

**BOULDER COUNTY, COLORADO**

**REPORT ON SINGLE AUDIT**  
**December 31, 2008**

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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 aggregate 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, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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 County'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 County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency described as item 2008-01 in the accompanying schedule of findings and questioned costs 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 County'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 believe that the significant deficiency described above is not 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 also noted certain other matters that we reported to management of the County in a separate letter dated July 31, 2009.

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 31, 2009

**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, 2008. 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 \$8,452,918 in federal awards which is not included in the County's schedule of federal awards during the year ended December 31, 2008. 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 on the County's compliance with those requirements.

As described in item 2008-02 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, 2008. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2008-03, 2008-04, 2008-05 and 2008-06.

### **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 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 County's internal control over compliance.

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2008-02, 2008-03, 2008-04, 2008-05, and 2008-06 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 2008-02 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, 2008, and have issued our report thereon dated July 31, 2009. 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 31, 2009

**BOULDER COUNTY, COLORADO**  
Schedule of Expenditures of Federal Awards  
For the Year Ended December, 31, 2008

	<b>CFDA number</b>	<b>Pass-through identifying number</b>	<b>Expenditures</b>
<b>Department of Agriculture</b>			
Direct Counter Cyclical Programs	10.051		\$ 17,297
Conservation Reserve Program - FSA Marketing Loss Assistance	10.069		649
06-07 Crop Disaster Assistance	10.451		3,973
Pass-through Colorado Department of Human Services:			
Food Stamps (n)	10.551		10,811,696
State Administrative Matching Grants for Food Stamp Program	10.561		1,063,039
Subtotal Food Stamp Cluster			<u>11,874,735</u>
Pass-through Colorado Department of Public Health and Environment:			
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557	WIC0800385	915,988
WIC (n)	10.557		2,711,355
Subtotal WIC			<u>3,627,343</u>
Pass-through Colorado Department of Public Health and Environment:			
Child and Adult Care Food Program	10.558	65019-08	83,440
Pass-through Colorado Department of Human Services:			
Emergency Food Assistance Program Administration	10.568		8,015
TEFAP Food Commodities (n)	10.569		161,099
Subtotal Emergency Food Assistance Cluster			<u>169,114</u>
Pass-through Colorado Department of Agriculture:			
Wildlife Habitat incentive Program	10.914	728B05071GD	15,325
<b>Department of Agriculture Total</b>			<u>15,791,876</u>
<b>Department of Housing and Urban Development</b>			
Pass-through Department of Local Affairs:			
Community Development Block Grant/State's Program	14.228	04-04-8G	82,838
<b>Department of Housing and Urban Development Total</b>			<u>82,838</u>
<b>Department of the Interior</b>			
Payments in Lieu of Taxes (PILT)	15.226		351,342
Pass-through Colorado Department of Natural Resources:			
Sport Fish Restoration	15.605		3,232
Land And Water Conservation Fund	15.916	08-PAA-00012/G-530014-011/08-145	84,643
<b>Department of the Interior Total</b>			<u>439,217</u>
<b>Department of Justice</b>			
Pass-through Colorado Department of Public Safety, Division of Criminal Justice:			
Juvenile Accountability Grant	16.523	26-JB-L-20-17/ 27-JB-L-20-17	7,621
Missing Children's Assistance	16.543		1,940
Crime Victim Assistance	16.575	26-VA-20-136	54,994
Crime Victim Compensation	16.576	2007-VC-GX-0029	100,000
Local Law Enforcement Block Grants Program	16.592		1,853
Edward Byrne Memorial Justice Assistance Grant Program	16.738	28-DJ-01-26-11	77,897
<b>Department of Justice Total</b>			<u>244,305</u>

**BOULDER COUNTY, COLORADO**  
Schedule of Expenditures of Federal Awards  
For the Year Ended December, 31, 2008

	<b>CFDA number</b>	<b>Pass-through identifying number</b>	<b>Expenditures</b>
<b>Department of Labor</b>			
Pass-through Colorado Department of Labor and Employment:			
Employment Service/Wagner-Peyser Funded Activities	17.207	940, 1237, 1160	240,586
Disabled Veteran's Outreach Program (DVOP)	17.801	1198, 1314	6,994
Local Veteran's Employment Representative Program	17.804	1197, 1313	7,789
Subtotal Employment Service Cluster			<u>255,369</u>
Pass-through Colorado Department of Labor and Employment:			
Unemployment Insurance	17.225	1199, 1315	20,320
WorkForce Incentives	17.266	L8DPNBC	26,677
H-1B Job Training Grants	17.268		2,804
Pass-through Colorado Department of Labor and Employment:			
WIA Adult Program	17.258	1396, 1017, 1161	291,801
WIA Youth Activities Program	17.259	1018, 1162, 1310, 1266	522,548
WIA Dislocated Workers	17.260	1396, 08WF22BC,	619,449
		1163,1311,1019,1163,1124,1136,112	
Subtotal Workforce Investment Act (WIA) Cluster			<u>1,433,798</u>
<b>Department of Labor Total</b>			<u><b>1,738,968</b></u>
<b>Department of Transportation</b>			
Pass-through Colorado Department of Transportation:			
Highway Planning and Construction	20.205	CDOT 14920, 08-HTD-00046	1,910,303
<b>Department of Transportation Total</b>			<u><b>1,910,303</b></u>
<b>Environmental Protection Agency</b>			
Surveys, Studies, Investigation, Demonstrations and Special Purpose			
Activities in relation to the Clean Air Act	66.034	XA-97850201-1	106,407
Congressionally Mandated Projects	66.202		240,600
Capitalization grants for Clean Water State Revolving Funds	66.458	CPD08000003	1,425
Pass-through Colorado Department of Natural Resources:			
Regional Wetland Program Development Grants	66.461	EPA-1481-07	35,795
Pass-through Colorado Department of Public Health and Environment:			
Water Quality Cooperative Agreements	66.463	BF-97814301	94,663
Performance Partnership Grants (PPGs)	66.605	HAZ08000018, HAZ09000012, AIR0800122	22,442
Surveys, Studies, Investigations and Special Purpose Grants	66.606	AIR0800122	19,305
<b>Environmental Protection Agency Total</b>			<u><b>520,637</b></u>
<b>Department of Energy</b>			
Pass-through Colorado Department of Energy:			
Weatherization Assistance for Low- Income Persons	81.042	C900578	1,280,225
<b>Department of Energy Total</b>			<u><b>1,280,225</b></u>

**BOULDER COUNTY, COLORADO**  
Schedule of Expenditures of Federal Awards  
For the Year Ended December, 31, 2008

	<u>CFDA number</u>	<u>Pass-through identifying number</u>	<u>Expenditures</u>
<b>Department of Health and Human Services</b>			
Pass-through Colorado Department of Human Services:			
Special Programs for the Aging - Title VII Chapter 3 -			
Programs for the Prevention of Elder Abuse, Neglect and Exploitation	93.041	03B-97	9,495
Special Programs for the Aging - Title VII Chapter 2 -			
Long term Care Ombudsman Services for Older Individuals	93.042	03B-97	29,738
Special Programs for the Aging - Title III Part D -			
Disease Prevention and Health Promotion Services	93.043	03B-97	8,910
Special Programs for the Aging - Title III Part B -			
Grants for Supportive Services and Senior Centers	93.044	03B-97	348,958
Special Programs for the Aging - Title III Part C - Nutrition Services	93.045	03B-97	83,737
Nutrition Services incentive Program	93.053	03B-97	10,729
Subtotal Aging Cluster			<u>443,424</u>
Pass-through Colorado Department of Human Services:			
National Family Caregiver Support, Title III, Part E	93.052	03B-97	66,481
Pass-through Colorado Department of Public Health and Environment:			
Immunization Grants	93.268	IMM0800226	43,127
Immunization Grants (n)	93.268		322,945
Subtotal Immunization Grants			<u>366,072</u>
Pass-through Colorado Department of Public Health and Environment:			
Centers for Disease Control and Prevention Investigations and			
Technical Assistance	93.283	EPI08000248, EPI08000185	35,722
Pass-through Colorado Department of Human Services:			
Promoting Safe and Stable Families	93.556		100,963
Temporary Assistance for Needy Families (TANF)	93.558		5,091,067
Child Support Enforcement	93.563		1,588,114
Pass-through Colorado Department of Human Services and the Governor's			
Office of Energy Conservation			
Low-income Home Energy Assistance Programs - Weatherization	93.568	C900578	83,379
Low-income Home Energy Assistance Programs	93.568		1,311,837
Subtotal Low-Income Home Energy Assistance Program			<u>1,395,216</u>
Pass-through Colorado Department of Local Affairs			
Community Services Block Grant	93.569	L7CSBG07, L9CSBG06	335,545
Head Start	93.600		1,118,614
Drug Free Communities Support Program Grants	93.276		113,051
Pass-through Colorado Department of Human Services:			
Child Care and Development Block Grant	93.575		1,718,485
Child Care Mandatory and Matching Funds of Child Care	93.596		2,021,640
Subtotal Childcare Cluster			<u>3,740,125</u>
Pass-through Colorado Department of Human Services:			
Child Welfare Services state Grants	93.645		179,037
Adoption Opportunities	93.652		22,810
Foster Care - Title IV-E	93.658		2,891,038
Adoption Assistance	93.659		899,770
Social Services Block Grant	93.667		3,726,813
Chafee Foster Care Independent Living	93.674		153,433
Block grants for the Prevention and Treatment of Substance Abuse	93.959	08IHM01107, 09IHM01107	766,190
Pass-through Colorado Department of Health Care Policy and Financing:			
Early Periodic Screening, Diagnosis and Treatment	93.778	UHA 2108-9021, UHA2209-9002	50,268
Pass-through Colorado Department of Human Services:			
Medial Assistance Program	93.778		1,410,911
Subtotal Medicaid Cluster			<u>1,461,179</u>

**BOULDER COUNTY, COLORADO**  
Schedule of Expenditures of Federal Awards  
For the Year Ended December, 31, 2008

	<u>CFDA number</u>	<u>Pass-through identifying number</u>	<u>Expenditures</u>
Pass-through Colorado Department of Public Health and Environment Public Health Emergency Preparedness	93.069	IMM08000323 , EPI0800066 , EPI0900033 , EPI0800084 , EPI0900057 , EPI08002484 , EPI0800090	377,283
National Bioterrorism Hospital Preparedness Program	93.889	EPI08000125	5,091
HIV Prevention Activities Health Department Based	93.940	EPI07000181, EPI08000193	9,393
Preventive Services Block Grant	93.991	ADM07000016, ADM8000018	18,488
Maternal and Child Health Services Block Grant to the States	93.994	MCH0800458, MCH0800458, PSD0800427HCP0800427	204,402
<b>Department of Health and Human Services Total</b>			<u><b>25,157,464</b></u>
<b>Social Security Administration Department</b>			
Social Security Research and Demonstration	96.007	12-Y-30003-8-05, 12-Y-30003-8-05	224,335
<b>Social Security Administration Department Total</b>			<u><b>224,335</b></u>
<b>Department of Homeland Security</b>			
Emergency Management Performance Grants	97.042	8EMH0707, 8EM7S07	160,892
<b>Department of Homeland Security Total</b>			<u><b>160,892</b></u>
<b>Grand Total</b>			<u><b>\$ 47,551,060</b></u>

(n) Noncash Assistance

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**BOULDER COUNTY, COLORADO**  
**NOTES TO SCHEDULE OF**  
**EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2008**

**General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the 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 \$8,452,918 in federal awards during the year ended December 31, 2008. 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 2008 were \$32,170,863.

**CFDA and Contract Numbers**

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

**BOULDER COUNTY, COLORADO  
 NOTES TO SCHEDULE OF  
 EXPENDITURES OF FEDERAL AWARDS (continued)  
 Year Ended December 31, 2008**

**Sub-recipients**

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

Child Care Cluster	CFDA 93.575/93.596	\$ 230,171
Block Grants for the Treatment and Prevention of Substance Abuse	CFDA 93.959	127,035
Child Welfare Title IV-B	CFDA 93.645	2,511
Foster Care Title IV-E	CFDA 93.658	40,546
Adoption Title IV-E	CFDA 93.659	12,619
Social Services Block Grant Title XX	CFDA 93.667	52,267
Temporary Assistance for Needy Families	CFDA 93.558	590,515

**BOULDER COUNTY, COLORADO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2008**

**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, 2008**

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

Identification of major program:

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
10.551*	Food Stamp Program - Distribution
10.561*	Food Stamp Program - Administrative
20.205	Highway Planning and Construction
93.558	Temporary Assistance for Needy Families
93.575*	Child Care and Development Block Grant
93.596*	Child Care Mandatory and Matching Funds
93.667	Social Services Block Grant

\* Cluster

Dollar threshold used to distinguish between  
Type A and Type B programs: \$1,426,532

Auditee qualified as low-risk auditee? \_\_\_ yes   √   no

**BOULDER COUNTY, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**Year Ended December 31, 2008**

**PART II - FINDINGS RELATED TO FINANCIAL STATEMENTS**

Finding 2008-01

**Significant Deficiency**

Criteria: A monthly reconciliation of cash and investment balances to the trial balance should be performed to insure the accuracy of cash and investment balances in the financial statements.

Condition: The amount recorded as cash and investments on the County's statement of net assets does not agree with the actual value of cash and investments per the cash and investment reconciliations.

Context: Boulder County reconciled cash and investments per the statements provided to them by their banking institutions to the trial balance and discovered that the trial balance was overstated by an amount that was significant but not material to the financial statements.

Cause: There was no effective reconciliation of the cash and investment balances.

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

Recommendation: We recommend that cash and investment balances be fully reconciled to the trial balances on a monthly basis and that an individual that is knowledgeable about cash and investment transactions review all journal entries and reconciliations affecting cash and investment trial balance accounts.

Views of responsible officials and planned corrective actions: Boulder County along with Social Services, Workforce, Public Health, and the Housing Authority currently perform monthly reconciliations of cash and investments to their appropriate trial balances. When we roll out our new accounting system we will be consolidating the books of the County with Social Services, Workforce, and Public Health. This should provide more uniformity between these reconciliations. At year end accrual entries are prepared to book cash and investments correctly into the statement of net assets. These are normally prepared by one accountant and reviewed by another before being posted. Currently our reviewer has been assigned as the project manager for our system implementation and this step was missed in the current year. The new system will be live in 2009 and the review process will be performed in 2010.

**BOULDER COUNTY, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**Year Ended December 31, 2008**

**PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Finding 2008-02

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, 2008**

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

Finding 2008-02                      CFDA 10.551/10.561 Food Stamps and CFDA 93.558 TANF  
(continued)

Condition:                      The Boulder County Department of Social Services does not have an internal control procedure to validate that technicians are clearing IEVS hits consistently and with proper documentation and approval. In addition, reporting was not available from CBMS for the County to monitor the proper resolution of IEVS "hits" until December 2008.

Effect:                              Individuals may be enrolled in a program or receive benefits they are not eligible for.

Questioned Costs:              Unknown.

Context:                            During the course of our audit procedures, we noted that Boulder County did not have a procedure in place to monitor the timely and proper resolution of IEVS hits until December 2008. The limitation within CBMS was addressed by the State in December 2008, as reporting was developed within CBMS for the County to track the clearing of IEVS "hits".

Cause:                                There was a lack of formal procedures for the monitoring and documenting clearing of IEVS "hits".

Recommendation:              We recommend that the County develop a process and utilize the reporting that became available in December 2008 to ensure that all IEVS "hits" are tracked, cleared within required timeframes, and are adequately documented.

Management Response:              Effective December 13, 2008, Colorado Department of Human Services (CDHS) completed a CBMS system change that automatically posts CBMS case comments on the type of IEVS discrepancies disposed by the worker. In addition, the change gave counties the tools needed to monitor, work and be in compliance with IEVS mandates.

Boulder County staff was trained on the IEVS system change by CDHS April 2009. All PAED technicians and Managers were required to attend the training in person or via a web cast. Attendance was tracked through a sign in sheet for both trainings.

Managers use the following monthly reports to monitor workers compliance:

**BOULDER COUNTY, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**Year Ended December 31, 2008**

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

Finding 2008-02

CFDA 10.551/10.561 Food Stamps and CFDA 93.558 TANF  
(continued)

- New IEVS Discrepancy Records Report
- Overdue IEVS Discrepancy Report
- Action taken IEVS Discrepancy Records Report
- and the Weekly IEVS Discrepancy Records Report

Per manual IV, staff are required to review six Food Assistance cases per month for each worker. The case review is used as a tool in tracking IEVS actions taken by staff.

CDHS Agency Letter GEN-08-02-P, dated December 24, 2008 and CDHS-OIT CBMS IEVS Processing Guide dated December 10, 2008 provide guidelines for action and resolution of IEVS data match hits. By using these tools on a weekly and monthly basis, staff will be able to monitor IEVS compliance and hold staff accountable for taking appropriate actions on all IEVS actions.

Contact person: Kerin Dyer

**BOULDER COUNTY, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**Year Ended December 31, 2008**

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

Finding 2008-03

CFDA 10.551/10.561 Food Stamps

**Eligibility**  
**Significant Deficiency, Noncompliance**

- 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: The County has established a policy to review six case files per technician monthly as required by the state. In addition, the County has established procedures for monitoring whether the testing has been completed through the use of monitoring spreadsheets. Our testing indicates that for three months tested, 32% of the required case file reviews were not performed. In addition, the County has established a mitigating control to review 100% of new hire case files. Our reviews of case files processed by new hires in 2008 indicate the review process is not being followed, nor is there proper recording and documentation of new hires as shown by the inability of the County to provide a list of new hires during 2008.
- Effect: Individuals may be enrolled in a program or receive benefits they are not eligible for.
- Questioned Costs: None
- Context: The County maintains spreadsheets to monitor compliance with the requirement to review 6 case files per month per technician. Our testing indicates that the required case file reviews were not performed. In addition, our reviews of case files processed by new hires in 2008 indicate the review process is not being followed, nor is there proper recording and documentation of new hires as shown by the inability of the County to provide a list of new hires during 2008.

**BOULDER COUNTY, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**Year Ended December 31, 2008**

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

Finding 2008-03

CFDA 10.551/10.561 Food Stamps (continued)

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:

PAED Managers select and review 6 cases per worker per month. A case review sheet is completed for each case reviewed. The case is reviewed for required verification, accuracy and timeliness. We have added IEVS and New Hire Hits to the review sheet. The manager provides to the worker a copy of the review sheet for follow-up and training purposes. The manager also keeps an excel spreadsheet of the cases, and outcomes of the reviews.

Managers keep the physical case review sheets in their office, as well as keeping an excel spreadsheet that the Division Manager reviews each month with the manager to ensure compliance.

Staff are in process of designing and automating the selection of the cases. Managers will receive a monthly spreadsheet of cases to be reviewed for each worker. This will help with manager's workflow and time management.

Note: New Hires are received as an alert to the technician. The CBMS system now allows the technician to view the new hire report, send a verification letter and record the outcome/disposition to dispose of the data match. Managers can look at the New Hire windows and determine if the New Hire was worked in a timely matter.

Reference: CDHS-OIT View NDNH New Hire Data Window, dated September 5, 2008.

The County will implement enforcement of these procedures immediately.

Contact person: Kerin Dyer

**BOULDER COUNTY, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**Year Ended December 31, 2008**

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

Finding 2008-04

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.

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

Condition: Internal control procedures are not in place to ensure that all required documentation is maintained in the case file.

Effect: Participant files do not contain all information required for eligibility; therefore, benefit payments may be issued to ineligible participants.

Questioned Costs: Known questioned costs of \$280 – calculated as all exceptions noted during our testing over participant eligibility. Total amount of beneficiary payments tested in our sample of 25 was \$4,991.

Context: We tested 25 participant files for eligibility and noted participant files did not contain documentation as required for eligibility, as follows:

- 1 participant file did not contain Monthly Status Report for the month tested.

Cause: Internal control procedures are not adequate to ensure that the County is meeting the compliance requirements from the State.

Recommendation: We recommend that procedures be established to ensure required documentation is maintained in the participant file in accordance with state requirements.

**BOULDER COUNTY, COLORADO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended December 31, 2008**

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

Finding 2008-04

CFDA #93.558 TANF (continued)

Management  
Response:

MSR not in client's file net case.

- MSRs were not sent to recipient. This was a known issue to CBMS.
- Please refer to CBMS CR 1830 Changes to Periodic Reporting, Document Number 011608-CBMS11 Release Date January 16, 2008.
- CBMS system, Period reports window shows No Change – System for this case.
- Case was rescinded causing the CBMS system to change periodic reports to No Change MSR.
- Case comments show client was in contact with WfBC Case Manager monthly and following the terms of IRC, thus client was otherwise eligible for Colorado Works.
- Recipient verbally verified that she in fact was the recipient of the Colorado Work benefits in 2008.
- Month in question 09/08, Colorado Works payment was expunged in 9/2009.
- BCDHHS believes that the fact the client did not receive an MSR is a CBMS system generated error and that CDHS implemented a change request to prevent this from happening in future – there should not be any questioned costs on this case.

Contact  
Person:

Kerin Dyer

Auditor  
Response:

The MSR was required to be in the case file per Section 3.629.1. We were unable to determine whether the lack of the MSR was caused by a CBMS problem or Agency issue.

**BOULDER COUNTY, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**Year Ended December 31, 2008**

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

Finding 2008-05      CFDA 93.667 Social Services Block Grant

**Allowed/Allowable Costs**  
**Significant Deficiency, Noncompliance**

Criteria: Per OMB Circular A-87, where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

Condition: Semi-annual time certifications were not completed for all employees charged to the grant.

Effect: As the certifications were not completed, we were not able to evaluate the propriety of the employees salary allocation amongst programs.

Questioned Costs: Unknown

Context: Our testing of 25 employees charged to the grant noted that 4 employees only completed the time certification once during the year, not semi-annually as required. In addition, we noted that semi-annual certifications for 2 employees that covered the months of July through December were not completed timely, as they were not completed until April 2009.

Cause: Inadequate internal controls to ensure that semi-annual time certifications are completed as required.

Recommendation: We recommend the program administrators institute procedures to comply with Federal Cost principles. Employees who work 100% under a single cost objective should complete and sign semi-annual certifications to that effect.

Management Response: Exceptions noted above were due primarily to turnover in the staff responsible for oversight of the semi-annual time certification process. Procedures have been implemented to ensure that exceptions do not recur and will be implemented by the end of year 2009.

Contact Person: Trudi Hershman

**BOULDER COUNTY, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**Year Ended December 31, 2008**

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

Finding 2008-06

CFDA 93.558 TANF

**Sub-recipient Monitoring**  
**Significant Deficiency, Noncompliance**

Criteria:	Circular A-133 requires the County to monitor a sub-recipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the Sub-recipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. Monitoring activities normally occur throughout the year and may take various forms, such as: (1) Reporting – Reviewing financial and performance reports submitted by the Sub-recipient; (2) Site Visits – Performing site visits at the Sub-recipient to review financial and programmatic records and observe operations; and (3) Regular contact – Regular contacts with sub-recipients and appropriate inquiries concerning program activities.
Condition:	Sub-recipient monitoring was not performed during the fiscal year for all TANF Reserve Contracts.
Effect:	Boulder County could not verify sub-recipient's compliance with the TANF contracts.
Questioned Costs:	None
Context:	We noted that required reporting was not submitted, as required, by the sub-recipients for 2 of the 5 contracts tested. Contract TR9A was missing one of the required quarterly reporting packages (April through June 2008). Contract TR1 submitted one report that covered the contract period (April through December 2008) but did not provide quarterly reports as required under the contract.
Cause:	Inadequate internal controls over Sub-recipient monitoring.

**BOULDER COUNTY, COLORADO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended December 31, 2008**

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

Finding 2008-06

CFDA 93.558 TANF (continued)

Recommendation: We recommend that the County monitor its sub-recipients by ensuring that the required reports are submitted.

Management  
Response:

Additional procedures will be implemented to ensure that all reports are received as required. These procedures will be implemented by the end of the year 2009.

Contact Person: Trudi Hershman

**BOULDER COUNTY, COLORADO**  
**SUMMARY OF SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**Year Ended December 31, 2008**

Finding 2007-01

**Significant Deficiency**

Summary: Boulder County performed a review of its capital assets accounting system and discovered that several assets were not recorded properly or accurately. The magnitude of the misstatement was such that it represented an amount that is not material, but more than inconsequential.

Status: Implemented.

Finding 2007-02

CFDA 10.551/10.561 Food Stamps and CFDA 93.558 TANF

**Eligibility**

**Significant Deficiency, Material Weakness, Material Noncompliance and Qualification**

Summary: Out of a sample of 25 IEVS hits during 2007 (five each from five program managers), 10 (2 managers) had no supporting documentation to support any IEVS hits during 2007. In addition, another 2 managers had some documentation to support some of their IEVS hits during 2007, but 8 of the 10 hits for these managers also had no supporting documentation. Out of 25 hits sampled, 18 had no supporting documentation.

Status: The finding is repeated as 2008-02

Finding 2007-03

CFDA 10.551/10.561 Food Stamps

**Eligibility**

**Significant Deficiency, Noncompliance**

Summary: 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.

Status: The finding is repeated as 2008-03.

**BOULDER COUNTY, COLORADO**  
**SUMMARY OF SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (CONTINUED)**  
**Year Ended December 31, 2008**

Finding 2007-04                      CFDA #93.558 TANF

**Eligibility**  
**Significant Deficiency, Noncompliance**

Summary:                      We tested 25 participant files for eligibility and noted 3 instances where the participant files did not contain immunization records.

Status:                         The finding is repeated as 2008-04.

Finding 2007-05                      CFDA 93.575 and 93.596 Child Care and Development Block Grant

**Allowed/Allowable Costs**  
**Significant Deficiency, Noncompliance**

Summary:                      Parent Fees were inaccurately calculated based on household income and size for 3 of 25 tested items. Total amount by which Parent Fees is understated for these three transactions is \$76. Total open cases as of December 31, 2007 are approximately 1,600 and total payments made for child care is approximately \$3,926,000.

Status:                         This issue was tested in the current year. Not a finding in the current year.

Finding 2007-06                      CFDA 10.551/10.561 Food Stamps

**Allowed/Allowable Costs**  
**Significant Deficiency, Noncompliance**

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

Status:                         This issue was tested in the current year. Not a finding in the current year.