

BOULDER COUNTY, COLORADO

REPORT ON SINGLE AUDIT
December 31, 2012

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

The Board of County Commissioners
Boulder County, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the 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, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 26, 2013. Our report includes a reference to other auditors who audited the financial statements of Boulder County Housing Authority (the Authority), an enterprise fund, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2012-01 and 2012-02 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's Responses to Findings

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

Greenwood Village, Colorado
July 26, 2013



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

The Board of County Commissioners
Boulder County, Colorado

Report on Compliance for Each Major Federal Program

We have audited Boulder County, Colorado's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2012. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Boulder County Housing Authority, which received \$10,419,106 in federal awards which is not included in the schedule during the year ended December 31, 2012. Our audit, described below, did not include the operations of Boulder County Housing Authority, because Boulder County Housing Authority engaged other auditors to perform an audit in accordance with Circular A-133.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-03, 2012-04, and 2012-05. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-02 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying

schedule of findings and questioned costs as items 2012-03, 2012-04, and 2012-05 to be significant deficiencies.

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate 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, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated July 26, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Clifton Larson Allen LLP

Greenwood Village, Colorado
July 26, 2013

Boulder County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2012

	CFDA Number	Pass-through Identifying Number	Amount
Department of Agriculture			
Conservation Reserve Program - FSA Marketing Loss Assistance	10.069		\$ 241
Colorado Department of Human Services			
Emergency Food Assistance Program	10.568		27,963
State Administrative Matching Grants for Food Stamp Program	10.561	F12WKFARE, F2012FS2514, F2012FS2518,	2,339,547
Emergency Food Assistance Cluster			<u>2,367,510</u>
Colorado Dept. of Public Health & Environment			
* Special Supplemental Nutrition Program for WIC	10.557		<u>3,428,829</u>
Department of Agriculture Total			<u>5,796,580</u>
Department of Housing and Urban Development			
Department of Local Affairs			
Community Development Block Grant/State's Program	14.228	H2CDB11051	<u>8,119</u>
Department of Housing and Urban Development Total			<u>8,119</u>
Department of the Interior			
Payments in Lieu of Taxes (PILT)	15.226		346,240
National Fire Plan-Wildland Urban Interface Community Fire Assistance	15.228		304,937
Department of the Interior Total			<u>651,177</u>
Department of Justice			
State Criminal Alien Assistance Program	16.606	2010-AP-BX-0628	127,234
Colorado Department of Public Safety, Division of Criminal Justice			
Juvenile Accountability Grant	16.523	28-JB-L-20-17	12,907
Enhanced Training and Services to End Violence and Abuse of Women Later in Life	16.528	2008-EW-AX-K003	183,495
Crime Victim Assistance	16.575	29-VA-20-115	46,995
Edward Byrne Memorial Justice Assistance Grant Program	16.738	11-DJ-05-41-3, 29-VA-20-115	<u>143,134</u>
Department of Justice Total			<u>513,765</u>
Department of Labor			
Colorado Department of Labor and Employment			
Employment Service/Wagner-Peyser Funded Activities	17.207	213,319,492,185	585,637
Unemployment Insurance	17.225	2235	123,140
Trade Adjustment Assistance	17.245	1781, 2008	57,307
Disabled Veteran's Outreach Program (DVOP)	17.801	2047, 2289	14,053
Employment Cluster			<u>780,137</u>

(continued)

Boulder County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2012

	CFDA Number	Pass-through Identifying Number	Amount
Department of Labor B (continued)			
WIA Adult Program	17.258	1946,2182,	528,852
WIA Youth Activities Program	17.259	1834,1947,2183	581,102
WIA Dislocated Workers	17.260	1527, 1806	114,858
WIA National Emergency Grants	17.260	2,269	61,810
WIA National Emergency Grants	17.277	2270	9,470
WIA Dislocated Worker Formula Grant	17.278	1878, 2104,2184	316,892
WIA Dislocated Worker	17.278	1948	105,749
WIA Cluster			1,718,733
H-1B Job Training Grants	17.268	2151	105,303
Department of Labor Total			2,604,173
Department of Transportation			
Colorado Department of Transportation			
Highway Planning and Construction	20.205	12-HTD-40789, 12-HTD-40800, AQC C070-039, BRO C070-033	1,253,219
Job Access Reverse Commute	20.516	12-HTD-28438, 12-HTD-28440	78,272
Department of Transportation Total			1,331,491
Environmental Protection Agency			
Colorado Dept. of Public Health & Environment			
Capitalization Grants for Clean Water State Revolving Funds ARRA	66.468		1,855
Performance Partnership Grants	66.605		16,344
Surveys, Studies, Investigation and Special Purpose Grants	66.606		66,462
Environmental Protection Agency Total			84,661
Department of Energy			
Colorado Department of Energy			
* Energy Efficiency and Conservation Block Grant ARRA	81.128	DE-SC0002726, DE-EE0003554	14,559,670
Department of Energy Total			14,559,670
Department of Health and Human Services			
Head Start	93.600	08CH0007	1,220,101
Food and Drug Administration Research	93.103		72,500
Voting Access for Individuals with Disabilities	93.616		13,804
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		2,616
Special Programs for the Aging - Title VII. Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042		42,190
Special Programs for the Aging - Title III, Part D, Disease Prevention and Health Promotion Services	93.043		10,649
Special Programs for the Aging - Title III Part B - Grants for Supportive Services and Senior Centers	93.044		539,059
Special Programs for the Aging Title III Part C Nutrition Services	93.045		117,085
National Family Caregiver Support, Title III, Part E	93.052		72,712
Nutrition Services Incentives Program	93.053		15,116
Aging Cluster Total			799,427

(continued)

Boulder County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2012

	<u>CFDA Number</u>	<u>Pass-through Identifying Number</u>	<u>Amount</u>
Department of Health and Human Services (continued)			
Child Care and Development Block Grant	93.575		1,083,669
Child Care Mandatory and Matching Funds of Child Care and Development Fund	93.596		2,009,357
Child Care Cluster Total			<u>3,093,026</u>
Promoting Safe and Stable Families	93.556		108,122
* Temporary Assistance for Needy Families (TANF)	93.558		6,608,545
Child Support Enforcement	93.563		2,089,835
Low-income Home Energy Assistance Programs - Weatherization	93.568		1,299,463
Child Welfare Services_State Grants	93.645		114,038
* Foster Care Title IV-E	93.658		2,364,796
Adoption Assistance	93.659		833,163
Social Services Block Grant	93.667		1,955,048
Chafee Foster Care Independence Program	93.674		142,620
* Medical Assistance Program	93.778		1,849,848
Block Grants for Prevention and treatment of Substance Abuse	93.959		853,011
* Temporary Assistance for Needy Families-ARRA	93.714		40,054
Colorado Department of Local Affairs			
Community Services Block Grant	93.569		327,829
Colorado Dept. of Public Health & Environment			
Immunization Grants	93.268		78,920
Medical Reserve Corps Small Grant Program	93.008		5,000
Public Health Emergency Preparedness	93.069		297,110
CDC Prevention Investigations and Technical Assistance	93.283		22,538
Medical Reserve Corps/CDPHE	93.889		7,600
HIV Prevention Activities Health Department Based	93.940		1,660
Preventive Services Block Grant	93.991		17,804
Maternal and Child Health Services Block Grant to States	93.994		<u>268,705</u>
Department of Health and Human Services Total			<u>24,484,567</u>
Department of Homeland Security			
Emergency Management Performance Grants	97.042	10CCP11NCR	981
Colorado Department of Local Affairs			
Emergency Management Performance Grants	97.042	12EM71L07	<u>77,632</u>
Department of Homeland Security Total			<u>78,613</u>
Grand Total			<u><u>\$ 50,112,816</u></u>

*** Major Programs**

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, 2012

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 \$10,419,106 in federal awards during the year ended December 31, 2012. 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, with the exception of Food Stamps. 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.

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

Program Title	CFDA
SNAP Cluster	10.561
Promoting Safe and Stable Families	93.556
Temporary Assistance for Needy Families Cluster	93.558
Child Support Enforcement	93.563
Low-Income Home Energy Assistance	93.568
Emergency Food Assistance	10.568
CCDF Cluster	93.575, 93.596
Child Welfare Services-State Grants	93.645
Foster Care-Title IV-E	93.658
Adoption Assistance	93.659
Social Services Block Grant	93.667
Chafee Foster Care Independence Program	93.674
Medicaid Cluster	93.778

BOULDER COUNTY, COLORADO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2012

Noncash Programs

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

Women, Infant, Children (WIC) CFDA # 10.557
Employment First/Food Stamps CFDA #10.551
Temporary Assistance for Needy Families CFDA #93.558

Total electronic transfer disbursements authorized by the State for 2012 were \$46,057,094.

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.

Sub-recipients

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

Energy Efficiency Conservation Block Grant	CFDA 81.128	\$6,565,257
Temporary Assistance for Needy Families	CFDA 93.558	\$ 401,920
Child Care Cluster	CFDA 93.575/ 93.596	\$ 227,915

Other Information

The County entered into an agreement dated May 11, 2010 with the United States Department of Energy under the Competitive Energy Efficiency and Conservation Block Grants (CFDA 81.128). Under this agreement, the County transferred \$7,144,496 of grant awards to a third-party administrator for the purpose of providing Loan Loss Reserves intended to provide partial coverage for losses of loans issued through the EnergySmart and the Denver Energy Challenge Programs. All funds were transferred to the Colorado Housing and Finance Authority (CHFA) under the terms of the Energy Efficiency and Renewable Energy Loan Program Agreement dated February 28, 2012. These monies are considered expended upon transfer to a third party administrator pursuant to EECBG Program Notice 09-002C.

**BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2012**

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified
 Internal control over financial reporting:
 Material weakness(es) identified? √ yes no
 Significant deficiency(ies) identified that are
 not considered to be material weaknesses? yes √ none reported
 Noncompliance material to financial statements
 noted? yes √ no

Federal Awards

Internal control over major 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: Unmodified

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

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
10.557	Special Supplemental Nutrition Program for WIC
81.128	Energy Efficiency and Conservation Block Grant – ARRA
93.558*	Temporary Assistance for Needy Families (TANF)
93.714*	Temporary Assistance for Needy Families – ARRA
93.658	Foster Care Title IV-E
93.778	Medical Assistance Program

* Cluster

Dollar threshold used to distinguish between
 Type A and Type B programs: \$1,503,384

Auditee qualified as low-risk auditee? √ yes no

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2012

PART II - FINDINGS RELATED TO FINANCIAL STATEMENTS

Please see Finding 2012-02 below related to the combined finding for the financial statements and federal awards for the fiscal year ended December 31, 2012.

Finding 2012-01

Understatement of Cash/Overstatement of Receivables

Material Weakness

Criteria: Cash receipts received in December should be recorded in the year received and the corresponding receivable reduced accordingly.

Condition: During our testing of the County's cash balances, we found several cash receipts were deposited in the Treasurer's operating account in December 2012 but were not recorded by the County in the general ledger until January 2013.

Cause: There were six cash receipts deposited into the Treasurer's main operating account relating to 2012 that had not been found by County staff during their internal review process. There was also a lack of a timely response by the corresponding departments to inquiries from the Treasurer's office about where the cash should be recorded.

Effect: An audit adjustment of \$1,967,703 was required to be made to properly record the cash receipt and corresponding reduction in receivables for the Social Service Fund (\$1,456,116) and the Grants/Work Force Funds (\$511,587) for the County.

Recommendation: The County should strengthen controls over the review of monthly bank reconciliations to ensure that account balances are properly recorded in the correct fiscal year. The County should incorporate this step in the year-end financial statement checklist.

Management Response: While bank reconciliations are performed on a monthly basis, the reconciliation and review process did not include a step to check for this particular situation. While this issue does not affect total assets and is merely a reclassification between cash and accounts receivable, we recognize the need to enhance the review process for bank reconciliations, particularly at year end. We have added a step to the year end reconciliation process to review for cash received by the Treasurer but not recorded in the accounting system due to timing issues. These transactions are relatively easy to identify and will be corrected with a journal entry at year end.

Contact Person: Catrina Gonzales, 303-441-1013

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2012

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2012-02

Inaccurate Schedule of Expenditures of Federal Awards

**CFDA 81.128 Energy Efficiency and Conservation Block Grant
– ARRA**

Material Weakness

Allowable Activities and Allowable Costs/Cost Principles

Criteria: Per Department of Energy EECBG Program Notice 09-002C, for loan loss reserve funds operated by a third party, the grantee's funds are considered expended when they are transferred to the third party for operation of the fund. Additionally, the County should ensure that agreements entered into are thoroughly analyzed to verify proper recording of financial activity and disclosures.

Condition: The County entered into an Energy Efficiency and Renewable Energy Loan Program Services Agreement with the City and County of Denver and Elevations Credit Union, and also entered into an Energy Efficiency and Renewable Energy Loan Program Agreement with the City and County of Denver and the Colorado Housing and Finance Authority during 2012. As a result of these agreements, the County deposited an award amount of \$3,904,707 of funding under this grant for credit enhancement of loans made by Elevations Credit Union under the program. Colorado Housing and Finance Authority is holding the award amounts in escrow for the benefit of the County to provide for the administration of a grant funded loan loss reserve program. This amount was recorded as deferred revenue by the County during 2012 and not included on the County's Schedule of Expenditures of Federal Awards; however, it was determined that when this funding was passed to the Colorado Housing and Finance Authority as the third party administrator of these funds, the County's funds are considered expended when they are transferred to the third party for operation of the fund. This amount should have been recorded as revenue in 2012 and be included on the County's Schedule of Expenditures of Federal Awards.

Cause: Inadequate internal controls regarding analysis of agreements and related transactions could have contributed to this finding.

Effect: An audit adjustment of \$3,892,508 (\$3,904,707 total award amount less fees) was required to be made to reverse the deferred revenue and recognize the revenue for 2012 for the Better Buildings Fund for the County. Also, the amount shown on the Schedule of Expenditures of Federal Awards was increased by this adjustment for the grant.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2012

Finding 2012-02

Inaccurate Schedule of Expenditures of Federal Awards
(continued)

Recommendation: The County should strengthen controls over the review and analysis of agreements entered into to determine proper treatment of financial transactions and disclosures.

Management Response: Staff will make annual reviews of guidance provided by the Grantor for awarded programs and agreements in addition to an initial review at the time of grant application. In this instance, staff relied on the initial guidance issued for this program.

Contact Person: Catrina Gonzales, 303-441-1013

Finding 2012-03

CFDA 10.557 Special Supplemental Nutrition Program for WIC

Eligibility
Significant Deficiency and Noncompliance

Criteria: For the WIC Program Eligibility requirements, the Colorado WIC Program Manual states that high risk individuals are to be seen at least once within the certification period, which is every six months, or one year for an infant. The individual must also be seen within one month of high risk identification.

Condition: During testing of forty participants, we found that seven participants that were classified as high risk individuals were not scheduled to be seen by program staff within the required one month time period of high risk identification. However, these participants were seen within the six month certification period.

Cause: Inadequate internal controls relating to the scheduling of appointments for high risk individuals could have contributed to this finding.

Effect: No effect as the individuals were still seen within the certification period of six months.

Questioned Costs: None.

Recommendation: We recommend that the County implement a stronger process for the scheduling of individuals that are determined to be high risk to ensure that the individual will be seen within the one month period. This could include additional training opportunities for program staff regarding these requirements and / or a more detailed review of high risk cases to verify these requirements are being met.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2012

Finding 2012-03

CFDA 10.557 Special Supplemental Nutrition Program for WIC
(continued)

Management Response: 1. Policy will be reviewed with all staff: a) at staff meeting per year, b) at site meetings at least once per year, and c) at annual performance reviews for each individual staff member. 2. The Compass system's "High Risk Nutrition Education Report" will be reviewed monthly by WIC Supervisors to monitor that high risk individuals are scheduled with high risk counselor staff within the required one month time period of high risk identification. WIC Manager will review these reports with WIC Supervisors during personnel management interviews.

Contact Person: Melinda Morris, 303.413.7509

Finding 2012-04

CFDA 93.558 and 93.714 Temporary Assistance for Needy Families (TANF) and Temporary Assistance for Needy Families – ARRA

Eligibility
Significant Deficiency and Noncompliance

Criteria: Per the Colorado Department of Human Services (CDHS) Policies over the TANF program, it states that (a) participants must not be a fleeing felon or have any drug-related convictions. This verification can be accomplished by the applicant completing the related sections on the state issued application (SPA). The participant must check the "no" box next these questions. In addition, (b) participants must be aware of their Rights, Responsibilities, and Penalties relating to the program. This verification can be accomplished by having the case worker document the discussion within the case comments.

Condition: During testing of forty participants, we found that four participants did not have completed applications showing they were not fleeing felons and/or had drug-related convictions. Ten participants tested did not have documentation within the case comments by the case worker that the participant's Rights, Responsibilities, and Penalties were discussed with the participant.

Cause: Lack of training and documentation by the case workers to verify that all questions on the application are answered may have contributed to this finding. If a question is not answered on the application, it should be asked during the interview process and documented within the case comments.

Effect: The County was not in compliance with certain CDHS Policies by not verifying the participant completed the application fully or that required discussions were documented by the case worker.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2012

Finding 2012-04 **CFDA 93.558 and 93.714 Temporary Assistance for Needy Families (TANF) and Temporary Assistance for Needy Families – ARRA** (continued)

Questioned Costs: None.

Recommendation: We recommend that the County implements a checklist of all the questions on the application within the case comments. Thereby, the employee can ensure that all the questions are answered during the interview process, whether or not it was initially answered on the application. We also recommend that additional training be developed for program staff reiterating the requirements of the program.

Management Response: We will conduct training with all staff regarding the seven questions for Colorado Works and Food Assistance that must be answered by all applicants (these questions include the Fleeing Felon questions). We will provide information about why those questions are asked, the importance of gaining that information and methods for obtaining the information if the questions are not answered. If the questions are not answered on the application form, staff will be instructed to print that page of the application and have the customer complete them during the interview. They will then document this action (and any positive responses) in the Summary section of the case comment template.

In early 2012, we updated our mandatory case comment template, adding a specific line that captures if the clients' rights and responsibilities were addressed in the interview. We have created specific language that technicians may use to capture their review of this information. We will provide an ongoing training with this information again, stressing the requirements around this, the recommended language and how to cover the information with their customers. In addition, this specific element is being reviewed during our monthly reviews of staff actions. Staff who failure to review the rights and responsibilities will be identified and appropriate action will be taken by their supervisor (verbal warning, written warning, etc.).

Contact Person: Lorraine Archuleta, 303.441.1069

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2012

Finding 2012-05

CFDA 93.558 and 93.714 Temporary Assistance for Needy Families (TANF) and Temporary Assistance for Needy Families – ARRA

Eligibility
Significant Deficiency and Noncompliance

- Criteria: Per Boulder County TANF Colorado Works program policy, case reviews are randomly selected and are performed on a monthly basis. The case review sheets completed by the reviewer note any corrections to be made on cases where issues are found. The caseworker then has the opportunity to make the correction or provide a rebuttal of why the correction is not considered necessary based on the effect on the eligibility of beneficiary payment to the TANF participant.
- Condition: During testing of fourteen TANF Colorado Works case reviews, we found that the County did not have documentation of corrections being made to one of the case files after a case review was performed. Additionally, we found one other instance where the case review's supporting documentation could not be located to verify the case review was performed.
- Cause: Lack of training and documentation by the case workers to verify that corrections were made based on the case review or support existed for the case review could have contributed to this finding.
- Effect: The County was not in compliance with the TANF Colorado Works program case review process by not verifying that corrections were made or that documentation was retained for the review.
- Questioned Costs: None.
- Recommendation: We recommend that the County implement a stronger process for the case review and correction process. This includes additional training opportunities for reviewers and program staff regarding this requirement to verify the case review is effectively being performed and documented.
- Management Response: In April 2012, we transitioned from completing case reviews by hand to completing reviews electronically. This has greatly reduced the number of reviews that cannot be located and has also increased the actual number of reviews being completed as it is easier to complete spot checks on the reviewers work. Further, in August 2012, we transitioned from having seven staff completing the case reviews to a centralized team of three completing the reviews. This has also helped with random spot checks to ensure that reviews are being completed and also

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2012

Finding 2012-05

CFDA 93.558 and 93.714 Temporary Assistance for Needy Families (TANF) and Temporary Assistance for Needy Families – ARRA (continued)

created a level of consistency with the reviews themselves. This consistency is achieved not only by having fewer staff complete the reviews but also through the creation of a document that details what actions constitute an error versus an observation.

Staff is also responsible for ensuring that corrections are made and we have therefore seen a tremendous increase in corrections actually being made. We did create internal guidelines around the case review process, which include time frames for providing rebuttals and corrections. Failure to make corrections now results in a 0% score for both cases that are reviewed in the month.

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BOULDER COUNTY, COLORADO
SUMMARY OF SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended December 31, 2012

Finding 2011 - 01

CFDA 20.205 Highway Planning and Construction

**Procurement, Suspension and Debarment
Significant Deficiency and Noncompliance**

Summary: Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations, states that an entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity. There was no evidence of the County's determination regarding suspension and debarment of vendors it contracted with.

Status: Implemented.