
Child Support Enforcement	93.563	N/A	1,486,726
Pass-through Colorado Department of Human Services and the Governor's Office of Energy Conservation: Low-Income Home Energy Assistance Program	93.568	N/A	1,291,595
Low-Income Home Energy Assistance Program-Weatherization	93.568	C900350	714,194
Subtotal Low-Income Home Energy Assistance Program			<u>2,005,789</u>
Pass-through Colorado Department of Local Affairs: Community Services Block Grant	93.569	L6CSBGBO	323,458
Community Services Block Grant – Discretionary Awards for Community Food and Nutrition	93.571	F06CFN05204	5,495
Head Start	93.600		1,205,081
Drug Free Communities Support Program Grants	93.276		105,706
Pass-through Colorado Department of Human Services: Child Care and Development Block Grant	93.575	N/A	1,065,227
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	1,193,442
Subtotal Child Care Cluster			<u>2,258,669</u>
Pass-through Colorado Department of Human Services: Child Welfare Services State Grants	93.645	N/A	147,972
Adoption Opportunities	93.652	N/A	23,827
Foster Care – Title IV-E	93.658	N/A	2,710,401
Adoption Assistance	93.659	N/A	906,249
Social Services Block Grant	93.667	N/A	2,817,451
Chafee Foster Care Independent Living	93.674	N/A	140,794
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779		18,000
Block Grants for the Prevention and Treatment of Substance Abuse	93.959	06IHM00167/07IHM00107	933,129
Pass-through Colorado Department of Human Services: Medical Assistance Program	93.778	N/A	1,901,382
Pass-through Colorado Department of Health Care Policy and Financing Medical Assistance Program - Public Health	93.778	UHA2106-0102/UHA2107-9003	47,834
Subtotal Medicaid Cluster			<u>1,949,216</u>
Pass-through Colorado Department of Public Health and Environment: HIV Prevention Activities Health Department Based	93.940	EPI06000149	8,487
Preventative Health and Health Services Block Grant	93.991	ADM06000028,ADM07000006	23,319
Maternal and Child Health Services Block Grant to the States	93.994	MCH0700378 MCH0600516	211,752
Total Department of Health and Human Services			<u>21,813,180</u>
Social Security Administration Department Social Security Research and Demonstration	96.007	12-Y-30003-8-04 12-Y-30003-8-03	205,933
Total Social Security Research and Development			<u>205,933</u>

BOULDER COUNTY, COLORADO
Schedule of Expenditures of Federal Awards
Year ended December 31, 2006

	CFDA number	Pass-through identifying number	Expenditures
Department of Homeland Security			
Emergency Management Performance Grants	97.042	7EMH0607, 6EM06L07	75,480
Homeland Security Grant Program	97.067		7,118
Total Department of Homeland Security			82,598
Grand total			\$ 43,941,068

(n) Noncash assistance
See accompanying notes to Schedule of Expenditures of Federal Awards.

BOULDER COUNTY, COLORADO
NOTES TO SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2006

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the primary government of Boulder County, Colorado and the County's component units (the County), excluding the Boulder County Housing Authority, a blended component unit of the County, which expended \$6,254,331 in federal awards during the year ended December 31, 2006. 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. 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 basic 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 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:

- Food Stamps CFDA #10.551 (Major Program)
- Women, Infant and Children #10.557 (Major Program)
- TEFAP Food Commodities CFDA #10.569
- Immunization CFDA #93.268
- Temporary Assistance for Needy Families CFDA #93.558 (Major Program)

Total electronic transfer disbursements authorized by the State for 2006 were \$29,601,099.

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.

Subrecipients

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

Child Care Cluster	CFDA 93.575/93.596	\$ 250,362
Block Grants for the Treatment and Prevention of Substance Abuse	CFDA 93.959	\$ 186,606
Child Welfare Title IV-B	CFDA 93.645	\$ 3,905
Foster Care Title IV-E	CFDA 93.658	\$ 214,432
Adoption Title IV-E	CFDA 93.659	\$ 19,881
Social Services Block Grant Title XX	CFDA 93.667	\$ 114,816
Medicaid Title XIX	CFDA 93.778	\$ 2,485

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2006

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
Reportable condition(s) identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal control over major program:		
Material weakness(es) identified?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
Reportable condition(s) identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no

Type of auditor's report issued on compliance for major program:

The type of report issued on compliance for major programs: Qualified opinion for compliance requirement of eligibility and allowed/allowable costs for the Food Stamps (CFDA Nos. 10.551 and 10.651), for compliance requirements for eligibility for the TANF program (CFDA No. 93.558); for compliance requirements of allowed/allowable costs and subrecipient monitoring for the Child Care Cluster (CFDA Nos. 93.575/93.596). Unqualified opinion on all other major programs and other compliance requirements.

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?

yes no

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2006

PART I - SUMMARY OF AUDITOR'S RESULTS (CONTINUED)

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
10.551	Food Stamp Program - Distribution
10.561	Food Stamp Program - Administrative
10.557	Special Supplemental Nutrition Program for Women, Infants and Children
17.258	Workforce Investment Act Adult
17.259	Workforce Investment Act Youth
17.260	Workforce Investment Act Dislocated Worker
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.568	Low Income Home Energy Assistance Program
93.575	Child Care Development Block Grant (CCDBG)
93.596	Child Care Mandatory and Matching Funds for (CCDBG)
93.658	Foster Care - Title IV-E
93.667	Social Services Block Grant - Title XX
93.778	Medicaid - Title XIX

Dollar threshold used to distinguish between
Type A and Type B programs:

\$1,318,232

Auditee qualified as low-risk auditee?

___ yes √ no

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2006

PART II - FINDINGS RELATED TO FINANCIAL STATEMENTS

Finding 2006-01

Significant Deficiency

Criteria: During our testing of journal entries at Boulder County Social Services, we noted certain cash entries are initiated and posted by the same individual with no review or approval process.

Recommendation: We recommend an individual review and approve all journal entries. This individual would be someone who does not have the ability to initiate journal entries.

Views of responsible officials and planned corrective actions: Effective September 2007, manual journal entries will be reviewed and approved before posting.

Contact: Kerin Dyer, Division Manager
Business and Administrative Support Services

Finding 2006-02

Material Weakness

Criteria: Boulder County performed a reconciliation of their capital assets accounting system to the general ledger and discovered that several assets were not reconciled between the two systems. The magnitude of the misstatements was such that it required a prior period adjustment.

Recommendation: We recommend the County perform a detailed reconciliation between the two systems on a regular basis.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2006

PART II - FINDINGS RELATED TO FINANCIAL STATEMENTS (CONTINUED)

Finding 2006-02

Views of responsible
officials and planned
corrective actions:

Due to the significant changes in capital asset accounting brought about by the implementation of GASB 34 along with increasing our capitalization threshold to \$5,000, Boulder County undertook a review of capital assets and their accounting procedures in 2006, including a more detailed reconciliation, a review of CIP procedures, and a more comprehensive review of large land purchases. In this review, we identified needed adjustments representing approximately 1% of the capital asset balance.

These new procedures, including a monthly reconciliation to the general ledger will remain in place in future years.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2006

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2006-03

CFDA 10.551/10.561 Food Stamps and CFDA 93.558 TANF

Eligibility

Significant Deficiency, Material Weakness, Material Noncompliance and Qualification

Criteria:

Per Staff Manual Volume 10 section 4.4011.31, “through IEVS (Income and Eligibility Verification System), recipient SSN’s will be matched with source agency records on a regular basis to identify potential earned and unearned income, and resources/assets”.

The County is required to verify all income through the Income and Eligibility Verification System (IEVS) per Staff Manual Sections 3.120 and 3.604. Section 3.120 further requires:

- At initial application and at redetermination an applicant shall be notified through a written statement provided on or with the application form that information available through IEVS will be requested and that such information will be used and shall be verified by sources when that information may affect the recipients eligibility and level of benefits.
- All information obtained through the IEVS shall be retained or documented in the case record.
- The County shall report the results of the verification in accordance with reporting requirements established by the State Department for the IEVS.
- The County is required to act upon information received from the IEVS within 45 days of receipt of such information. All other information received through the IEVS, excluding social security benefits, shall be treated as not verified and shall be subject to verification by the county department.
- Section 3.120 requires all income be verified through the IEVS. It further states assistance shall not be denied, delayed or discontinued pending receipt of information requested through IEVS, if other evidence establishes the individual’s eligibility for assistance.

Condition:

No evidence of the use of IEVS in the determination of eligibility.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2006

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

Finding 2006-03 CFDA 10.551/10.561 Food Stamps and CFDA 93.558 TANF

Auditor
Response: According to the Colorado Department of Human Services agency letter GEN-06-05-P, information obtained from IEVS “must be retained in the case file in the form of a screen print or documented in the case comments along with any collateral verification of this data”.

Contact person: Toni Gross, Manager of Public Assistance and Eligibility Determination Division

Finding 2006-04 CFDA 10.551/10.561 Food Stamps

Eligibility and Allowable/Allowed Costs
Significant Deficiency, Material Weakness, Material Noncompliance, and Qualification

Criteria: Circular A-102 Common Rule requires the food stamp office establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective controls ensure persons determining eligibility are adequately trained and supervised. In addition, per Staff Manual 4 section 4.4121, “supervisory personnel shall review a random sample of six current food stamp determinations (certifications, denials, and pendings) per technician per month to determine the correctness of eligibility determinations accomplished and a record of the cases reviewed must be kept for management evaluation/audit purposes.”

Condition: Inadequate review of applications processed by newly hired technicians and participant files.

Effect: Individuals may be receiving benefits that are not eligible or may be receiving more benefits than eligible for. Further, the technician performing eligibility determinations may not be adequately trained.

Questioned Costs: We noted no questioned costs related to the condition above.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2006

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

Finding 2006-04

CFDA 10.551/10.561 Food Stamps

Context: The County developed a procedure to review all applications processed by newly hired technicians and to maintain a spreadsheet documenting the progress of each new hire. We reviewed the County's reviews performed on 3 newly hired technicians noting no support evidencing a review of 1 of the new technicians. In addition, we tested reviews performed on senior technicians. We noted that the County did not begin performing reviews of 6 current food stamp determinations until October 2006.

Cause: Inadequate staffing and inattention to State regulations may have led to this finding.

Recommendation: We recommend the County adhere to the State's regulations over reviewing determinations. We further recommend the County strive to perform reviews consistently.

Management Response: Effective September 1, 2006, BCDSS is reviewing six case files per tech per month and has reviewed 100% of the applications processed by new hires as of April 1, 2006 to ensure required verification is in the file and data entered correctly in CBMS.

Contact person: Toni Gross, Manager of Public Assistance and Eligibility

Finding 2006-05

CFDA #93.558 TANF

Eligibility and Allowed/Allowable Costs
Significant Deficiency

Criteria: Circular A-102 Common Rule requires the County establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective controls ensure the information entered into CBMS is accurate.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2006

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

Finding 2006-05

CFDA #93.558 TANF

In addition, Staff Manual Volume 3 establishes the following criteria and documentation required for determining eligibility – Section 3.604.4 states, “As a condition of eligibility, the caretaker relative shall provide verification or written confirmation by a physician or nurse pursuant to records in the immunization tracking system...that all children whose needs are included in the assistance unit receiving Colorado Works benefits are being brought up-to-date with immunization and that, no later than the first redetermination of eligibility, each child has received all immunization for which the child is eligible according to the age of the child, unless exempt due to religious or medical reasons in accordance with Federal law.”

Section 3.629.1 states, “Colorado Works participants shall report information concerning income, household composition, and other specific essential elements of eligibility...by use of a Monthly Status Report (MSR) in accordance with the schedule established by the county department.”

Condition: Beneficiary payments may not be calculated based on current information and participant files do not contain all data needed to determine eligibility.

Effect: Participant files do not contain all information required for eligibility, benefit payments are being calculated without regard to the MSRs provided, and beneficiary payments may be issued to ineligible participants.

Questioned Costs: Known questioned costs of \$414 - calculated as all exceptions noted during our testing over participant eligibility. Total amount tested in our sample of 25 was \$10,068.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2006

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

Finding 2006-05

CFDA #93.558 TANF

Context: We tested 25 participant files for eligibility and noted the following:

- 1 instance where the family unit was ineligible in 2005, but received benefit payments in 2006. Further, the family unit did not provide MSR's during 2006.
- 2 instances where the participant files did not contain immunization records.

Cause: Inadequate staffing and supervisory review process may have led to this finding.

Recommendation: We recommend establishing procedures to ensure the beneficiary payments are based on MSR's. We further recommend the County perform reviews of participant files to ensure the required documentation was provided by the participant.

Management Response: Case 1B3VRS0 was not ineligible and MSR's are not required monthly for certain households. This household changed case number and is now 1B3R7N7 and additional verification was provided to the reviewer along with the Variable MSR procedure. A state problem log was sent on June 15, 2005 to prevent the few payments during the period when the household was not eligible. This problem log has not been resolved by the State.

We agree that two cases did not contain immunization records. BCDSS does review files each month and this is specifically reviewed.

There is a known CBMS issue that prints MSR's from the State without all of the household members names or with partial names. BCDSS does not have control over these types of printed errors. Further, CBMS does not generate MSR's while the Colorado Works application is pending.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2006

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

Finding 2006-05

CFDA #93.558 TANF

Contact

Person:

Toni Gross, Manager of Public Assistance and Eligibility
Determination Division

Auditor

Response:

We tested the beneficiary payment made in January 2006 for case IB3VRS0 and it was determined that this case was not eligible for TANF benefits during the period we tested. We agree that there was a problem log established on June 15, 2005 and that this case had not been resolved by the State of Colorado. This does not change the fact that this beneficiary payment should not have been made on case 1B3VRS0.

Finding 2006-06

CFDA #93.563 Child Enforcement (CSE) and CFDA #93.667
Title XX Block - Social Services Block Grant (SSBG)

Allowed/Allowable Costs
Significant Deficiency and Noncompliance

Criteria:

Cost Circular A-87 sets standards regarding time distribution are in addition to the standards for payroll documentation. Per A-87 "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"...and the personnel activity reports are required to be signed by the employee.

Condition:

Salaries are charged to federal programs based on a fixed percentage instead of using a personnel activity report.

Effect:

Noncompliance with federal regulations.

Questioned
Costs:

We noted no questioned cost related to the above condition.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2006

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

Finding 2006-06

CFDA #93.563 Child Enforcement (CSE) and CFDA #93.667
Title XX Block - Social Services Block Grant (SSBG)

Context: During our testing of 31 payroll transactions, 25 from CSE and 6 from SSBG, we noted 1 instance where an employee's time was charged 50% to CSE and 50% of SSBG.

Cause: Intention to or lack of understanding of federal regulations.

Recommendation: We recommend the County comply with A-87 and require the employee to track actual time spent on each federal program.

Management
Response:

The full time County Attorney is assigned to Child Welfare 50% of her time and Child Support Enforcement 50% of her time. She will be set-up to record her time through the County 100% time reporting system to accommodate tracing any changes in her assigned duties.

Contact Person: Kirby Stone, Division Manager
Family Support Services Division
(303) 678-6317

Finding 2006-07

CFDA #93.596/93.575 Child Care Cluster

**Subrecipient Monitoring and Allowed/Allowable Costs
Significant Deficiency, Material Weakness, Material Noncompliance and Qualification**

Criteria: Per OMB Cost Circular A-133, the pass-through entity is responsible for ensuring required audits are performed and requiring the subrecipient to take prompt action on any audit findings. Contracts must include language relating to the A-133 requirements and the County is required to perform adequate monitoring activities such as reviews, site visits, or regular meetings.

Per Staff Manual Volume 3 section 3.904.1E, "counties that choose not to require immunization records as a part of the application and redetermination process must require providers to maintain current immunization records and monitor those providers..."

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2006

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

Finding 2006-07

CFDA #93.596/93.575 Child Care Cluster

Condition: Inadequate review of subrecipients. Further, the County is not adequately communicating the required elements, reviewing the activities of the subrecipients, or obtaining and reviewing the single audit reports as required.

Inadequate monitoring of providers to ensure providers have on record the immunization records for all children enrolled.

Effect: Subrecipients may not be aware of all of the necessary requirements and regulations associated with federal programs and may be administering the program in a manner inconsistent with the applicable rules and regulations.

Immunization records for children may not be held with the child care provider.

Questioned Costs: Unknown. The total pass through payments issued were \$250,362.

We noted no questioned costs related to the reviews of immunization records.

Context: The internal auditor at Social Services selected 8 case files out of 561 active case files to review eligibility determinations made by the subrecipient.

The County reviewed immunization records for children enrolled in child care at 8 separate providers. The County used approximately 561 providers during 2006.

Cause: The County does not have a proper process in place to monitor the subrecipients to ensure that they are operating the program within specified guidelines. In addition, the County also does not have procedures in place to ensure compliance with the requirements of OMB A-133.

The County does not have a proper process in place to ensure that its providers retain immunization records.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2006

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

Finding 2006-07

CFDA #93.596/93.575 Child Care Cluster

Recommendation: We recommend that the County implement more reviews of the eligibility determination and attendance monitoring activities. Further, the County should determine if the subrecipient has a single audit report and, if applicable, should obtain and review the report.

We further recommend the County review its monitoring procedures over providers and increase the number of providers reviewed.

Management
Response:

The Internal Auditor within the Department's Quality Assurance Unit does conduct an audit of Aspen Family Services' internal eligibility and attendance monitoring activities. A review was completed in December 2006 and is provided for reference. The Department's Internal Auditor now reviews 15 child care providers per quarter. Additionally, Aspen Family Services (AFS) has an Internal Control policy and a Case review process. These policies are provided for reference.

AFS submits monthly statistical reports along with the monthly invoice to the Division Manager. These reports are broken down into personnel, office expenses, and profit. These reports were designed by the Boulder County Division of Social Services (BCDSS) Division Manager responsible for oversight of the subrecipient and the BCDSS Business Office Manager. BCDSS has also requested a copy of AFS' independent audit, which will be provided in Fiscal Year 07/08. This audit had not been required in the past. BCDSS has provided AFS with a copy of Circular A-133.

Contact
Person:

Marsa Williams, President
Aspen Family Services, Inc.
(303) 604-1043, ext. 2915

Kirby Stone, Division Manager
Family Support Services Division
(303) 678-6317

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2006

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

Finding 2006-08

CFDA #93. 778 Medicaid

Eligibility and Allowed/Allowable Costs
Significant Deficiency

- Criteria: Per Staff Manual Volume 8, Section 8.508.120, at least annually the County Department of Social/Human Services shall verify the child's continued Medicaid eligibility.
- Condition: Participant files missing documents supporting the determination of eligibility.
- Effect: Children may be paid Medicaid who are not eligible.
- Questioned Costs: Known questioned costs of \$694 - calculated as all exceptions noted during our testing over eligibility. Total amount tested in our sample of 25 was \$26,865.
- Context: We tested 25 participant files for eligibility and noted the following:
- 1 file was missing a SS-1A (redetermination of Medicaid)
- Cause: Inadequate review procedures and lack of training.
- Recommendation: We recommend the staff continue to follow state regulations carefully and organize files so that all regulated materials are in the files and easy to find.
- Management Response:
1. The Administrative Technician responsible for Medicaid determinations will continue to process the SS-1As.
 2. The Administrative Technician will send the completed forms to the Lead Administrative Technician in each of the three BCDSS offices one time per month (by the 5th of each month). The Lead Administrative Technicians will distribute or assign distributions of the forms to specific caseworkers.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2006

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

Finding 2006-08

CFDA #93. 778 Medicaid

Contact person:

Melissa Maling, Manager
Protection, Permanency and Treatment Division

BOULDER COUNTY, COLORADO
SUMMARY OF SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended December 31, 2006

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2005-01 CFDA 10.551/10.561 Food Stamp Cluster

Reporting
Reportable Condition and Noncompliance

Summary: The FNS-46 was not prepared or submitted for the year ended December 31, 2005.

Status: The program was tested in the current year. Not a finding in the current year.

Finding 2005-02 CFDA 10.551/10.561 Food Stamps

Eligibility and Allowable/Allowed Costs
Reportable Condition, Material Weakness, Material Noncompliance, and Qualification

Summary: Benefit payments may not be calculated based on up-to-date information found in participant files.

Status: The program was tested in the current year. Not a finding in the current year.

Finding 2005-03 CFDA 10.551/10.561 Food Stamps

Eligibility and Allowable/Allowed Costs
Reportable Condition, Material Weakness, Material Noncompliance, and Qualification

Summary: Participant files do not include all data needed to determine eligibility.

Status: The program was tested in the current year. Not a finding in the current year.

BOULDER COUNTY, COLORADO
SUMMARY OF SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (CONTINUED)
Year Ended December 31, 2006

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

Finding 2005-04 CFDA 10.551/10.561 Food Stamps

Eligibility
Reportable Condition, Material Weakness, Material Noncompliance, and Scope Limitation

Summary: No evidence of the use of IEVS in the determination of eligibility.

Status: The program was tested in the current year. Finding is repeated in the current year. See Finding 2006-03.

Finding 2005-05 CFDA 10.551/10.561 Food Stamps

Eligibility
Reportable Condition and Noncompliance

Summary: Participant files do not contain evidence that annual face-to-face interviews were being performed.

Status: The program was tested in the current year. Not a finding in the current year.

Finding 2005-06 CFDA #17.258/17.259/17.260 Workforce Investment Act (WIA)

Eligibility and Allowable/Allowed Costs
Reportable Condition, Material Weakness, Material Noncompliance and Qualification

Summary: Participant files lacking documentation to support eligibility.

Status: The program was tested in the current year. Not a finding in the current year.

BOULDER COUNTY, COLORADO
SUMMARY OF SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (CONTINUED)
Year Ended December 31, 2006

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

Finding 2005-07 CFDA #93.558 TANF

Eligibility and Allowed/Allowable Costs
Reportable Conditions, Material Weakness, Material Noncompliance and Scope Limitation

Summary: No evidence of the use of IEVS in the determination of eligibility.

Status: The program was tested in the current year. Finding is repeated in the current year. See Finding 2006-03.

Finding 2005-08 CFDA #93.558 TANF

Eligibility and Allowed/Allowable Costs
Reportable Condition, Material Weakness, Material Noncompliance and Qualifications

Summary: CBMS not calculating benefit payments correctly and information entered into CBMS to calculate benefits does not agree with participant files. Benefits not calculated based on information from participant case files. Further, participant case files lack information to support eligibility.

Status: The program was tested in the current year. Finding is substantially repeated in the current year. See Finding 2006-05.

Finding 2005-9 CFDA #93.563 Child Support Services

Special Tests and Provisions
Reportable Condition and Material Weakness

Summary: Inadequate procedures to secure medical coverage for all children.

Status: The program was tested in the current year. Not a finding in the current year.

BOULDER COUNTY, COLORADO
SUMMARY OF SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (CONTINUED)
Year Ended December 31, 2006

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

Finding 2005-10 CFDA #93.596/93.575 Child Care Cluster

Eligibility
Reportable Condition and Noncompliance

Summary: Not all participant files contain immunization records and proof of residency. Further, the County did not monitor providers to ensure immunization records were on file at the providers locations.

Status: The program was tested in the current year. Not a finding in the current year.

Finding 2005-11 CFDA #93.596/93.575 Child Care Cluster

Subrecipient Monitoring and Allowed/Allowable Costs
Reportable Condition, Material Weakness, Material Noncompliance and Qualification

Summary: Inadequate review of subrecipients. Further, the County is not adequately communicating the required elements, reviewing the activities of the subrecipients, or obtaining and reviewing the single audit reports as required.

Status: The program was tested in the current year. Finding is substantially repeated in the current year. See Finding 2006-07.

Finding 2005-12 CFDA #93.658 Foster Care

Eligibility
Reportable Condition and Noncompliance

Summary: Initial determination of eligibility not completed timely.

Status: The program was tested in the current year. Not a finding in the current year.

BOULDER COUNTY, COLORADO
SUMMARY OF SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (CONTINUED)
Year Ended December 31, 2006

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

Finding 2005-13 CFDA #93.658 Foster Care

Eligibility
Reportable Condition and Noncompliance

Summary: Required caseworker trainings are not adequately tracked.

Status: The program was tested in the current year. Not a finding in the current year.

Finding 2005-14 CFDA #93. 778 Medicaid

Eligibility and Allowed/Allowable Costs
Reportable Condition, Material Weakness, Material Noncompliance and Qualification

Summary: Participant files missing documents supporting the determination of eligibility.

Status: The program was tested in the current year. Finding is substantially repeated in the current year. See Finding 2006-08.

Finding 2005-15 CFDA #93. 959 Block Grant for the Treatment and Prevention of Substance Abuse (ADAD)

Subrecipient Monitoring and Allowed/Allowable Costs
Reportable Condition Material Weakness, Material Noncompliance and Qualification

Summary: Subrecipient not being adequately monitored as sufficient procedures are not in place.

Status: The program was not tested in the current year. Not a finding in the current year.