

BOULDER COUNTY, COLORADO

REPORT ON SINGLE AUDIT

December 31, 2007

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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, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 deficiency described in the accompanying schedule of findings and questioned costs as item 2007-01 to be a significant deficiency 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. However, we do not believe that the significant deficiency described above is 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*.

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

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

Clifton Henderson LLP

Greenwood Village, Colorado
July 30, 2008

**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 OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. 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 \$6,741,275 in federal awards which is not included in the County's schedule of federal awards during the year ended December 31, 2007. 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 2007-02 in the accompanying schedule of findings and questioned costs, Boulder County, Colorado did not comply with requirements regarding eligibility that are applicable to its Food Stamps (CFDA No. 10.551 and 10.561) and Temporary Assistance for Needy Families (CFDA No. 93.558) programs. 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, 2007.

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 2007-02, 2007-03, 2007-04, 2007-05 and 2007-06 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 item 2007-02 to be a material weakness.

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, 2007, and have issued our report thereon dated July 30, 2008. 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 30, 2008

BOULDER COUNTY, COLORADO
Schedule of Expenditures of Federal Awards
Year ended December 31, 2007

	<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	I7PRMP572Z	\$ 27,761
Total Office of National Drug Control Policy			<u>27,761</u>
Department of Agriculture			
Direct and Counter-cyclical Payments Program	10.055		20,766
Conservation Reserve Program - FSA Marketing Loss Assistance	10.069		1,632
Pass-through Colorado Department of Human Services:			
Food Stamps (n)	10.551		9,131,858
State Administrative Matching Grants for Food Stamp Program	10.561		1,253,197
Subtotal Food Stamps Cluster			<u>10,385,055</u>
Pass-through Colorado Department of Public Health and Environment:			
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	WIC0700263	886,008
WIC (n)	10.557	N/A	2,524,060
Subtotal for WIC			<u>3,410,068</u>
Pass-through Colorado Department of Public Health and Environment:			
Child and Adult Care Food Program	10.558	65019-07	82,155
Pass-through Colorado Department of Human Services:			
Emergency Food Assistance Program (TEFAP) Administrative Costs	10.568	N/A	18,198
TEFAP Food Commodities (n)	10.569	N/A	119,368
Subtotal Emergency Food Assistance Cluster			<u>137,566</u>
Pass-through Colorado State Forest Service:			
Cooperative Forestry Assistance	10.664		
Pass-through Colorado Department of Agriculture:			
Forest Health Protection	10.680	07BAA00	9,500
Wildlife Habitat Incentive Program	10.914		11,718
Total Department of Agriculture			<u>14,058,460</u>
Department of Housing and Urban Development			
Pass-through Department of Local Affairs:			
Community Development Block Grant States Program	14.228	04-04-8G	98,862
Total Department of Housing and Urban Development			<u>98,862</u>
Department of the Interior			
Payments in Lieu of Taxes	15.226		214,518
Pass-through Colorado Department of Natural Resources			
Sport Fish Restoration	15.605	FIF-1510-07	6,768
Total Department of the Interior			<u>221,286</u>
Department of Justice			
Pass-through Colorado Department of Public Safety, Division of Criminal Justice:			
Juvenile Accountability Incentive Block Grants	16.523	26-JB-L-20-17	19,310
Crime Victim Assistance	16.575	26-VA-20-562	54,035
Crime Victim Compensation	16.576	27-VC-20	433,826
Byrne Formula Grant Program	16.579	24-DB-13-17-4	21,585
State Criminal Alien Assistance Program	16.606		518,090
Edward Byrne Memorial Justice Assistance Grant Program	16.738	27-DJ-01-26-10	104,404
Total Department of Justice			<u>1,151,250</u>

BOULDER COUNTY, COLORADO
Schedule of Expenditures of Federal Awards
Year ended December 31, 2007

	<u>CFDA number</u>	<u>Pass-through identifying number</u>	<u>Expenditures</u>
Department of Labor			
Pass-through Colorado Department of Labor and Employment:			
Employment Services	17.207	940,1116,994,1020,1160	235,290
Disabled Veteran Outreach Program (DVOP)	17.801	1058,1198	5,516
Local Veterans' Employment Representative Program (LVERP)	17.804	1057,1197	6,504
Subtotal Employment Services Cluster			<u>247,310</u>
Pass-through Colorado Department of Labor and Employment:			
Unemployment Insurance	17.225	1059,1199	21,048
Work Incentives	17.266	L7YTGBC, L8DPNBC, L7DPNBC	45,241
WIA Incentive Grants Section 503 Grants to States	17.267	1088	32,912
Pass-through Colorado Department of Labor and Employment:			
Workforce Investment Act Adult Program	17.258	1017,861,1016,860,1161	361,574
Workforce Investment Act Youth Activities Program	17.259	865,1018,1162,805,1136,860,1016,862	624,509
Workforce Investment Act Dislocated Workers	17.260	07WF15BC,08WF22BC,1124,816	916,577
Subtotal Workforce Investment Act (WIA) Cluster			<u>1,902,660</u>
			<u>2,249,171</u>
Department of Transportation			
Pass-through Colorado Department of Transportation:			
Highway Planning and Construction	20.205	SHE052A-022, STU1191-021	292,756
Total Department of Transportation			<u>292,756</u>
Environmental Protection Agency			
Surveys, Studies, Investigation, Demonstrations and Special Purpose	66.034	XA-97850201-1	188,602
Brownfields Assessment and Cleanup Cooperative	66.818		21,666
Pass-through Colorado Department of Natural Resources:			
Regional Wetland Program Development Grants	66.461	EPA-1481-07	42,725
Pass-through Colorado Department of Public Health and Environment:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	CPD07000002,CPD08000003	2,850
Performance Partnership Grants (PPGs)	66.605	HAZ06000010,HAZ07000012	24,257
Surveys, Studies, Investigation, and Special Purpose Grants	66.606	AIR0600072	10,359
Total Environmental Protection Agency			<u>290,459</u>
Department of Energy			
Pass-through Colorado Office of Energy:			
Weatherization Assistance for Low-Income Persons	81.042	C900350	662,431
Total Department of Energy			<u>662,431</u>
Pass-through Colorado Department of Human Services:			
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	IHA REHB0801	10,589
			<u>10,589</u>

BOULDER COUNTY, COLORADO

Schedule of Expenditures of Federal Awards

Year ended December 31, 2007

	<u>CFDA number</u>	<u>Pass-through identifying number</u>	<u>Expenditures</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	9,921
Special Programs for the Aging – Title VII – Chapter 2 – Long-Term Care Ombudsman Services for Older Individuals	93.042	03B-97	26,530
Special Programs for the Aging – Title III – Part D – Disease Prevention and Health Promotion Services	93.043	03B-97	5,220
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	351,224
Special Programs for the Aging – Title III – Part C – Nutrition Service	93.045	03B-97	85,488
Nutrition Services Incentive Program	93.053	03B-97	8,594
Subtotal Aging Cluster			<u>445,306</u>
Pass-through Colorado Department of Human Services:			
National Family Caregiver Support Program	93.052	03B-97	90,979
Pass-through Colorado Department of Public Health and Environment:			
Immunization Grants	93.268	IMM0600128/IMM08-000001,00030	61,544
Immunization Grants (n)	93.268	N/A	382,432
Subtotal Immunization Grants			<u>443,976</u>
Pass-through Colorado Department of Public Health and Environment:			
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	EPI0800066/EPI0700041 EPI0700062/EPI0800084 EPI0800048/EPI07000195 EPI06000235/EPI07000104 EPI0800090	475,097
Pass-through Colorado Department of Human Services:			
Promoting Safe and Stable Families	93.556	N/A	99,726
Temporary Assistance for Needy Families (TANF)	93.558	N/A	2,813,154
Child Support Enforcement	93.563	N/A	1,614,435
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	919,783
Low-Income Home Energy Assistance Program-Weatherization	93.568	C900350	661,885
Subtotal Low-Income Home Energy Assistance Program			<u>1,581,668</u>
Pass-through Colorado Department of Local Affairs:			
Community Services Block Grant	93.569	L6CSBGBO	326,160
Head Start	93.600		1,096,530
Drug Free Communities Support Program Grants	93.276		87,599
Pass-through Colorado Department of Human Services:			
Child Care and Development Block Grant	93.575	N/A	1,356,904
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	1,691,658
Subtotal Child Care Cluster			<u>3,048,562</u>

BOULDER COUNTY, COLORADO

Schedule of Expenditures of Federal Awards

Year ended December 31, 2007

	<u>CFDA number</u>	<u>Pass-through identifying number</u>	<u>Expenditures</u>
Pass-through Colorado Department of Human Services:			
Child Welfare Services State Grants	93.645	N/A	151,753
Adoption Opportunities	93.652	N/A	33,716
Foster Care – Title IV-E	93.658	N/A	2,941,366
Adoption Assistance	93.659	N/A	915,878
Social Services Block Grant	93.667	N/A	2,801,515
Chafee Foster Care Independent Living	93.674	N/A	132,511
Centers for Medicare and Medicaid Services Research, Block Grants for the Prevention and Treatment of Substance Abuse	93.959	07IHM00107/08IHM00107	783,077
Pass-through Colorado Department of Human Services:			
Medical Assistance Program	93.778	N/A	1,363,381
Pass-through Colorado Department of Health Care Policy and Financing			
Medical Assistance Program - Public Health	93.778	UHA2107-9003/UHA2108-9021	48,259
Subtotal Medicaid Cluster			<u>1,411,640</u>
Pass-through Colorado Department of Public Health and Environment:			
National Bioterrorism Hospital Preparedness Program	93.889	EPI07000158,EPI08000125	9,677
HIV Prevention Activities Health Department Based	93.940	EPI07000181	8,460
Preventative Health and Health Services Block Grant	93.991	ADM06000028,ADM07000006	18,720
Maternal and Child Health Services Block Grant to the States	93.994	MCH0700378 MCH0800458	209,884
 Total Department of Health and Human Services			 <u>21,583,060</u>
 Social Security Administration Department			
Social Security Research and Demonstration	96.007	12-Y-30003-8-04 12-Y-30003-8-05	205,642
Total Social Security Research and Development			<u>205,642</u>
 Department of Homeland Security			
Emergency Management Performance Grants	97.042	7EMH0607, 6EM06L07	110,688
Homeland Security Grant Program	97.067		2,082
Total Department of Homeland Security			<u>112,770</u>
 Grand total			 <u>\$ 40,964,497</u>

(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, 2007**

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 \$6,741,275 in federal awards during the year ended December 31, 2007. 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 an 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
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 2007 were \$28,238,254.

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	\$ 217,360
Block Grants for the Treatment and Prevention of Substance Abuse	CFDA 93.959	128,147
Child Welfare Title IV-B	CFDA 93.645	837
Foster Care Title IV-E	CFDA 93.658	58,801
Adoption Title IV-E	CFDA 93.659	4,715
Social Services Block Grant Title XX	CFDA 93.667	29,845

**BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2007**

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?	___ 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 program:		
Material weakness(es) identified?	_√_ yes	___ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_√_ yes	___ none reported

Type of auditor's report issued on compliance for major program:	Qualified for eligibility compliance requirement for Food Stamps (CFDA Nos. 10.551 and 10.651) and TANF (CFDA No. 93.558). Unqualified opinion on all other major programs and compliance requirements.
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Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	_√_ yes	___ no
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**BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2007**

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
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
93.575*	Child Care and Development Block Grant
93.596*	Child Care Mandatory and Matching Funds
93.778	Medicaid - Title XIX
93.959	Block Grants for the Prevention and Treatment of Substance Abuse

* Cluster

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

\$1,228,935

Auditee qualified as low-risk auditee?

yes no

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2007

PART II - FINDINGS RELATED TO FINANCIAL STATEMENTS

Finding 2007-01

Significant Deficiency

Criteria: A periodic inventory and reconciliation of the capital asset records to the assets owned by an entity should be performed to insure the accuracy of the capital asset balances in the financial statements.

Condition: The amount recorded as capital assets on the County's statement of net assets does not properly represent the actual value of assets owned by the County.

Context: Boulder County performed a review of its capital assets accounting system and discovered that several assets were not recorded properly or accurately.

Cause: Inadequate review of entry of capital assets and supervision of the position that accounts for capital assets.

Effect: The magnitude of the misstatement was such that it represented an amount that is not material, but more than inconsequential.

Recommendation: We recommend the County perform a full physical inventory of its capital assets and perform a detailed reconciliation between the subsidiary ledger and statement of net assets on a regular basis. We also recommend that the fixed assets and the corresponding useful lives that are entered into the subsidiary ledger are periodically reviewed by a knowledgeable individual.

Views of responsible officials and planned corrective actions:

In 2003 Boulder County's capital asset position was upgraded from an Accounting Clerk III to an Accountant I due to GASB 34 requirements along with increasingly complex land transactions. In addition to yearly inventories and reconciliations we have been conducting a thorough review of previously booked transactions, especially land transactions. The discrepancy we found was due to this review.

This year we have added an additional review and approval level for capital asset transactions.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2007

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2007-02

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.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2007

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

Finding 2007-03

CFDA 10.551/10.561 Food Stamps (continued)

Context: The County maintains spreadsheets to monitor compliance with the requirement to review 6 case files per month per Technician. Our review of the spreadsheets for the months of August and November of 2007 indicate that 73% of the required case file reviews were completed during those months. In addition, our review of new hire case files indicate that 100% of new hire case files are being reviewed in accordance with County policy.

Cause: County personnel did not complete all of the case file reviews as required by internal policies and state regulations.

Recommendation: The County should implement procedures to ensure that internal policies and state regulations related to case file reviews are followed consistently.

Management
Response:

Beginning January 1, 2008, Boulder County Department of Social Services implemented a system to make sure the required six cases per Technician per month is being followed. Further, the Division Manager has verified the completion of the reviews through June 2008. As of July 2008, the Department streamlined the review form to reduce the workload while still ensuring compliance.

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

Finding 2007-04

CFDA #93.558 TANF

Eligibility
Significant Deficiency, Noncompliance

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, 2007**

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

Finding 2007-04

CFDA #93.558 TANF (continued)

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.”

- Condition: Internal control procedures are not in place to ensure that all required immunizations are documented in the case file.
- Effect: Participants enrolled in TANF may not have the immunizations required by state guidelines.
- Questioned Costs: Known questioned costs of \$758 – calculated as all exceptions noted during our testing over participant eligibility. Total amount of beneficiary payments tested in our sample of 25 was \$5,130.
- Context: We tested 25 participant files for eligibility and noted 3 instances where the participant files did not contain immunization records.
- Cause: Internal control procedures are not adequate to ensure that immunization records are documented in the file as required.
- Recommendation: We recommend that procedures be established to ensure immunization records are documented in the file in accordance with state requirements.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2007

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

Finding 2007-04

CFDA #93.558 TANF (continued)

Management
Response:

Beginning January 1, 2008, Boulder County Department of Social Services implemented a system to make sure the required review of six cases per Technician per month is being followed. Further, the Division Manager has verified the completion of the reviews through June 2008. In addition, two of the six food stamp cases reviewed must contain cases under Colorado Works (TANF) and include immunization requirements as part of the review.

Contact
Person:

Toni Gross, Manager of Public Assistance and Eligibility
Determination Division

Finding 2007-05

CFDA 93.575 and 93.596 Child Care and Development Block
Grant

Allowed/Allowable Costs
Significant Deficiency, Noncompliance

Criteria:

Colorado Department of Human Services Agency Letter No CC-07-01-P outlines the household income and size requirements to determine the proper parent fee for Fiscal Year 2007. These agency letters are updated annually by the Department, based on Federal poverty guidelines.

Condition:

Review procedures at Aspen Family Services are not adequate to ensure that Parent Fees are calculated accurately.

Effect:

Noncompliance with federal regulations.

Questioned
Costs:

Known questioned costs of \$76 – calculated as all exceptions noted during our testing over child care allowable costs. Total amount of payments tested in our sample of 28 was \$9,107.

**BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2007**

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

Finding 2007-06

CFDA 10.551/10.561 Food Stamps (continued)

Effect: Client received benefits although was not eligible.

Questioned Costs: Known questioned costs of \$91 – calculated as all exceptions noted during our testing over food stamps allowable costs. Total amount of payments tested in our sample of 25 was \$3,504.

Context: We tested a sample of 25 Food Stamp recipients and noted one individual that was ineligible due to available resources.

Cause: Inadequate review controls to ensure that all eligibility criteria are properly considered.

Recommendation: We recommend that Boulder County implement additional review procedures to ensure all Food Stamps participants are eligible.

Management Response: Beginning January 1, 2008, Boulder County Department of Social Services implemented a system to make sure the required review of six cases per technician per month is being followed. Further, the Division Manager has verified the completion of the reviews through June 2008. Resources are included in the review of each food stamp case.

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

BOULDER COUNTY, COLORADO
SUMMARY OF SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended December 31, 2007

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2006-01

Significant Deficiency

Summary: 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.

Status: Implemented.

Finding 2006-02

Material Weakness

Summary: 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.

Status: This finding is repeated as 2007-01.

Finding 2006-03

CFDA 10.551/10.561 Food Stamps and CFDA 93.558 TANF

Eligibility

Significant Deficiency, Material Weakness, Material Noncompliance and Qualification

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

Status: The finding is repeated as 2007-02.

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 2006-04 CFDA 10.551/10.561 Food Stamps

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

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

Status: The finding is repeated as 2007-03.

Finding 2006-05 CFDA #93.558 TANF

Eligibility and Allowed/Allowable Costs
Significant Deficiency

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

Status: The finding is repeated as 2007-04 for the immunizations. The County implemented the use of a Monthly Status Report to aid in the determination of benefits.

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

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

Status: This issue 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 2006-07

CFDA #93.596/93.575 Child Care Cluster

Subrecipient Monitoring and Allowed/Allowable Costs
Significant Deficiency, 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.

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

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

Finding 2006-08

CFDA #93.778 Medicaid

Eligibility and Allowed/Allowable Costs
Significant Deficiency

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

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