

BOULDER COUNTY, COLORADO

REPORT ON SINGLE AUDIT
December 31, 2013

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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**

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 units, each major fund, and the aggregate remaining fund information of Boulder County, Colorado (the County), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 26, 2014. Our report includes a reference to other auditors who audited the financial statements of Boulder County Housing Authority (the Authority), a major enterprise fund, and Josephine Commons, LLC and Aspinwall, LLC, both discretely presented component units, 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 certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 deficiency described in the accompanying schedule of findings and questioned costs as item 2013-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013-002 to be a significant deficiency.

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 County'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 County'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
September 26, 2014



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

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, 2013. 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 \$10,152,652 in federal awards, which is not included in the County's schedule of expenditures of federal awards during the year ended December 31, 2013. 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, 2013.

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 2013-003, 2013-004, 2013-005 and 2013-006. Our opinion on each major federal program is not modified with respect to these matters.

The County'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.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-003, 2013-004, 2013-005 and 2013-006 that we consider 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated September 26, 2014, 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
September 26, 2014

Boulder County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

	CFDA Number	Pass-through Identifying Number	Amount
Department of Agriculture			
* Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		\$ 3,219,179
Solid Waste Management Grants	10.762		5,998
Colorado Department of Human Services			
* State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.551	F13WKFARE	60,677
* State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		2,178,109
Colorado Department of Public Health & Environment			
Child and Adult Care Food Program	10.558	08CH000740, 08CH000739	55,217
Department of Agriculture Total			5,519,180
Department of Housing and Urban Development			
Colorado Department of Local Affairs			
Community Development Block Grants/Entitlement Grants	14.218	H2CDB11051	31,877
Department of Housing and Urban Development Total			31,877
Department of the Interior			
Payments in Lieu of Taxes (PILT)			
National Fire Plan - Wildland Urban Interface Community Fire Assistance	15.226		332,384
	15.228		7,961
Colorado Department of Natural Resources			
Sport Fish Restoration Program	15.605	12-FIF-42080	5,415
Department of the Interior Total			345,760
Department of Justice			
Bulletproof Vest Partnership Program			
State Criminal Alien Assistance Program	16.592		4,255
	16.606		75,056
City of Colorado Springs			
Missing Children's Assistance	16.543		1,233
Colorado Department of Public Safety, Division of Criminal Justice			
Crime Victim Assistance	16.575	10-VA-20-120, 12-VA-20-81	35,002
Department of Justice Total			115,546
Department of Labor			
Trade Adjustment Assistance Community College and Career Training (TAACCT) Grants	17.282	2161	32,713
Colorado Department of Labor and Employment			
Employment Service/Wagner-Peyser Funded Activities	17.207	2314, 2185, 2339	677,453
Unemployment Insurance	17.225	2235, 2224	171,625
Trade Adjustment Assistance	17.245	2257, 2384	32,401
* WIA Adult Program	17.258	1946, 2182, 2336, 2182, 2336	698,586
* WIA Youth Activities	17.259	2183, 2337	694,077
H-1B Job Training Grants	17.268	2151	287,656
WIA National Emergency Grants	17.277	2270, 2394	12,908
* WIA Dislocated Worker Formula Grant	17.278	1948, 2184, 5338, 2374	182,516
* WIA Dislocated Workers	17.278	1878, 2104	201,714
Disabled Veteran's Outreach Program (DVOP)	17.801	2289, 2403	12,682
Department of Labor Total			3,004,331
Department of Transportation			
Colorado Department of Transportation			
Highway Planning and Construction	20.205		162,177
Highway Training and Education	20.215		97,496
State Planning and Research	20.515		19,200
Job Access And Reverse Commute Program	20.516		157,770
Department of Transportation Total			436,643
Environmental Protection Agency			
Colorado Dept. of Public Health & Environment			
Capitalization Grants for Drinking Water State Revolving Funds	66.468		1,900
Performance Partnership Grants	66.605		1,817
Surveys, Studies, Investigation and Special Purpose Grants	66.606		55,361
Environmental Protection Agency			59,078

(Continued)

Boulder County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

	CFDA Number	Pass-through Identifying Number	Amount
Department of Energy			
* Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA	81.128	DE-EE0003554	3,706,718
Department of Energy Total			3,706,718
Department of Health and Human Services			
Food and Drug Administration Research	93.103		72,500
Substance Abuse and Mental Health Services - Project of Regional and National Significance	93.243	1H79SM061428-01	49,844
* Head Start	93.600	08CH000740, 08CH000739	1,187,653
Special Programs for the Aging Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Expl	93.041		1,792
Special Programs for Aging Title VII_Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042		49,061
Special Programs for Aging Title III Part D Disease Prevention and Health Promotion Services	93.043		9,660
Special Programs for Aging Title III Part B Grants for Supportive Services and Senior Care	93.044		330,758
Special Programs for Aging Title III Part C Nutrition Services	93.045		81,363
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048		12,000
Nutrition Services Incentive Program	93.053		12,984
Affordable Care Act – Aging and Disability Resource Center	93.517		6,000
Block Grants for Prevention and Treatment of Substance Abuse	93.959		823,720
Colorado Department of Human Services			
Promoting Safe and Stable Families	93.556		91,321
* Temporary Assistance for Needy Families	93.558		5,734,030
Child Support Enforcement	93.563		2,001,466
Low-Income Home Energy Assistance	93.568		942,173
Child Care and Development Block Grant	93.575		187,557
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		2,894,468
Stephanie Tubbs Jones Child Welfare Services Program	93.645		139,511
Foster Care_Title IV-E	93.658		2,663,738
Adoption Assistance	93.659		773,323
* Social Services Block Grant	93.667		1,575,393
Chafee Foster Care Independence Program	93.674		110,336
Medical Assistance Program	93.778		1,882,174
Colorado Department of Local Affairs			
Community Services Block Grant	93.569	L11CSBG06, L12CSBG06	306,891
Colorado Dept. of Public Health & Environment			
Medical Reserve Corps Small Grant Program	93.008		4,000
Public Health Emergency Preparedness	93.069		353,973
Immunization Cooperative Agreements	93.268		122,869
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		20,494
National Bioterrorism Hospital Preparedness Program	93.889		5,350
HIV Prevention Activities_Health Department Based	93.940		2,360
Maternal and Child Health Services Block Grant to the States	93.994		267,023
Department of Health and Human Services Total			22,715,785
Department of Homeland Security			
Pre-Disaster Mitigation	97.047		7,441
Colorado Department of Public Safety, Division of Homeland Security and Emergency Management			
Emergency Management Performance Grants	97.042		147,315
Arapahoe County			
Homeland Security Grant Program	97.067		15,883
Department of Homeland Security Total			170,639
Grand Total			\$ 36,105,557

* 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, 2013**

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 its component units, excluding the Boulder County Housing Authority, a blended component unit of the County, which expended \$10,152,652 in federal awards during the year ended December 31, 2013. The County's reporting entity is defined in Note 1 to the County's basic financial statements included in the Comprehensive Annual Financial Report (CAFR). 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 of Expenditures of Federal Awards, 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 of Expenditures of Federal Awards.

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 included in the CAFR. 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 are used to 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:

<u>Program Title</u>	<u>CFDA</u>
SNAP Cluster	10.561, 10.551
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
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, 2013**

Noncash Programs

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

<u>Program Title</u>	<u>CFDA</u>
Women, Infant, Children (WIC)	10.577
Low-Income Home Energy Assistance Program (LEAP)	93.568
Temporary Assistance for Needy Families (TANF)	93.558
County Administration	93.667
Child Welfare (including CHRP, RTC, Res MH, SB-80 and SB-94)	93.645, 93.658 93.659, 93.667
Core Services	93.658
Child Care Assistance Program (CCAP)	93.596, 93.575
Supplemental Nutrition Assistance Program (SNAP) Benefits	10.551

Total electronic disbursements authorized by the State for 2013 were \$46,978,208.

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	\$1,491,711
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Other Information

The County entered into an agreement dated May 11, 2010 with 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 to be held in escrow 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. Of the total \$7,144,496 placed in escrow, \$3,239,789 was passed to the Denver Energy Challenge program as a subrecipient. 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.

In May 2013, the Department of Energy approved a \$298,500 withdrawal from the loan loss reserve held with CHFA for repurposing towards specific program expenses under federal guidelines.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2013

Section I–Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.551*, 10.561*	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
10.557	Special Supplemental Nutrition Program for WIC
17.258*	WIA Adult Program
17.259*	WIA Youth Activities
17.278*	WIA Dislocated Worker Formula Grant
81.128	Energy Efficiency and Conservation Block Grant – ARRA
93.558	Temporary Assistance for Needy Families (TANF)
93.600	Head Start
93.667	Social Services Block Grant

*Cluster

Dollar threshold used to distinguish between type A and type B programs: \$1,083,167

Auditee qualified as low-risk auditee? yes no

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2013

PART II—FINDINGS RELATED TO FINANCIAL STATEMENTS

Finding 2013-001 Understatement of Cash/Overstatement of Receivables

Material Weakness

Criteria: The County should ensure all bank balances are reconciled on a monthly basis and cash receipts should be recorded when received.

Condition: During our testing of the County's cash balance, we noted that the bank accounts within the Treasurer's Office had not been reconciled for six months during fiscal year 2013 and there were multiple cash receipts that were deposited in the Treasurer's operating account in fiscal year 2013 but were not recorded by the County until the December 2013 bank reconciliation which was performed in March 2014.

Cause: The Treasurer's Office did not reconcile the bank balances to the general ledger balance on a timely basis after month end from July 2013 through December 2013. There were multiple cash receipts deposited into the Treasurer's main operating account relating to the 2013 fiscal year that had not been recorded and had been found by County staff during their internal review process once the bank reconciliations were performed.

Effect: The Finance Department had to reconcile all the cash receipts from July 2013 through December 2013 and post an adjustment of \$1,079,313 to get the cash receipts into the proper period for each department and adjust the corresponding receivable accounts.

Recommendation: The Treasurer's Office and County should strengthen controls over the performance of the monthly bank reconciliations and the review of monthly bank reconciliations to ensure the bank reconciliations are done properly and the account balances are properly recorded in the correct fiscal year.

Views of responsible officials and planned

corrective actions: Actions Planned in Response to Finding:

In July of 2013 the Treasurer's Office upgraded to a new software version. This upgrade created several changes to existing procedures that have been updated from that point forward. The Bank Reconciliation module is very different from our old software. In August we started to get all the bank accounts reconciled in the new system. The initial reconciliation for each account required that it be reconciled back to the starting point of our records that were converted. During this same period, our Portfolio manager/banking staff member left the office. This position was not replaced until October of 2013 until which point our Chief Deputy was covering and working on getting everything in the system. We have hired an hourly consultant to get the bank reconciliation for our Chase general account caught up. The consultant has balanced and reconciled the Chase general account through March of 2014. We have caught up with all the

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2013

2013 entries and deposits. In May of 2014 we took additional action with our software company to again improve the reconciliation process after having entries reach over 18,000 line items due to a batch processing issue. In October of this year our software provider will also implement an upgrade that will allow us to upload a cleared check file from our bank which was not part of the new software upgrade originally and we had to manually mark all cleared items. Our goal is to have all bank accounts including Chase general reconciled through September 2014 by the end of October 2014. If the software release is held up or during testing has errors this date could be extended by a couple of weeks.

Responsible Party: Alycia Allshouse, Chief Deputy, 303.441.1726, and Chris Deegan, Portfolio/Banking, 303.441.1536

Planned Completion Date for Corrective Action Plan: October 31, 2014.

Finding 2013-002 Noncompliance with County Investment Policy

Significant Deficiency

Criteria: The County should ensure investment activity is within the guidelines of the County Investment Policy.

Condition: During our testing of County's investment balances portfolio make up, we noted the County had invested in securities that were not within the guidelines of the investment policy. Specifically, for Government Agency Securities at the time of purchase, no security may have a maturity of greater than three years, unless such security is a dedicated portfolio intended to provide specific protection to a bond issue, or other specific County purpose, and its purchase has been approved by the Board of County Commissioners. The County had also invested in a type of investment that is not listed as an authorized investment within the County Investment Policy.

Cause: The Treasurer's Office did not have a process in place to review the investment's maturity to ensure the investments were in compliance with the County Investment Policy.

Effect: As of December 31, 2013, the Treasurer's Office and the County had three investments that had a maturity of greater than three years at the time of purchase and had purchased investments that are not within the Investment Policy and was out of compliance with its Investment Policy.

Recommendation: The Treasurer's Office and County should strengthen controls over the review and approval of the purchase of investments to ensure the County's investment portfolio is in compliance with the investment policy.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2013

Views of responsible officials and planned

corrective actions: Actions Planned in Response to Finding:

These investments were purchased in a time of transition as we transferred the position of portfolio manager from the Treasurer's Office to the Financial Services Division. The responsibility for investing is now being conducted by the Treasurer's Office as it was in the past and all parties have been made aware of the County Investment Policy.

Responsible Party: Robert Lamb, Finance Manager, 303.441.3495

Planned Completion Date for Corrective Action Plan: Immediately.

PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2013-003

DEPARTMENT OF AGRICULTURE

CFDA 10.557 Special Supplemental Nutrition Program for WIC

Award Year: 2013

Eligibility

Significant Deficiency, Noncompliance

Criteria: For the WIC Program Eligibility requirements, the Colorado WIC Program Manual states that high risk individuals are seen at least once within the certification period, which is every 6 months, or one year for an infant. The individual must also be seen within one month of high risk identification.

Condition: During testing of sixty participants, we found that thirteen participants that were classified as high risk individuals were not scheduled to be seen by program staff within the required one month 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: The County was not in compliance with the requirement for high risk individuals to be seen at least once within the certification period. However, it is noted that the individuals were still seen within the certification period of six months.

Questioned Costs: None.

Recommendation: We recommend 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

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2013

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.

Views of responsible officials and planned

corrective actions: Actions Planned in Response to Finding:

The County has implemented desk-side counseling so that high risk individuals are seen by high risk counselors immediately when possible. Staff schedule all high risk clients not seen in desk-side for an appointment within 30 days of certification. A high risk factor report is produced and reviewed monthly to verify that all high risk clients are seen within 30 days.

Responsible Party: Melinda Morris, WIC Manager, 303.413.7509

Planned Completion Date for Corrective Action Plan: Immediately.

Finding 2013-004

DEPARTMENT OF AGRICULTURE

CFDA 10.557 Special Supplemental Nutrition Program for WIC

Award Year: 2013

Allowable Activities and Allowable Costs/Cost Principles
Significant Deficiency, Noncompliance

Criteria: For the WIC Program's payroll expenditures, the County's policies and procedures state that employees are required to sign off on their timesheets. This approval certifies that the hours indicated on the timesheet are accurate and the activities fairly represent the employee's work effort.

Condition: During testing of twenty-five WIC employees, we noted two employees who did not approve their timesheet. However, these timesheets were approved by the employees' supervisor, which is also part of the County's policies and procedures.

Cause: Inadequate internal controls relating to the County's timesheet policies and procedures.

Effect: The County was not in compliance with the County's policies and procedures over timesheets. However, it is noted that the timesheets were approved by the supervisors.

Questioned Costs: None.

Recommendation: We recommend the County implement a stronger process to ensure that employees approve their timesheets in a timely manner. This could include supervisors not approving an employee's timesheet until the timesheet is

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approved by the employee to align with the County's policies and procedures for timesheets.

Views of responsible officials and planned

corrective actions: Actions Planned in Response to Finding:

Findings occurred during the early implementation of the County's new Kronos "BC Time" electronic timekeeping system, when many issues arose. Boulder County Public Health's Human Resources Specialist now sends calendar reminders to all Boulder County Public Health staffs to complete the partial and full timecard approval on time.

Responsible Party: Melinda Morris, WIC Manager, 303.413.7509

Planned Completion Date for Corrective Action Plan: Immediately.

Finding 2013-005

DEPARTMENT OF LABOR

Passed through the Colorado Department of Labor and Employment

CFDA 17.258, 17.259 and 17.278 Workforce Investment Act Cluster

Pass-through Identifying Numbers: 1946, 2182, 2336, 2182, 2336; 2183, 2337; 1948, 2184, 5338, 2374, 1878, 2104

Eligibility

Significant Deficiency, Noncompliance

Criteria: For the WIA Program Eligibility requirements, the Colorado Department of Labor states that adults in the WIA Adult program are required to complete an Individual Service Strategy (ISS) Agreement. In addition, the Colorado Department of Labor states males in the WIA Youth program are required to register for Selective Service within 30 days of their 18th birthday.

Condition: During the testing of forty participants, we found that one participant did not complete the ISS Agreement. In addition, we found that two male participants did not register for Selective Service within 30 days of their 18th birthday.

Cause: Inadequate internal controls relating to the County maintaining required documents for verification of eligibility and inadequate controls around ensuring that male participants have registered for Selective Service within the thirty day timeframe.

Effect: The County was not in compliance with the Colorado Department of Labor WIA program eligibility requirements by not maintaining the required documents for the WIA program.

Questioned Costs: None.

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Recommendation: We recommend the County implement a stronger process for maintaining the required documents to ensure the eligibility requirements are met. This may include additional training opportunities for program staff regarding this requirement to verify the appropriate documents are maintained. We also recommend the County implement a stronger process to ensure youth male participants register for Selective Service within 30 days after their 18th birthday.

Views of responsible officials and planned

corrective actions: Actions Planned in Response to Finding:

Adult Program – Workforce Boulder County (WfBC) conducts quarterly internal monitoring of program files. When patterns in findings are discovered, staff receives training related to those findings. The file that did not have an ISS belonged to a case manager that is no longer employed at WfBC.

Youth Program – Colorado Department of Labor and Employment's MIS group is a group that meets monthly with representatives from all regions. Requests are made to the group to make changes to the Staff side of Connecting Colorado.

Currently all WIA Case Managers receive a daily task list which provides each Case Manager with a list of tasks that identifies data entry issues that need to be addressed to fulfill data entry requirements for WIA. Currently the Selective Service reminder comes on the day of the client's birthday. Workforce Boulder County's MIS representative will request a change be made to address this issue during the September 25, 2014 MIS meeting. They will also request that this be put on the committee's priority list. The request is below:

Countdown for Selective Service Requirement

Currently in Connecting Colorado a warning appears after the individual turns 18. We are requesting that a warning appear 30 days prior to the participant turning 18. The system would continue counting down each day as they approach their 18th birthday, and continue until the registration is entered.

Responsible Party: Adult Program – Erin Jones, Program Manager, 303.301.2917, Youth Program – Jane Ganz, Program Manager, 303.827.7404

Planned Completion Date for Corrective Action Plan: Adult Program – Immediately. Youth Program – We anticipate the change in Connecting Colorado to be made by March 31, 2015, but is dependent on discussions with the Colorado Department of Labor and Employment's MIS group.

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Finding 2013-006

DEPARTMENT OF LABOR

Passed through the Colorado Department of Labor and Employment

CFDA 17.258, 17.259 and 17.278 Workforce Investment Act Cluster

Pass-through Identifying Numbers: 1946, 2182, 2336, 2182, 2336; 2183, 2337; 1948, 2184, 5338, 2374, 1878, 2104

Earmarking

Significant Deficiency, Noncompliance

Criteria: For the Workforce Investment Act earmarking requirements, a minimum of 95% of eligible participants in Youth Activities must meet the criteria of disadvantaged low-income youth.

Condition: During testing over the earmarking requirement, it was noted the County does not have an internal reporting device which documents and ensures 95% meet the criteria of disadvantaged low-income youth.

Cause: Inadequate internal controls relating to the County's tracking and documentation which outlines whether compliance requirements are met and followed are not maintained specifically to the earmarking requirement.

Effect: The County is not in compliance related to the Workforce Investment Act earmarking requirements by not identifying whether a minimum of 95% of eligible participants in Youth Activities meet the criteria of disadvantaged low-income youth.

Questioned Costs: None

Recommendation: We recommend the County implement a tracking process which documents and outlines the percentage of youth who meet the low-income criteria. This could include an on-going spreadsheet maintained by the County which tracks the participants under the grant and whether they are classified as low-income.

Views of responsible officials and planned

corrective actions: Actions Planned in Response to Finding:

Workforce Boulder County has added a local Program Sub code in Connecting Colorado that will allow us to track anyone who has been enrolled in the WIA Youth Program who would fall within the 5% window. From this point forward if a Youth is enrolled who falls within the 5% window they will be identified and coded as YT 05.

Responsible Party: Youth Program – Jane Ganz, Program Manager, 303.827.7404

Planned Completion Date for Corrective Action Plan: Immediately.

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PART II—FINDINGS RELATED TO FINANCIAL STATEMENTS

Finding 2012-001 Understatement of Cash/Overstatement of Receivables

Material Weakness

Summary: 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.

Status: Not implemented. See current year finding 2013-001.

PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2012-002 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

Summary: 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.

Status: Implemented.

Finding 2012-003 CFDA 10.557 Special Supplemental Nutrition Program for WIC

Eligibility

Significant Deficiency and Noncompliance

Summary: 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. 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.

Status: Not implemented. See current year finding 2013-003.

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Finding 2012-004 **CFDA 93.558 and 93.714 Temporary Assistance for Needy Families (TANF) and Temporary Assistance for Needy Families – ARRA**

Eligibility
Significant Deficiency and Noncompliance

Summary: 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. 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.

Status: Implemented.

Finding 2012-005 **CFDA 93.558 and 93.714 Temporary Assistance for Needy Families (TANF) and Temporary Assistance for Needy Families – ARRA**

Eligibility
Significant Deficiency and Noncompliance

Summary: 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. 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.

Status: Implemented.