

ARAPAHOE COUNTY, COLORADO

FEDERAL AWARDS REPORT IN ACCORDANCE
WITH THE
SINGLE AUDIT ACT AND OMB CIRCULAR A-133
December 31, 2011

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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***

Board of County Commissioners
Arapahoe County, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Arapahoe County, Colorado (the County) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 21, 2012. 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. Other auditors audited the financial statements of the Arapahoe County Airport Authority and Arapahoe County Water and Wastewater Authority, both of which are discretely presented component units, as described in our report on the County's financial statements. The financial statements of Arapahoe County Water and Wastewater Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective 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 entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated June 21, 2012.

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

CliftonLarsonAllen LLP

Greenwood Village, Colorado
June 21, 2012



Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Board of County Commissioners
Arapahoe County, Colorado

Compliance

We have audited the compliance of Arapahoe County, Colorado (the County) 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 its major federal programs for the year ended December 31, 2011. 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 Arapahoe County Public Airport Authority (the Authority), a discrete component unit, which expended \$613,932 in federal awards which is not included in the County's schedule of federal awards during the year ended December 31, 2011. Our audit, described below, did not include the operations of the Authority because other auditors performed a separate audit of the Authority in accordance with OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*.

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

In our opinion, the County complied, in all material respects, with the 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, 2011. However, the results of our auditing procedures disclosed 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 2011-01, 2011-02 and 2011-03.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 entity'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-01, 2011-02, 2011-03 and 2011-04. *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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate 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, 2011, and have issued our report thereon dated June 21, 2012 which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

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

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

CliftonLarsonAllen LLP

Greenwood Village, Colorado
June 21, 2011

ARAPAHOE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2011

| Federal Grantor/Pass-Through Grantor Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Disbursements/ Expenditures | Cluster Total | Total By CFDA and Agency |
|---|---------------------------|--|--------------------------------|------------------|-----------------------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | | | |
| Passed-Through Colorado Department of Human Services Temporary Emergency Food Assistance Program (TEFAP) - Commodities | 10.569 | | \$ 574,351 | \$ 574,351 | 1 |
| Temporary Emergency Food Assistance Program-Administration | 10.568 | | 1,779 | 1,779 | 1 |
| | CFDA 10.568 Subtotal | | <u>1,779</u> | | |
| | | | | 576,130 | \$ 576,130 |
| SNAP - Administrative (a) | 10.561 | | 3,484,652 | 3,484,652 | 2 |
| SNAP - Administration Distribution - DOD (a) | 10.561 | | 182,070 | 182,070 | 2 |
| | CFDA 10.561 Subtotal | | <u>3,666,722</u> | | |
| SNAP - Distribution - Workforce 11 (a) | 10.551 | | 200,447 | | |
| | CFDA 10.551 Subtotal | | <u>200,447</u> | 200,447 | 2 |
| | | | | | 3,867,169 |
| Total Passed-Through Colorado Department of Human Services | | | <u>4,443,299</u> | | |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | | | <u>\$ 4,443,299</u> |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | | | |
| Passed-Through Denver Regional Council of Governments: Title IIIB - Arapahoe County | 93.044 | | \$ 335,286 | \$ 335,286 | 3 |
| Arapahoe OAA Chore Services | 93.044 | | 42,419 | 42,419 | 3 |
| Arapahoe OAA Chore Senior Resource | 93.044 | | 31,291 | 31,291 | 3 |
| Total Passed-Through CCDHS DRCOG | CFDA 93.044 Subtotal | | <u>408,996</u> | | \$ 408,996 |
| Passed-Through Colorado Department of Local Affairs: Community Service Block Grant | 93.569 | | 372,577 | | |
| Total Passed-Through Colorado Department of Local Affairs | | | <u>372,577</u> | | 372,577 |
| Passed-Through Colorado Department of Human Services to County Department of Social Services: Child Welfare Services (Title IV-B) | 93.645 | | 473,767 | | 473,767 |
| Social Services Block Grant (Title XX) | 93.667 | | 2,372,550 | | 2,372,550 |
| Child Support Enforcement (Title IV-D) | 93.563 | | 3,781,965 | | 3,781,965 |
| Medicaid Transportation (Title XIX) | 93.778 | | 2,376,088 | | 2,376,088 |
| Independent Living (Title IV-E) | 93.674 | | 188,026 | | 188,026 |
| Foster Care (Title IV-E) | 93.658 | | 4,007,331 | | |
| ARRA - Foster Car (Title IV-E) | 93.658 | | 61,756 | | |
| | CFDA 93.658 Subtotal | | <u>4,069,087</u> | | 4,069,087 |
| Child Care Development Block Grant | 93.575 | | 519,903 | 519,903 | 4 |
| Child Care Development Funds | 93.596 | | 3,342,498 | 3,342,498 | 4 |
| Adoption Assistance Grant - Title IVE | 93.659 | | 2,166,677 | | 2,166,677 |
| Temporary Assistance to Needy Families | 93.558 | | 14,536,967 | | 14,536,967 |
| Differential Response Grant | 93.670 | | 26,747 | | 26,747 |
| LEAP Low Income Energy Assistance (b) | 93.568 | | 3,772,793 | | 3,772,793 |
| Passed-Through Colorado Office of Energy Management Low Income Home Energy Assistance - Weatherization (b) | 93.568 | | 375,999 | | 375,999 |
| Total Passed-Through Colorado Office of Energy Management | | | <u>375,999</u> | | |
| | CFDA 93.568 Subtotal | | <u>4,148,792</u> | | |
| Total Passed-Through CO Department Human Services | | | <u>37,627,068</u> | | |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | <u>\$ 38,784,640</u> |

(Continued)

The accompanying notes to this schedule are an integral part of this schedule.

ARAPAHOE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2011

| Federal Grantor/Pass-Through Grantor Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Disbursements/ Expenditures | Cluster Total | Total By CFDA and Agency |
|--|---------------------------|--|--------------------------------|------------------|-----------------------------|
| <u>U.S. DEPARTMENT OF ENERGY</u> | | | | | |
| Passed-Through Colorado Office of Energy Conservation: ARRA - Weatherization Assistance | 81.042 | | \$ 4,147,960 | | |
| | CFDA 81.042 Subtotal | | 4,147,960 | | |
| ARRA - Energy Efficiency Conservation Block Grant | 81.128 | | 298,041 | | |
| TOTAL U.S. DEPARTMENT OF ENERGY | | | | | \$ 4,446,001 |
| <u>FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)</u> | | | | | |
| Passed-Through Colorado Office of Emergency Management: Colorado Statewide Emergency Management Program | 97.042 | | \$ 86,300 | | |
| TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) | | | 86,300 | | \$ 86,300 |
| <u>U.S. DEPARTMENT OF JUSTICE</u> | | | | | |
| Passed-Through Colorado Division of Criminal Justice Aftercare Program | 16.738 | | \$ 47,204 | | |
| Human Trafficking | 16.320 | | 23,882 | | |
| State Criminal Alien Assistance Program | 16.606 | | 193,790 | | |
| Total Passed-Through Colorado Division of Criminal Justice | | | 264,876 | | |
| Passed-Through Colorado Department of Revenue Enforcing Underage Drinking Law (EUDL) | 16.727 | | 21,263 | | |
| TOTAL U.S. DEPARTMENT OF JUSTICE | | | | | \$ 286,139 |
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY</u> | | | | | |
| Passed-Through Governor's Office of Homeland Security State Homeland Security Program 2008 | 97.067 | 98HS78803 | \$ 1,064,391 | | |
| State Homeland Security Program 2009 | 97.067 | 9SHS10NCR | 1,430,063 | | |
| State Homeland Security Program 2010 | 97.067 | 10SHS11NCR | 219,428 | | |
| Citizen Corp Grant Program 2008 | 97.067 | 98HS78303 | 22,350 | | |
| Citizen Corp Grant Program 2009 | 97.067 | 9CCP10NCR | 50,473 | | |
| Citizen Corp Grant Program 2010 | 97.067 | 10CCP11NCR | 6,700 | | |
| | CFDA 97.067 Subtotal | | 2,793,405 | | |
| Interoperable Emergency Communication Grant Program | 97.055 | 9IEC10NCR | 120,032 | | |
| TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY | | | 2,913,437 | | \$ 2,913,437 |
| <u>U.S. DEPARTMENT OF COMMERCE</u> | | | | | |
| Passed-Through Governor's Office of Homeland Security Public Safety Interoperability Of Communications | 11.555 | 97HS77F03 | \$ 633,746 | | |
| TOTAL U.S. DEPARTMENT OF COMMERCE | | | | | \$ 633,746 |
| <u>U.S. ELECTION ASSISTANCE COMMISSION</u> | | | | | |
| Passed-Through Colorado Department of State Help America Vote Act | 90.401 | | \$ 794 | | |
| TOTAL U.S. ELECTION COMMISSION | | | | | \$ 794 |

The accompanying notes to this schedule are an integral part of this schedule.

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ARAPAHOE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2011

| Federal Grantor/Pass-Through Grantor Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Disbursements/ Expenditures | Cluster Total | Total By CFDA and Agency |
|---|---------------------------|--|--------------------------------|---------------------|-----------------------------|
| U.S. DEPARTMENT OF LABOR | | | | | |
| Passed-Through Colorado Department of Labor & Employment: | | | | | |
| ARRA - Wagner-Peyser | 17.207 | PY8 ARRA WP-1621 | \$ 98,493 | | |
| Wagner-Peyser | 17.207 | PY10 Wagner-Peyser-1721 | 558,691 | | |
| | 17.207 | PY10 Wagner-Peyser CI-1721 | 260,839 | | |
| | 17.207 | PY8 WP 10% PI-1861 | 224,755 | | |
| | 17.207 | PY11 Wagner-Peyser-1945 | 558,689 | | |
| | CFDA 17.207 Subtotal | | 1,701,467 | \$1,701,467 | 5 |
| Trade Adjustment Assistance | 17.245 | FY10-TAA-1780 | 16,924 | | |
| | 17.245 | FY11-TAA-2007 | 2,195 | | |
| | Total CFDA 17.245 | | 19,119 | | \$ 19,119 |
| Workforce Investment Act Adult | 17.258 | PY8 10% AD-1418 | 43,916 | | |
| ARRA - Workforce Investment Act Adult | 17.258 | PY8 ARRA Adult-1465 | 32,825 | | |
| | 17.258 | PY9/10-Adult-1516 | 458,527 | | |
| | 17.258 | FY10 TAL-1680 | 2,082 | | |
| | 17.258 | FY10 SECTRS-GIW-1680 | 28,417 | | |
| | 17.258 | FY10 10% SECTRS-1680 | 71,101 | | |
| | 17.258 | PY9 10% AD SCTS-1680 | 13,463 | | |
| | 17.258 | FY10 10% AD SCTS-1680 | 32,809 | | |
| | 17.258 | PY10/11 Adult-1718 | 890,965 | | |
| | 17.258 | FY11 10% Outreach-1833 | 23,085 | | |
| | 17.258 | FY11 Benefit Plnr10%-1833 | 45,344 | | |
| | CFDA 17.258 Subtotal | | 1,642,534 | 1,642,534 | 6 |
| Workforce Investment Act Youth | 17.259 | PY09 10% Ste Yth CI-1680 | 9,357 | | |
| | 17.259 | PY9 10%Yth SCTRS-1680 | 5,840 | | |
| | 17.259 | PY10/11 Yth-1719 | 550,919 | | |
| | 17.259 | PY10 10% SJH-1833 | 38,000 | | |
| | 17.259 | PY10 10% Yth Pf Inc-1833 | 40,138 | | |
| | 17.259 | PY11 Yth-1943 | 148,705 | | |
| | CFDA 17.259 Subtotal | | 792,959 | 792,959 | 6 |
| Passed-Through Colorado Department of Labor and Employment: | | | | | |
| WIA Dislocated Worker and Statewide Activities | 17.260 | PY9 10% Marketing-1680 | 4,994 | | |
| WIA Dislocated Worker and Statewide Activities | 17.260 | FY10 CIMS-Perf-1680 | 1,219 | | |
| ARRA - Workforce Investment Act Dislocated Worker | 17.260 | PY8 ARRA DW-Supp-1467 | 52,820 | | |
| ARRA - Workforce Investment Act Dislocated Worker | 17.260 | PY8 25% ARRA T- Ed-1690 | 100,000 | | |
| ARRA - Workforce Investment Act Dislocated Worker | 17.260 | PY8 10% ARRA SCTRS-1695 | 19,113 | | |
| ARRA - Workforce Investment Act Dislocated Worker | 17.260 | PY8 10% ARRA SCTRS-1695 | 157,880 | | |
| | CFDA 17.260 Subtotal | | 336,026 | 336,026 | 6 |
| H-1B Job Training Grants | 17.278 | PY9 10% DW SECTRS-1680 | 9,669 | | |
| | 17.278 | PY10/11 DW-1720 | 878,615 | | |
| | 17.278 | PY9 25% SECTRS-1805 | 24,330 | | |
| | 17.278 | FY11 10% DW Council-1833 | 2,762 | | |
| | 17.278 | FY11 10% SCTRS DW-1833 | 174 | | |
| | CFDA 17.278 Subtotal | | 915,550 | 915,550 | 6 |
| WIA Pilots, Demonstrations and Research | 17.261 | Online Ed & Training-1606 | 12,000 | | 12,000 |
| ARRA - Energy Partnership Grant | 17.275 | ARRA Energy Ptnrship-1802 | 1,453,539 | | 1,453,539 |
| Disabled Veterans Outreach | 17.801 | FY11 DVOP-1723 | 12,375 | | |
| | 17.801 | FY12 DVOP-2046 | 4,000 | | |
| | CFDA 17.801 Subtotal | | 16,375 | 16,375 | 5 |
| Homeless Veteran Reintegration Project | 17.805 | PY10 VWIP-1817 | 41,969 | | |
| | 17.805 | PY11 VWIP-2028 | 38,811 | | |
| | CFDA 17.805 Subtotal | | 80,780 | | 80,780 |
| Local Veterans Employment | 17.804 | FY12 LVER-2037 | 1,000 | 1,000 | 5 |
| | | | | | 1,718,842 |
| TOTAL U.S. DEPARTMENT OF LABOR | | | | \$ 6,971,349 | |

(Continued)

The accompanying notes to this schedule are an integral part of this schedule.

ARAPAHOE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2011

| Federal Grantor/Pass-Through Grantor Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Disbursements/ Expenditures | Cluster Total | Total By CFDA and Agency |
|---|-----------------------------|--|--------------------------------|------------------|-----------------------------|
| <u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u> | | | | | |
| Direct Program through Denver Regional Office: | | | | | |
| Centennial Community Development Block Grant 2007 | 14.218 | | \$ 1,697 | | |
| Centennial Community Development Block Grant 2008 | 14.218 | | 46,477 | | |
| Centennial Community Development Block Grant 2009 | 14.218 | | 136,333 | | |
| Centennial Community Development Block Grant 2010 | 14.218 | | 204,113 | | |
| Centennial Community Development Block Grant 2011 | 14.218 | | 1,815 | | |
| Community Development Block Grant 2007 | 14.218 | | 40,457 | | |
| Community Development Block Grant 2008 | 14.218 | | 58,306 | | |
| Community Development Block Grant 2009 | 14.218 | | 194,133 | | |
| Community Development Block Grant 2010 | 14.218 | | 882,856 | | |
| Community Development Block Grant 2011 | 14.218 | | 57,139 | | |
| | <u>CFDA 14.218 Subtotal</u> | | <u>1,623,326</u> | \$1,623,326 | 7 |
| ARRA-Community Development Block Grant Centennial 2008 | 14.253 | | 61,399 | | |
| ARRA - Community Development Block Grant 2008 | 14.253 | | 50,860 | | |
| | <u>CFDA 14.253 Subtotal</u> | | <u>112,259</u> | <u>112,259</u> | 7 |
| | | | | | \$ 1,735,585 |
| HOME Program 2005 | 14.239 | | 2,997 | | |
| HOME Program 2006 | 14.239 | | 156,303 | | |
| HOME Program 2007 | 14.239 | | 236,170 | | |
| HOME Program 2008 | 14.239 | | 447,219 | | |
| HOME Program 2009 | 14.239 | | 259,053 | | |
| HOME Program 2010 | 14.239 | | 104,593 | | |
| | <u>CFDA 14.239 Subtotal</u> | | <u>1,206,335</u> | | 1,206,335 |
| Passed-Through Colorado Department of Local Affairs Section 8 Program - Vouchers/Certificates | 14.871 | | 28,972 | | |
| | <u>CFDA 14.871 Subtotal</u> | | <u>28,972</u> | | 28,972 |
| <u>TOTAL U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u> | | | | | <u>\$ 2,970,892</u> |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | | | |
| Passed-Through Colorado Department of Transportation: Highway Planning and Construction | 20.205 | | \$239,017 | | |
| Occupant Protection -Click It or Ticket -Memorial Day | 20.600 | | 13,000 | | |
| Occupant Protection -Click It or Ticket -Nighttime | 20.600 | | 3,000 | | |
| | <u>CFDA 20.600 Subtotal</u> | | <u>16,000</u> | | |
| <u>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</u> | | | | | <u>\$ 255,017</u> |
| <u>U.S. Environmental Protection Agency</u> | | | | | |
| Passed-Through Colorado Water Resource and Power Dev. Authority Capitalization Grants for Drinking Water State Revolving Funds | 66.468 | | \$ 8,837 | | |
| <u>TOTAL U.S. DEPARTMENT OF Environmental Protection Agency</u> | | | | | <u>\$ 8,837</u> |
| <u>TOTAL EXPENDITURES OF FEDERAL AWARDS</u> | | | | | <u>\$ 61,800,451</u> |

- (a) Allocation of financial assistance between federal monies passed through the state and state monies has been derived from and provided by the Colorado Department of Human Services
- (b) LEAP passed through the Colorado Department of Human Services and the Colorado Office of Energy Management \$4,148,792

The accompanying notes to this schedule are an integral part of this schedule.

ARAPAHOE COUNTY, COLORADO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2011

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Arapahoe County, Colorado primary government (the County). 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.

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 |
| SNAP - Distribution – Workforce | 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 |
| Emergency Food Assistance | 10.568, 10.569 |
| 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 |

Noncash Programs

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

| | |
|--|------------|
| Commodities Distribution CFDA #10.569 | |
| Value of commodities received during 2011 | \$ 574,351 |
| Value of commodities on hand as of December 31, 2011 | \$ 246,450 |

CFDA and Contract Numbers

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

ARAPAHOE COUNTY, COLORADO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2011

Federal Capitalization Grant

In 2006, the County received a loan from Colorado Water and Power Development Authority. Part of the funding source for this loan was a federal capitalization grant. As part of the loan agreement, the loan proceeds were to be held by the Authority until requested by the County and approved by the Authority. The Schedule of Expenditures of Federal Awards listed \$8,837 as the final proceeds from this loan which were received by the County for the year ending December 31, 2011.

GRANT SUBRECIPIENTS
For The Year Ended December 31, 2011

| Federal Program | CFDA# | Amount |
|---|--------------|---------------|
| Community Development Block Grant | 14.218 | \$1,420,407 |
| State Homeland Security | 97.067 | 446,892 |
| Public Safety Interoperability of Communications 2008 | 11.555 | 307,280 |

ARAPAHOE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

Section 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 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 auditor’s report issued on compliance for major program: Unqualified

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 program:

| CFDA Number(s) | Name of Federal Program or Cluster |
|-----------------------|--|
| 93.568 | Low-Income Home Energy Assistance |
| 93.575 | Child Care & Development Block Grant |
| 93.596 | Child Care & Development Fund - Mandatory & Matching Funds |
| 93.778 | Medical Assistance Program |
| 93.558 | Temporary Assistance for Needy Families |
| 17.258 | ARRA – WIA Adult Program |
| 17.258 | WIA Adult Program |
| 17.259 | ARRA – WIA Youth Activities |
| 17.259 | WIA Youth Activities |
| 17.260 | ARRA – WIA Dislocated Workers |
| 17.260 & 17.278 | WIA Dislocated Workers |
| 81.042 | Weatherization Assistance for Low Income Persons |
| 81.042 | ARRA – Weatherization Assistance for Low Income Persons |
| 97.067 | State Homeland Security Program |
| 97.067 | Citizen Corp Grant Program |
| 93.563 | Child Support Enforcement (Title IV-D) |
| 93.658 | Foster Care (Title IV-E) |
| 93.658 | ARRA – Foster Care (Title IV-E) |
| 93.659 | Adoption Assistance Grant - Title IV-E |
| 14.218 | Community Development Block Grant |
| 14.218 | Centennial Community Development Block Grant |
| 14.253 | ARRA – Community Development Block Grant |
| 14.253 | ARRA – Community Development Block Grant Centennial |

ARAPAHOE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

Section I—Summary of Auditor’s Results (continued)

| | |
|--|---|
| Dollar threshold used to distinguish between type A and type B programs | \$1,854,014 |
| Auditee qualified as low-risk auditee? | <input type="checkbox"/> yes <input checked="" type="checkbox"/> no |

ARAPAHOE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

PART II—FINDINGS RELATED TO FINANCIAL STATEMENTS

None.

ARAPAHOE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2011-01

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Low-Income Home Energy Assistance— CFDA # 93.568

Eligibility
Significant Deficiency, Noncompliance

Criteria: The Colorado Department of Human Services Staff Manual Section 3.752.22 requires that benefit payments are based on monthly net income for the family. Monthly net income is to be calculated based on weekly/ bi-weekly paystubs or self-employment statements of income.

Condition: During the recalculation of benefit payments during eligibility testing over 40 transactions, the following was noted:

1. During the recalculation of household income, on one of the daily paystubs used to calculate monthly income the net pay was used instead of gross pay understating the household income by \$6.
2. During the review of the review of one case file, income was reported on the application, however the LEAP main frame and turn-around form incorrectly report household income of \$0.
3. During the review of one case file, it was noted that the client resides in subsidized housing but this was not entered into the LEAP mainframe or updated on the turnaround report. The reduction in total benefits for subsidized housing is \$180, the total benefits should have been \$200.

Cause: Lack of knowledge by County employees of the federal requirements over eligibility could have contributed to this finding.

Effect: The eligibility payments related to these case files were incorrectly computed for the period under audit.

Questioned Costs: Total benefits were overpaid for the following:

1. Monthly benefit payments were overstated by \$1.
2. Monthly benefit payments were overstated by \$350.
3. Monthly benefits were over calculated by \$92.

Recommendation: We recommend the County implement a training program so that personnel are aware of eligibility requirements.

ARAPAHOE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

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

Finding 2011-01 (continued)

Views of Responsible
Officials and Planned

Corrective Actions: Arapahoe County agrees with the LEAP findings. Two of the reviewed cases had income errors. On the first case, the net income was used instead of the gross income. This affected a case that was processed in the 2010-2011 LEAP season. Beginning with the 2011-2012 LEAP season, a like error would not result in a finding, as the benefit amount would not have been affected by using the net income rather than the gross on this case. The second was a case where the worker failed to data enter the income at all. The third error cited in the audit was due to data entry of subsidized housing.

At the beginning of each LEAP season, new workers attend a State LEAP training. Income and data entry are both covered during the training. Additionally, ongoing workers attend a training conducted by the LEAP supervisor and/or Lead Worker. Each worker is on 100% sign-off at the beginning of each LEAP season. Attention is paid to both income and data entry during that process. Finally, case file reviews are conducted by the Quality Assurance Unit throughout the year. Both income and data entry are elements that are reviewed. Results of the Quality Assurance Reviews are shared with LEAP staff members throughout the season.

Contact Information: Julie Clark, Quality Assurance Administrator

Finding 2011-02

DEPARTMENT OF HEALTH & HUMAN SERVICES
Child Support Enforcement – CFDA #93.563

Special Tests
Significant Deficiency, Noncompliance

Criteria: 45 CFR Part 303 – Standards for Program Operations indicates specific requirements regarding Establishment of Paternity and Support Obligations, Enforcement of Support Obligations, Securing and Enforcing Medical Support Obligations and Provision of Child Support Services for Interstate Cases.

Condition: We tested 40 files for compliance with specific criteria within 45 CFR Part 303 and noted the following exceptions:

1. The information from applications for 3 out of 40 files was entered late into ACSES within the required 20 day time frame of receipt of the application.
2. One of the 40 files exceeded the interstate timeframe.

ARAPAHOE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

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

Finding 2011-02 (continued)

3. One of 40 files was not closed even after directed to close by the other state involved in the case.
4. One out of 40 files did not contain support that a National Medical Form was sent to confirm health insurance coverage.
5. One out of the 40 files did not order either party to provide health insurance coverage.

Cause: One of the files that was not processed timely was noted to have a SIDMOD (State Identification Module) issue at the State level. SIDMOD issues are caused when an NCP's (non custodial parent) name and birth date are close enough to another person in the system to indicate a possible misidentification. This results in delays in processing the information until the SIDMOD issue is cleared.

A second file was not processed timely as a result of CBMS merge issues which result when duplicate State ID's exist in ACSES and the CBMS system. This must be resolved at the State level before the County is allowed to initiate a case.

Finally, the remaining timing error was caused by data entry errors of the technicians that was not detected during the file review by the supervisors. The remaining errors were administrative errors.

Effect: The County is not in compliance with the Federal requirements of the Child Support Program, this includes timeliness and accuracy of information entered into ACSES. The non-compliance issues may result in actions taken by the State or the Federal agency.

Questioned Costs: We noted no questioned costs relating to the above conditions.

Recommendation: We recommend the County include the above noncompliance items in the internal review process and to provide additional training to staff as soon as possible.

Views of Responsible Officials and Planned Corrective Actions:

1. The information from applications for 3 out of 40 files were entered late into ACSES within the required 20 day time frame of receipt of the application.

Response: We agree with the finding; however, it should be noted that Arapahoe County has no control over the SIDMOD issue that caused non compliance with the 20-day timeframe in one of those cases. Those

ARAPAHOE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

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

Finding 2011-02 (continued)

cases with SIDMOD conflicts are monitored by CSE Intake and initiated into the ACSES as soon as the State Help Desk clears the conflict. Another of the cases cited for noncompliance with the 20-day timeframe involved a CBMS merge of duplicate state ID's, which is also out of Arapahoe County CSE's control. A CBMS duplicate ID originates with the IV-A office, therefore duplicate state ID's must be merged through the IV-A Help Desk before the IV-D State Help Desk can merge the ID's allowing CSE to initiate the case. CSE has implemented a liaison relationship and tracking process which has helped to shorten the time it takes to merge the ID's and allows CSE to initiate the case faster. The State CSE office is aware of the SIDMOD conflict issues that prevent initiation of cases. The third case that was not in compliance with the 20-day timeframe was a result of a data entry error. The Intake specialist entered the incorrect application date. Had the correct date been used, the timeframe would have reflected that the case was actually initiated on the 8th day. We have since corrected the application date and have included the importance of entering the accurate application date in refresher training for Intake. We also include this element in our monthly internal audit and quality review process.

2. One of the 40 files exceeded the interstate timeframe

Response: We agree with the finding and note that this case was one that involved a multiple obligee. The Interstate action was taken on the original obligee timely. The Interstate Supervisor will inform and remind the Interstate Team to ensure that when a multiple obligee is involved, that the outgoing reciprocal is reflected on both cases.

3. One of 40 files was not closed even after directed to close by the other state involved in the case.

Response: We agree with the finding. The request to close the case was sent to the ACSES system electronically and was overlooked by the case specialist. CSE will provide refresher training to the Enforcement Team on how to identify and respond to CSENET requests.

4. One out of 40 files did not contain support that a National Medical Form was sent to confirm health insurance coverage.

Response: We agree with this finding. Arapahoe County will continue to review this element during the monthly internal audit and address with staff as appropriate. The Enforcement Supervisors will remind staff frequently during monthly team meetings to ensure that they send a National Medical Support Notice to the obligor's employer when the obligor is ordered to provide health insurance and the employer is verified.

ARAPAHOE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

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

Finding 2011-02 (continued)

5. One out of the 40 files did not order either party to provide health insurance coverage.

Response: We agree with this finding. Arapahoe County will continue to review this element during the monthly internal audit. It should be noted that the error on this case was an isolated incident and has never been cited as an error in the review process.

Contact Information: Bob Prevost, Division Manager of Arapahoe County Child Support

Finding 2011-03

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Foster Care – Title IV-E – CFDA # 93.658
ARRA Foster Care – Title IV-E – CFDA # 93.658

Eligibility
Significant Deficiency, Noncompliance

Criteria: The Colorado Department of Human Services Staff Manual Section 7.001.41 requires the County to determine a child's eligibility at least annually.

Condition: We noted the following instances of noncompliance relating to eligibility:

1. In 1 out of 40 cases selected for testing, there is no evidence that the County performed the required redetermination annually. We noted a lag of approximately 17 months between the two most recent redeterminations performed by the County.

Cause: The causes for noncompliance relate initially to the State Trails system not updating automatically when the adoption placement effort dissolved. Therefore, there was no automated notification requesting the County perform the redetermination. The County does not have procedures in place to perform required annual redeterminations under such circumstances.

Effect: The County was not in compliance with the State regulations regarding eligibility.

Questioned Costs: We noted no questioned costs relating to the above conditions.

Recommendation: We recommend management review existing procedures regarding eligibility, and amend procedures as necessary to ensure a redetermination is performed at least annually.

ARAPAHOE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

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

Finding 2011-03 (continued)

Views of Responsible
Officials and Planned

Corrective Actions: We agree with the finding. The finding is the result of a State Trails issue that does not automatically update the case as necessary when there is a dissolution of an adoptive placement. The issue is known by Colorado Department of Human Services and they have corrected all of the case data. A system change to update the Trails system for this issue is expected to be completed in September 2012.

Contact Information: Angela Lytle, Division Manager of Arapahoe County Child & Family Services

Finding 2011-04

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Temporary Assistance to Needy Families – CFDA # 93.558

Eligibility
Significant Deficiency

Criteria: Colorado rules and regulations require that applicants for the Temporary Assistance to Needy Families (TANF) program have not been convicted of welfare fraud, which is considered an Intentional Program Violation (IPV) (9 CCR 2503-1 §3.627 and 3.605). A conviction of welfare fraud makes an applicant ineligible to receive TANF benefits for 12 months for first offense, 24 months for second offense, and lifetime for third offense.

Condition: In 1 out of 40 cases selected for eligibility testing, the applicant indicated that she has been investigated for welfare fraud. There is no evidence that County staff performed additional procedures to determine whether the individual was actually convicted of welfare fraud and potentially ineligible for TANF benefits. However, the County has since determined that the applicant had not been convicted of welfare fraud either as of the application date or as of the time of our testing. Accordingly, we noted no noncompliance.

Cause: The case worker may have been unaware that conviction of welfare fraud can preclude an applicant from receiving TANF benefits, or that verification of such eligibility should be documented.

Effect: The County could have potentially distributed benefits to an ineligible applicant.

ARAPAHOE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

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

Finding 2011-04 (continued)

Questioned Costs: We noted no questioned costs relating to the above conditions.

Recommendation: We recommend management provide additional training to staff so that they are aware of compliance requirements related to welfare fraud. Such training should reference the need for case workers to document additional required procedures to verify compliance when applicants indicate they have been convicted of welfare fraud.

Views of Responsible
Officials and Planned

Corrective Actions: Arapahoe County agrees with the finding. The worker failed to document anything about the statement on the application concerning a welfare fraud conviction. This citation has been shared with the Colorado Works staff, and it has been reiterated that adequate documentation is needed when an interview and the application do not match.

Case file reviews are conducted on a monthly basis on each Program Specialist. Documentation is one of the elements reviewed. Periods of Ineligibility are another element reviewed on every case. Case file review findings are reviewed with each worker as they are received.

Contact Information: Julie Clark, Quality Assurance Administrator

ARAPAHOE COUNTY, COLORADO
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

PART II—FINDINGS RELATED TO FINANCIAL STATEMENTS

Finding 2010-A

Material Weakness

Condition: Based on discussions with the client and procedures performed, the following issues were identified:

- Our testing of Open Space identified that an adjustment for recognition of sales taxes receivable in the amount \$1.3 million was duplicated with an erroneous offset to accounts payable resulting in the overstatement of both assets and liabilities. The County has corrected the above adjustment.
- Our testing of accounts receivable also identified that the County improperly recorded the offsetting accounts receivable for Grant Fund into the Homeland Security Fund while properly recording the revenue in the Grant Fund. This resulted in a misclassification between receivables and inter-fund accounts of approximately \$408,000. We believe this error should have been detected during the review and posting of this journal entry.

Recommendation: In response to these material audit adjustments, we recommend the following:

We recommend that the County emphasize the importance of a thorough review of all journal entries and work to strengthen journal entry review controls. We recognize that the County does have a review process in place, but we believe that this process needs to be strengthened as these errors should have been detected. Improvement of the review process should involve staff training relating to proper review procedures and best practices.

Implementation Status: Implemented.

Finding 2010-B

Significant Deficiency

Condition: During our testing of capital assets, we found various capital assets which are being depreciated without a residual value applied, causing ending capital asset balances to be zero upon full depreciation, which is a violation of GASB 34.

Recommendation: We recommend that the County establish salvage values for all capital assets in order to prevent them from being depreciated to a zero value.

ARAPAHOE COUNTY, COLORADO
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

PART II—FINDINGS RELATED TO FINANCIAL STATEMENTS (CONTINUED)

Finding 2010-B (continued)

Implementation Status: Implemented.

Finding 2010-C

Significant Deficiency

Condition: Based on discussions with the client and procedures performed we noted the following issues surrounding the preparation of the SEFA:

- The County overstated the IVD grant by approximately \$2.3 million on the original SEFA and this information was discussed with the client and the SEFA was corrected.
- The County did not identify ARRA funds related to IVE program in the amount of approximately \$147,000. This was discussed with the client and the SEFA was corrected.
- The County did not originally include a grant on the SEFA that was on the FFA report for \$4,500 related to the Promoting Safe and Stable Families. This was discussed with the client and the SEFA was corrected.
- The County did not allocate the \$21,000 unallocated negative amount to SNAP and Medicaid. We advised the client of the proper allocation to the programs and the SEFA was corrected.

Recommendation: We recommend the County establish and implement procedures to ensure all federal grants are properly recorded in the County's financial records and included in the SEFA.

Implementation Status: Implemented.

**ARAPAHOE COUNTY, COLORADO
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011**

PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2010-01

**Department of Health and Human Services - CFDA #93.563 (ARRA)
Child Support Enforcement**

Eligibility

Significant Deficiency in Internal Control over Compliance

Condition: We tested 60 files for compliance with specific criteria within 45 CFR Part 303 and noted the following exceptions:

- 3/60 files were late on entering the information from the applications into ACSES within the required 20 day time frame of receipt of the application.
- 1/60 files where the dates recorded in ACSES did not match with the dates supported in the paper file.
- 1/60 files where the medical support obligation information from the court order was entered into ACSES incorrectly.
- 1/60 files where the County failed to issue a default order.

Recommendation: We recommend the County include the above noncompliance items in their internal review process and to provide additional training to staff as soon as possible.

Implementation Status: Not implemented, see current year finding 2011-02.

Finding 2010-02

Department of Health and Human Services - CFDA #93.778

Medical Assistance Program

Eligibility

Special Tests

Significant Deficiency in Internal Control over Compliance

Condition: We reviewed 60 case files related to eligibility for this program. We noted the following instances of noncompliance related to documentation of participant eligibility in 2 of 60 files tested:

- One instance in which the County did not send notice of action within forty-five days of the date of application

ARAPAHOE COUNTY, COLORADO
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

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

Finding 2010-02 (continued)

- One instance in which income was incorrectly calculated and entered into the database system in which eligibility is determined. However, if the correct income was calculated and entered into the system eligibility would not have been affected.

Recommendation: We understand that CSS was unable to create a report that allows the County to monitor cases prior to the case exceeding the processing guidelines due to the State Department of Human Services transitioning from the current Business Objects reporting system to COGNOS. We recommend the County continue to work with the State on a report that would allow the County to monitor cases that are nearing the 45 day deadline.

Implementation Status: Implemented

2010-03

U.S. Department of Health and Human Services - CFDA #93.778

**Medical Assistance Program
Eligibility**

Significant Deficiency in Internal Control over Compliance

Condition: We reviewed 61 case files related to compliance for IEVS for this program. We noted that the client did not take appropriate action on outstanding IEVS hits in 15 of 61 cases tested.

Recommendation: The County should have policies and procedures designed in a way that will allow for the timely follow-up on outstanding IEVS hits. We recommend that the county revise its policies and procedures regarding follow-up on outstanding IEVS hits to address the requirement that IEVS hits must be followed-up on within 45 days of receipt.

Implementation Status: Implemented.

ARAPAHOE COUNTY, COLORADO
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

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

Finding 2010-04

Department of Health and Human Services

CFDA #93.575 CHILD CARE AND DEVELOPMENT BLOCK GRANT
CFDA #93.596 CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT FUND
CFDA #93.713 ARRA – CHILD CARE AND DEVELOPMENT BLOCK GRANT

Allowable Costs

Significant Deficiency in Internal Control over Compliance

Condition: We noted the following instances of noncompliance relating to the allowable cost compliance requirements:

- In 4/60 cases tested the parental fee was incorrectly calculated. In all instances this resulted in an overcharge to the parents
- In 1/60 cases tested the County did not pay the provider for the allowable 3 absences per month

Recommendation: We recommend the County adopt procedures to verify the parental fees are appropriately calculated based on the parental fee schedule provided by the State. We recommend the County adopt procedures to verify the payments to providers are appropriately calculated. This includes ensuring the parental fee was calculated based on accurate data entered into CHATS and performing a detailed review of the attendance records prior to payment to ensure that the providers are paid for the correct number of days, including up to the allowable three child absences per month.

Implementation Status: Implemented.

ARAPAHOE COUNTY, COLORADO
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

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

Finding 2010-05

Department of Health and Human Services - CFDA #93.568 LOW-INCOME HOME ENERGY ASSISTANCE

Eligibility/State Regulations

Compliance

Significant Deficiency in Internal Control over Compliance

Condition: We tested 60 case files related to eligibility for this program. We noted the following instances of noncompliance related to the determination of participant eligibility in two of the 60 files:

- One instance in which a household member's income from 2008 was used to calculate benefits. Upon examination of the Department of Labor's job search tool, more current income information was not available indicating that the household member did not have any income; therefore, we could not determine if benefits were correct. Amount of benefits paid was \$403.
- One instance in which the household size listed on the application was not appropriately entered into the State's LEAP system. The application included 6 members; only 5 were noted on the benefits summary. Benefits paid were not affected.

Recommendation: We recommend that the County ensures all support for countable income relates to the correct time period. In addition, information included on the applications should be checked for accuracy when transferred to the State's LEAP system.

Implementation Status: Partially implemented. See current year finding 2011-01.

Finding 2010-06

U.S. Department of Health and Human Services
Passed-through Colorado Department of Local Affairs
CFDA #93.569- Community Services Block Grant
CFDA #93.710 - ARRA – Community Services Block Grant

Reporting

Condition: We selected various financial status and program reports for both the CSBG and CSBG-R grants to test for compliance with the requirements in Section 5.1.1 of Exhibit B of the contract with DOLA and noted the following exceptions:

ARAPAHOE COUNTY, COLORADO
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

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

Finding 2010-06 (continued)

- CSBG financial status reports: Based on the grant agreement the reporting periods should have March – June (4 months), July – September (3 months), October – December (3 months), and January – February (2 months). However, the County prepared the report for March-May, rather than March-June. As a result, the first report and all subsequent reports were not completed for the proper periods.

Additionally, we noted that there was not a review of the financial status reports after they were completed by the Senior Resources Manager.

- CSBG financial status reports and grant year-end reports: The Senior Resources Manager prepares the financial status reports and the final grant reports, which are submitted to the State. The supporting documentation (financial and non-financial data) used to prepare these reports is not retained. Also, the County does not keep signed copies of these reports for their records. As a result, we were unable to verify that the reports we viewed were the reports submitted to the State. Additionally, one of the two status reports viewed did not have the date prepared completed. As a result, we were unable to determine when the report was submitted to the State.
- CSBG-R financial status reporting: The Senior Resources Manager prepares the financial status report and the monthly ARRA reports, both of which are submitted to the State. The supporting documentation used to prepare these reports is not retained. Additionally, a signed copy of the final report is not retained. As a result, we were unable to verify that the reports we viewed were the reports submitted to the State.
- CSBG-R financial status reporting: The Senior Resources Manager prepares the financial status reports based on the County's monthly reimbursement requests. However, the reimbursement requests utilized are for one month behind the reporting period and therefore not accurate. For example, if the financial status report is for the period of April through June, the expenditures reported were based on the reimbursement requests for the months of March, April and May.
- CSBG-R monthly ARRA reporting: The State requires the County to submit monthly ARRA reports detailing revenues received to date. We tested four of the eight reports submitted to the State and noted that three of the four reports did not have the correct information for revenues collected to date. The County did not retain backup to support how the information in the reports were calculated.

ARAPAHOE COUNTY, COLORADO
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

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

Finding 2010-06 (continued)

Effect: Failure to accurately prepare and submit required reports may result in performance goals, administrative standards, financial management and other requirements of the grants not being met.

Recommendation: We recommend that the County implement procedures to ensure that all required reports are accurately prepared, agreed to supporting documentation and are submitted to the State in a timely manner.

Implementation Status: Implemented.

2010-07

U.S. Department of Housing and Urban Development

Direct Funding

CFDA #14.218 Community Development Block Grants / Entitlement Grants
CFDA #14.253 Community Development Block Grant ARRA Entitlement
Grants (CDBG-R) (Recovery Act Funded)
Davis Bacon - Monitoring

Significant Deficiency in Internal Control over Compliance

Condition: We tested 12 projects and 4 of these projects were Davis Bacon projects.

We noted the following related to the certified payrolls:

- None of the certified payrolls had a date stamp when received by CDBG staff or when staff reviewed these certified payrolls for prevailing rates or who performed the review.
- The certified payrolls reflected the hours worked and hourly rates. One out of four projects did not include the deductions or the actual wages paid.

Recommendation: We recommend a date stamp be used to document when CDBG staff receive the weekly certified payroll as this will provide evidence if the contractor is submitting weekly certified payrolls timely. We also recommend the staff require certified payrolls be complete in its entirety and make inquiries of the contractor for payrolls that do not include deductions and determine if this information is correct.

Implementation Status: Implemented.

ARAPAHOE COUNTY, COLORADO
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

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

2010-08

U.S. Department of Housing and Urban Development

Direct Funding

CFDA #14.218 Community Development Block Grants / Entitlement Grants
CFDA #14.253 Community Development Block Grant ARRA Entitlement
Grants (CDBG-R) (Recovery Act Funded)

Subrecipient Monitoring

Significant Deficiency in Internal Control over Compliance

Condition: We did note emails on a monitoring schedule for projects completed in 2010 (CDBG policy to monitor after the fact) but the plan did not take place and there was no documentation of why the change in monitoring subrecipients in the original emails changed nor was there documentation of approval by the supervisor or the director for these changes. We also did not receive information on why these projects were selected for monitoring.

2010 Monitoring: We noted the projects monitored in calendar year 2010 (4) included “findings” these are more severe than “concerns” that perhaps should have been addressed during the project progress and not after the project completed. Two of the projects monitored were with the City of Englewood and the City had a combined total of 7 “findings” and 8 “concerns”, ranging from lead based paint to program income. We were surprised the issue with program income was only a concern, as the process of obtaining external program information from the City was not obtained timely, lacked detail and was after the fact. We do not know what was submitted in the prior year to support the information on the CAPR report for program income. We were not able to obtain the results letter from one of the City’s projects as related to Homeowner fix up project and do not know the final status if the City has corrected the issues (the Homeowner fix up project monitoring is still underway).

Process: We also noted CDBG is to complete a risk analysis on all completed projects and reviewed some of the public service projects but no other types of projects completed the risk analysis and there was insufficient documentation to illustrate that the selection made for the 2010 review was appropriate or that the selection was discussed with the proper personnel.

ARAPAHOE COUNTY, COLORADO
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
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PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2010-08 (continued)

Program income: We also noted the monitoring risk process does not directly take into account the type of annual monitoring that one would expect over the program income from its subrecipients that have this type of activity. This is also important as CDBG records the program income from not only CDBG but other subrecipients on the annual CAPR. On the 2009 (5/1/09-4/30/10) CAPR approximately \$268,000 was program income and approximately \$233,000 was from the City of Englewood.

During most of 2010 there was no supporting document from the City on their program income that is deducted from the actual expenditure on the request for reimbursement form. The only documentation was hand written amounts with no supporting documents from the City's financial recording system for the amount claimed for program income. We are aware of the memo dated 9/30/10 distributed within the CDBG department that requires specific program income requirements for its subrecipient i.e., cash balances, all program income received during the quarter and amounts that were spent on eligible projects. The City submitted the 4th quarter report but nothing was done with the information by CDBG staff.

Subrecipient quarterly and annual reports:

Quarterly performance reports and annual financial statement requirements:

Of the 12 projects we tested for the required quarterly performance report, we noted 2 of the projects had 2 quarters missing for each project. We tested the process of tracking for annual reports and noted tax exempt entities i.e. churches, did not send any internal financial information. We also noted areas of concern that were in the report and were not able to determine if this information was communicated to the project managers on a timely basis to help them monitor the risk. One other issue during the review of financial statements is to ensure if the entity is required to have a single audit and if so, then CDBG needs to review the SEFA and ensure the correct CFDA number and dollar amount of the expenditure from CDBG are included. We were unable to determine if the reviewer is performing this function. This information is required to be communicated to the subrecipients by CDBG staff.

Recommendation: We recommend the new monitoring policy, that is currently in draft form, address program income and develop procedures to request documents from the subrecipient system whenever there is a draw that has program income involved, and reports from the sub's system be obtained monthly

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

2010-08 (continued)

or at a minimum quarterly and these amounts agreed to CDBG draw books. We also recommend the monitoring include all projects that have a higher risk during the project not just when the project is completed during the year (not the year of the funding) and special attention be given to ARRA projects and well documented in the project file.

We also recommend the monitoring plan be approved by the supervisor and the director and monitored for compliance if these were completed (this includes all projects shall have a risk analysis completed) and all this information is safeguarded by one person for tracking progress and due dates, required responses and timely follow up (organized so one can review without going to different personnel for information).

Implementation Status: Implemented

Finding 2010-09

U.S. Department of Housing and Urban Development
Direct Funding
CFDA #14.218 Community Development Block Grants / Entitlement Grants
CFDA #14.253 Community Development Block Grant ARRA Entitlement
Grants (CDBG-R) (Recovery Act Funded)

Reporting
Significant Deficiency in Internal Control over Compliance

Condition: We noted the following related to reporting:

- 1/4 ARRA reports were late and there was no supervisor approval before reports were submitted.
- 2/4 272's were not filed.
- 2/4 425's were not filed.

Recommendation: We recommend management obtain the due dates for ARRA reporting from the website and obtain supervisor approval before submission. We also recommend staff continue to prepare the 272's and the 425 reports until notified by HUD this is no longer required.

Implementation Status: Implemented.

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

Finding 2010-10

**U.S. Department of Health and Human Services
Passed-through Colorado Department of Human Services
CFDA #93.659**

Adoption Assistance - Title IV-E

Eligibility: State and Federal Case File Requirements

Significant Deficiency in Internal Control over Compliance

Condition: We noted the following instances of non-compliance relating to timeliness of eligibility forms:

- In 4/60 cases tested, the form SS-11 determination of adoption assistance eligibility was completed later than the same calendar month as the adoption petition date filed with the court.

Recommendation: Management should establish a process that monitors the staffs' timely processing and completion of the SS-11 by tracking case progress through the completion date. Upon filing the petition, it should be noted if the SS-11 has been completed or not at that time, which would allow for adequate response time required to comply with the noted criteria.

Implementation Status: Implemented.

Finding 2010-11

**U.S. Department of Energy
Passed-through Colorado Department of Energy
CFDA #81.042**

Weatherization Assistance for Low-Income Persons

Eligibility

Significant Deficiency in Internal Control over Compliance

Condition: We noted the following instance of non compliance relating to the determining of eligibility via income:

- Out of 60 cases selected for testing, 16 were determined eligible via income. For 1 out of these 16 projects, this calculation was not performed correctly. 12 weekly paystubs were acquired; however, income calculated for the period was not in accordance with noted guidance. We noted that income used for weeks included in the calculation. Of the sample tested all were deemed eligible.

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Finding 2010-11

Recommendation: We recommend that the County ensures all support for countable income represent gross wages when determining eligibility. As part of the review process in place to review eligibility determinations prior to work beginning, management should ensure that eligibility determined via income should be monitored for appropriate inclusion of income prior to work commencing.

Implementation Status: Implemented.