



*ARAPAHOE COUNTY, COLORADO*

**FEDERAL AWARDS REPORTS  
IN ACCORDANCE WITH THE  
SINGLE AUDIT ACT AND  
OMB CIRCULAR A-133**

**DECEMBER 31, 2009**

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To the Board of County Commissioners  
Arapahoe County, Colorado

**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**

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Arapahoe County, Colorado as of and for the year ended December 31, 2009, which collectively comprise Arapahoe County's basic financial statements and have issued our report thereon dated June 21, 2010. 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. We did not audit the financial statements of Arapahoe County Water and Wastewater Authority, a discretely presented component unit of Arapahoe County, for the year ended December 31, 2009, which reflects total assets of \$199,073,715 and total revenues of \$14,783,216. We did not audit the financial statements of Arapahoe County Public Airport Authority, a discretely presented component unit of Arapahoe County, for the year ended December 31, 2009, which reflects total assets of \$57,128,299 and total revenues of \$13,517,853. These financial statements were audited by other auditors whose report expressed an unqualified opinion on the financial statements, and has been furnished to us, and our opinion on the governmental activities, the business activities, the aggregate discretely presented component units, insofar as it relates to the amounts included for the Arapahoe County Water and Wastewater Authority and Arapahoe County Airport component units for the year ended December 31, 2009, is based solely on the report of the other auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Arapahoe County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Arapahoe County's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of Arapahoe County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However as described in the accompanying schedule of findings and questioned costs,

we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be 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 2009-A deficiency described in the accompanying schedule of findings and questioned costs 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 deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies as items 2009-B, 2009-C, 2009-D, and 2009-E.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Arapahoe County, Colorado's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 Arapahoe County in a separate letter dated June 21, 2010.

Arapahoe 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 Arapahoe County's response and, accordingly, we express no opinion on it.

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



Greenwood Village, CO  
June 21, 2010



To the Board of County Commissioners  
Arapahoe County, Colorado

**Report on Compliance with Requirements Applicable to Each  
Major Program and on Internal Control Over Compliance in  
Accordance With OMB Circular A-133**

Compliance

We have audited the compliance of Arapahoe County, Colorado, with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. Arapahoe County, Colorado's major federal programs are identified in the summary of auditors' 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 Arapahoe County, Colorado's management. Our responsibility is to express an opinion on Arapahoe County, Colorado's compliance based on our audit.

Arapahoe County's basic financial statements include the operations of the Arapahoe County Airport Authority, a component unit of the County, which expended \$7,320,579 in federal awards which is not included in the County's schedule of expenditures of federal awards during the year ended December 31, 2009. Our audit, described below, did not include the operations of Arapahoe County Airport Authority.

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 Arapahoe County, Colorado'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 Arapahoe County, Colorado's compliance with those requirements.

In our opinion, Arapahoe County, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009. However, the results of our auditing procedures disclosed instances of non compliance, with those requirements which are required to be reported in accordance with OMB Circular A133 and

which are described in the accompanying schedule of findings and questioned costs as items 2009-01, 2009-02, 2009-03, 2009-04, 2009-05, 2009-06, 2009-07 and 2009-08.

### Internal Control Over Compliance

The management of Arapahoe County, Colorado, 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 Arapahoe County, Colorado's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Arapahoe 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.

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 2009-02, 2009-03, 2009-05, 2009-06, and 2009-07. *A significant deficiency in internal control over compliance* is a deficiency, or 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.

Arapahoe 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 Arapahoe County's responses and, accordingly, we express no opinion on it.

## Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Arapahoe County, Colorado, as of and for the year ended December 31, 2009, and have issued our report thereon dated June 21, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Arapahoe County, Colorado's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Eide Bailly LLP*

Greenwood Village, CO  
June 21, 2010

**ARAPAHOE COUNTY, COLORADO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For Year Ended December 31, 2009**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures	Cluster Total	Total By Agency
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>					
Passed-Through Colorado Department of Human Services					
Temporary Emergency Food Assistance Program (TEFAP) - Commodities	10.569	9104Z2	\$743,864		\$743,864
ARRA Temporary Emergency Assistance Program	10.568	9104Z2	\$4,595		\$4,595
Temporary Emergency Food Assistance Program (TEFAP) - Administrative Total TEFAP	10.568	9104Z2	\$2,368		\$2,368
			<u>\$750,827</u>		
Food Stamp Program - Administrative (a)	10.561	005	\$2,801,610	\$2,801,610	1
ARRA Food Assistance (a)	10.561	005	\$106,551	\$106,551	1
	CFDA 10.561 Subtotal		<u>\$2,908,161</u>		
Food Stamp Program - Distribution (a)	10.551	005	\$53,706,308		
			<u>\$53,706,308</u>	\$53,706,308	1
					\$56,614,469
Total Passed-Through Co. Dept. of Human Services			<u>\$57,365,296</u>		
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>					<b><u>\$57,365,296</u></b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>					
Passed-Through Denver Regional Council of Governments:					
Title IIIB - Arapahoe County	93.044		\$219,153		
Title IIIB - Arapahoe/Douglas Contract 9804	93.044		\$164,371		
Arapahoe OAA Chore Services	93.044		\$33,212		
Arapahoe Chore Senior Resources DRCOG	93.044		\$49,002		
Total Passed-Through CCDHS DRCOG	CFDA 93.044 Subtotal		<u>\$465,738</u>		\$465,738
Passed-Through Colorado Department of Local Affairs:					
Community Service Block Grant	93.569	KCS80003	\$360,837	\$360,837	2
ARRA Community Service Block Grant	93.710		\$43,360	\$43,360	2
Total Passed-Through CO Department Of Local Affairs			<u>\$404,197</u>		\$404,197
Passed-Through Colorado Department of Human Services to County Department of Social Services: (a)					
Child Welfare Services (Title IV-B)	93.645	005	\$337,557		\$337,557
Social Services Block Grant (Title XX)	93.667	005	\$1,846,969		\$1,846,969
Child Support Enforcement (Title IV-D)	93.563	005	\$3,353,368		
ARRA Child Support Enforcement (Title IV-D)	93.563	005	\$523,146		
	CFDA 93.563 Subtotal		<u>\$3,876,514</u>		\$3,876,514
Medicaid Transportation (Title XIX)	93.778	005	\$2,474,777		\$2,474,777
LEAP Low Income Energy Assistance (b)	93.568	005	\$5,956,812		\$5,956,812
Independent Living (Title IV-E)	93.674	005	\$160,437		\$160,437
Foster Care (Title IV-E)	93.658	005	\$4,175,904		
ARRA Foster Care (Title IV-E)	93.658	005	\$414,348		
	CFDA 93.658 Subtotal		<u>\$4,590,252</u>		\$4,590,252
Child Care Development Block Grant	93.575	005	\$3,809,249	\$3,809,249	3
Child Care Development Funds	93.596	005	\$3,510,216	\$3,510,216	3
ARRA Child Care Development Funds	93.713	005	\$168,338	\$168,338	3
Adoption Assistance Grant	93.659	005	\$2,408,028		\$2,408,028
Temporary Assistance to Needy Families	93.558	005	\$11,359,784		\$11,359,784
Family Preservation & Support IV-B	93.556	005	\$31,332		\$31,332
Other Federal Assistance	93.XXX	005	-\$37,476		(\$37,476)
Total Passed-Through CO Department Human Services			<u>\$40,492,789</u>		
Passed-Through Colorado Office of Energy Mangement					
Weatherization Assistance LEAP (b)	93.568		\$639,816		
Total Passed-Through CO Office of Energy Management					\$639,816
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					<b><u>\$42,002,540</u></b>

(a) Allocation of financial assistance between federal monies passed through the state and state monies has been derived from provided by the CDHS.  
(b) LEAP Passed through the CO Department of Human Services and the CO Office of Energy Management total \$6,596,6928.

**ARAPAHOE COUNTY, COLORADO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For Year Ended December 31, 2009**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures	Cluster Total	Total By Agency
<b><u>U.S. DEPARTMENT OF ENERGY</u></b>					
Passed-Through Colorado Office of Energy Conservation:					
Weatherization Assistance - DOE	81.042	C900628	\$534,037		
ARRA - Weatherization Assistance	81.042		\$1,516,906		
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>	CFDA 81.042 Subtotal				<b><u>\$2,050,943</u></b>
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)</u></b>					
Passed-Through Colorado Department of Local Affairs					
Co. Statewide Emergency Management Program	97.042		\$69,000		
<b>TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)</b>					<b><u>\$69,000</u></b>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>					
Passed-Through Co.Div. Of Criminal Justice					
Edward Byrne Memorial Justice Program					
Aftercare Program	16.738		\$55,851		
ARRA 2009 - JAG	16.804		\$58,637		
Drug Control and System Improvement Program:					
South Metro Drug Task Force	16.579	21-DB-02-30-15	\$6,629		
State Criminal Alien Assistance Program	16.606		\$288,429		
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>					<b><u>\$409,546</u></b>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>					
Passed -Through Co Dept. of Local Affairs, Div. Of Emergency Management					
State Homeland Security Program 2006	97.067	7EM76803	\$693,141		
State Homeland Security Program 2006 Supplemental	97.067	96HS76803	\$126,355		
State Homeland Security Program 2007	97.067	8EM77803	\$202,078		
Law Enforcement Terrorism Prev. Program 2006	97.067	7EM76503	\$770,016		
Law Enforcement Terrorism Prev. Program 2007	97.067	8EM77503	\$505,140		
Citizen Corp Grant Program 2006	97.067	7EM76303	\$10,842		
Citizen Corp Grant Program 2007	97.067	8EM77303	\$54,933		
			\$2,362,505	\$2,362,505	
Passed-Through Governor's Office of Homeland Security					
State Homeland Security Program 2008	97.067	98HS78803	\$885,491		
Citizen Corp Grant Program 2008	97.067	98HS78303	\$13,374		
			\$898,865	\$898,865	
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>	CFDA 97.067 Subtotal				<b><u>\$3,261,370</u></b>
<b><u>U.S. DEPARTMENT OF COMMERCE</u></b>					
Passed-Through Governor's Office of Homeland Security					
Public Safety Interoperability Of Communications	11.555	97HS77F03	\$1,046,965		
<b>TOTAL U.S. DEPARTMENT OF COMMERCE</b>					<b><u>\$1,046,965</u></b>

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, 2009**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures	Cluster Total	Total By Agency
<b>U.S. DEPARTMENT OF LABOR</b>					
Passed-Through Colorado Department of Local Affairs:					
Office of Colorado Workforce Development	17.266	DPN-L8DPNAR	\$30,586		
	17.266	DPN 1593	\$24,080		
	CFDA 17.266 Subtotal		\$54,666		\$54,666
	17.260	Benefits Planner-10KAA 02	\$42,041		
	17.260	CIMS 1418	\$29,373		
	17.260	CIMS 1418	\$29,429		
	17.260	CIMS 1680	\$3,500		
	17.260	Marketing 1418	\$9,806		
Passed-Through Colorado Department of Labor & Employment:					
Workforce Investment Act Dislocated Worker	17.260	VIA Dislocated Worker 130	\$402,712		
Worker & Statewide Activities	17.260	VIA Dislocated Worker 151	\$117,604		
	17.260	WIA Rapid Response 1508	\$142,188		
	17.260	Credentialing 1418	\$22,687		
	17.260	BRAC 1228	\$150,216		
	17.260	BRAC 1228	\$30,748		
	17.260	BRAC 1228	\$61,886		
ARRA Workforce Investment Act Dislocated Worker	17.260	ARRA WIA DW 1467	\$636,379		
	CFDA 17.260 Subtotal		\$1,678,569	\$1,678,569	5
Wagner-Peyser	17.207	PY07 1582	\$983,510		
	17.207	PY08-KAA00002	\$636,884		
ARRA Wagner-Peyser	17.207	ARRA PY08 1621	\$36,214		
ARRA Wagner-Peyser	17.207	ARRA PY08 1621	\$62,105		
	CFDA 17.207 Subtotal		\$1,718,713	\$1,718,713	6
	17.801	LVER 1589	\$4,500		
	17.801	DVOP 1647	\$6,129		
	CFDA 17.801 Subtotal		\$10,629	\$10,629	6
	17.802	VWIP 1636	\$6,146		
	CFDA 17.802 Subtotal		\$6,146		\$6,146
	17.804	LVER 1588	\$2,250		
	17.804	LVER 1646	\$6,129		
	CFDA 17.804 Subtotal		\$8,379	\$8,379	6
WIREED	17.268	WIREED 1300	\$320,337		
	CFDA 17.268 Subtotal		\$320,337		\$320,337
Workforce Investment Act Adult					
CDLE Master Grant Agreement Numbers					
PY07-08 KAA00002	17.258	WIA Adult 1156	\$68,483		
PY08-09 KA000002	17.258	WIA Adult 1301	\$472,272		
PY09-10 KA000002	17.258	WIA Adult 1516	\$125,783		
	17.258	WIA 10% Disc Adult 1418	\$11,800		
ARRA Workforce Investment Act Adult	17.258	ARRA WIA Adult 1465	\$721,895		
	CFDA 17.258 Subtotal		\$1,400,233	\$1,400,233	5
Workforce Investment Act Youth					
	17.259	WIA Youth 1302	\$378,934		
	17.259	WIA Youth 1157	\$177,984		
	17.259	Summer Job Hunt 1418	\$32,500		
	17.259	WIA 10% Disc Youth 1418	\$37,200		
	17.259	WIA 10% Disc Youth 1418	\$94,000		
ARRA Workforce Act Youth	17.259	ARRA WIA Youth 1466	\$639,284		
	17.259	SECTR 1265	\$188		
	17.259	LMI SECTRS 1265	\$25,000		
	CFDA 17.259 Subtotal		\$1,385,090	\$1,385,090	5
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>					<b>\$4,463,892</b> 5
					<b>\$6,582,762</b>

**ARAPAHOE COUNTY, COLORADO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For Year Ended December 31, 2009**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures	Cluster Total	Total By Agency
<b><u>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</u></b>					
Direct Program through Denver Regional Office:					
Centennial Community Development Block Grant 2008	14.218		\$216,684		
Centennial Community Development Block Grant 2009	14.218		\$60,578		
Community Development Block Grant 2005	14.218		\$40,334		
Community Development Block Grant 2006	14.218		\$166,675		
Community Development Block Grant 2007	14.218		\$404,964		
Community Development Block Grant 2008	14.218		\$407,310		
Community Development Block Grant 2009	14.218		\$211,187		
	<u>CFDA 14.218 Subtotal</u>		<u>\$1,507,732</u>	\$1,507,732	7
ARRA Community Development Block Grant Centennial 2008	14.253		\$1,994		
ARRA Community Development Block Grant 2008	14.253		\$8,438		
	<u>CFDA 14.253 Subtotal</u>		<u>\$10,432</u>	\$10,432	7
					\$1,518,164
American Dream 2008	14.239		\$7,459		
HOME Program 2005	14.239		\$155,089		
HOME Program 2006	14.239		\$102,513		
HOME Program 2007	14.239		\$31,238		
HOME Program 2008	14.239		\$43,416		
	<u>CFDA 14.239 Subtotal</u>		<u>\$339,715</u>		\$339,715
Passed-Through Colorado Department of Local Affairs Section 8 Program - Vouchers/Certificates	14.871		\$23,627		\$23,627
<b><u>TOTAL U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</u></b>					<b><u>\$1,881,506</u></b>
The accompanying notes to this schedule are an integral part of this schedule.					
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>					
Passed-Through Colorado Department of Transportation:					
Highway Planning and Construction	20.205		\$23,110		
Highway Planning and Construction	20.205		\$147,958		
ARRA Highway Planning and Construction	20.205		\$42,691		
	<u>CFDA 20.205 Subtotal</u>		<u>\$213,759</u>		\$213,759
Alcohol Traffic Safety and Drunk Driving (Leaf Funds)	20.601		\$31,974		\$31,974
CDOT Van Grant	20.513		\$101,558		\$101,558
<b><u>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</u></b>					<b><u>\$347,291</u></b>
<b><u>U.S. Environmental Protection Agency</u></b>					
Passed-Through Colorado Water Resource & Power Dev. Authority Capitalization Grants for Drinking Water State Revolving Funds	66.468		\$3,790,184		\$3,790,184
<b><u>TOTAL U.S. DEPARTMENT OF Commerce</u></b>					<b><u>\$3,790,184</u></b>
<b><u>TOTAL EXPENDITURES OF FEDERAL AWARDS</u></b>					<b><u>\$118,807,403</u></b>

**ARAPAHOE COUNTY, COLORADO**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2009**

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**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 general-purpose financial statements. All federal financial assistance received by the primary government directly from federal agencies, as well as federal financial assistance passed through other government agencies, including the State of Colorado, is included on the schedule. In addition, federal financial assistance awarded directly to eligible County Social Services recipients via Electronic Benefits Transfer (EBT) is also included in the schedule. The State of Colorado issues EBT to the eligible County recipients. Only the federal amount of such pass-through awards and EBT is included on the schedule.

**Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the general-purpose financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the (general-purpose or basic) financial statements. Federal financial assistance provided to sub-recipients is treated as expenditure when it is paid to the sub-recipient.

**Noncash Programs**

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

U.S. Department of Agriculture	
Food Stamps CFDA #10.551 (Major Program)	
Value of food stamps issued during 2009	\$ 53,706,308
Commodities Distribution CFDA #10.569	
Value of commodities received during 2009	\$ 743,863
Value of commodities on hand as of December 31, 2009	\$ 179,660

**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.

### **Federal Capitalization Grant**

In 2007, 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 will be held by the Authority until requested by the County and approved by the Authority. As of December 31, 2009 some of the proceeds of this loan have been received by the County and are listed in the Schedule of Expenditures of Federal Awards.





**ARAPAHOE COUNTY, COLORADO**  
**Schedule of Findings and Questioned Costs (continued)**  
**December 31, 2009**

Permit will be transferred to SEMSWA upon approval of all parties – transferring responsibility for EPA requirements from the County to SEMSWA. As of December 31, 2009 none of the above conditions had been met. Because the primary conditions of the IGA had not been met, it was determined that ownership of the storm drainage belongs to the County and that the assets should remain on the County’s books.

- During our testing of cash, we found that the County was not properly reconciling the Chase Payroll account as there was confusion between whether finance or the treasurer’s office was performing the reconciliation. This resulted in a material audit adjustment of approximately \$4,000,000. EB does note that the County did catch this error and attempted to correct it prior to our audit being performed. However, when the correction was made it was posted to the current year (calendar year 2010) rather than the period which the error occurred, the year ending December 31, 2009.
- During our testing of accounts receivable, we found that the County improperly recorded property tax receivable and deferral amounts due to a data entry error. This resulted in a material audit adjustment of approximately \$3,000,000. We believe this error should have been detected during the review and posting of this journal entry.

**Cause**

Insufficient training and detailed review of journal entries prior to posting caused entries to be posted in the incorrect period or for the incorrect amount.

**Effect**

Without proper training and supervision errors will continue and result in either overstatement or understatement of transactions.

**Recommendation**

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

We recommend the County involve its legal department for the future transfer of this infrastructure to help ensure compliance with the IGA. It is important to have a comprehensive understanding of all IGA’s in order to determine the appropriate accounting treatment.

Additionally, we recommend that the County strengthen its review of “adjusting” transactions and ensure that all bank accounts are being reconciled in a timely manner. There should be a heightened awareness and a more vigilant review process for all transactions having year-end cutoff implications. The reconciliation should be strengthened by also including a

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review of the funds' cash balances in the general ledger to ensure that the total fund cash accounts match the overall bank reconciliation balances. This further review of the funds' cash accounts in the general ledger should take into account any journal entries made within the funds to insure cash is not being adjusted, inappropriately.

Finally, 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 this error should have been detected. Improvement of the review process should involve staff training relating to proper review procedures and best practices.

**Management**

**Corrective Action**

In response to the first recommendation, we agree that Legal should have been included before the wrong conclusion was drawn on this IGA. A thorough review with the County Attorney will occur before any accounting action is taken on this IGA in the future.

In response to the second recommendation, while the error was caught by Finance Department staff the posting of the correction was not fully reviewed allowing the correction to be made in the wrong calendar year. The County agrees that a more thorough review should have been done and will be in the future

In response to the third and final recommendation, a data entry error was made in the posting of property taxes receivable. This error should have been caught when the entry was approved. There will be a major emphasis placed with financial staff on the importance of a full and thorough review of all supporting documentation before posting of any accounting entries to the system.

**2009-B      General Ledger Review and Reconciliations-Significant Deficiency**

**Criteria**

The County is to required to have effective internal controls that are designed and in place to detect and prevent errors in a timely manner.

**Condition**

Based on discussions with the client and procedures performed, we noted the following items:

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- During our testing of revenues and expenditures, we found that the County had inappropriately capitalized approximately \$358,000 of expenditures. This error related to an IGA that the County had with the Cottonwood Water and Sanitation District (CWSD). The IGA indicates that the County is to reimburse CWSD for costs that CWSD has incurred and has capitalized. As such, these costs should not be capitalized by the County and instead should be expensed pursuant to the details of the IGA. We note that the County is going to remove the capitalized costs in 2010.
- Also during testing of revenues and expenditures, we found that the County was inappropriately recognizing revenue relating to an IGA with Inverness Water and Sanitation District (IWSD). The IGA called for the County to perform work to improve/construct a water treatment facility where costs were to be reimbursed by IWSD. This project has been ongoing for four plus years and the County had been recording revenue on a cash basis rather than when earned. We understand that the County was aware of this error and began to correct it in 2009. The net effect of the error taking into account adjustments made by the County was that revenue was understated by approximately \$134,000 for the year ending December 31, 2009.
- During our examination of the County's GASB 34 balances we noted that a closer review of the long-term receivable balances is needed. Although none of the variances were material, a review of this account would have detected an error in the Note Receivable balance from one entity. In addition, there is a receivable recorded that should have been collected prior to the end of 2008. If these accounts were reviewed closer, the County could monitor the collection of this balance.

**Cause**                      Insufficient training and detailed review of postings to the general ledger caused entries to be posted in the incorrect period or to the incorrect account.

**Effect**                        Without proper training and supervision errors will continue and result in either overstatement or understatement of transactions.

**Recommendation**        We recommend that the County appropriately identify all key terms of Intergovernmental Agreements and account for all projects taking into account these key terms. As many of these IGA's have specific stipulations, it is important to have a comprehensive understanding of the IGA in order to properly account for the related projects. Additionally, the county should recognize revenue when earned, rather than when received. Review of

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revenue postings and/or journal entries posted for these revenue transactions, as well as all other significant transactions impacting the funds and GASB 34 reconciling items would have detected these errors in a timely manner.

**Management**

**Corrective Action**

Financial staff of the County will more thoroughly review IGA's to fully understand the details of such agreements so as to better decide the proper accounting treatment for the related transactions. The County is already aware of the need to recognize revenue when earned rather than received and has been in the process of changing some existing projects to the proper accounting treatment. A stronger, more thorough review process on all such transactions will be implemented.

**2009-C      Public Works Escrow Account-Significant Deficiency**

**Criteria**

The County is to required to have effective internal controls that are designed and in place to detect and prevent errors in a timely manner. This includes appropriate approval and involvement of the Treasurer's Office and the Finance Department for the establishment of the establishment and transfer of cash and investments to the new accounts.

**Condition**

During inquiry of management, we determined that Public Works is maintaining an escrow account for a specific project that Public Works is working on. The account was approved by the County Commissioners as part of the overall project approval, but is being maintained outside of the treasurer's office and outside of the SAP system. The escrow account established was for \$4,000,000 and finance did not become aware of the account until a month after the account had been established. Detection occurred only when an accountant was reviewing capital outlay and noted a \$4,000,000 capital outlay transaction that did not go through SAP. Maintaining any bank accounts outside of the treasurer's office adds additional perceived and actual risk.

**Cause**

The approval of the escrow account was approved by the Board of County Commissioners without the Finance Department's knowledge.

**Effect**

The finance department was unaware of this new account until the end of the month with the finance staff was conducting its month-end review of the fund. Without involvement of all parties (Treasurer's Office, Finance Department and the BOCC) inappropriate accounts may be established and not detected in a timely manner.

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**Recommendation** We recommend that this escrow account be transferred to the treasurer's office and maintained in the same manner with the same controls that all other bank accounts are maintained. We also recommend that no further bank accounts be initiated or maintained outside of the treasurer's office or outside of SAP.

**Management**  
**Corrective Action** The Finance Department agrees with this recommendation but since the BOCC has already approved this particular case and legal agreements have been implemented it is unlikely that the deals can be undone. However discussions will be held and a financial policy will proposed to the BOCC to prevent this from occurring again.

**2009-D      Capital Asset Depreciation-Significant Deficiency**

**Criteria** GASB 34 states that capital assets still in uses should not have a value of \$-. As such, assets should be evaluated to determine if the useful lives need to be adjusted or if a residual value needs to be assigned.

**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.

**Cause** The County is aware of this requirement. However, due to other projects they have not had a chance to work on this project.

**Effect** Capital assets are understated by the amount of the capital assets still in use, but recorded at a net book value of \$-.

**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.

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**Management**

**Corrective Action**     The County agrees with the recommendation and will work to start assigning salvage values to capital assets as is practical.

**2009-E     SEFA Preparation – Significant Deficiency**

**Criteria**             The County is to required to have effective internal controls that are designed and in place to detect and prevent errors in a timely manner.

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

- The County did not know how to identify all ARRA funding on the Colorado Department of Human Services Federal Financial Assistance Report until we assisted them with locating this information on the CDHS whole year report.
- The confirmation returned from DOLA for Community Services Block Grant included ARRA funds that were not included on the original SEFA, approximately \$40,000.
- The County was unsure how much to report the Family Preservation & Support grant on the SEFA. The amount shown on the CDHS FFA report was approximately \$167,000 and the client recorded \$31,332 on the SEFA. The client did not follow up on this until it was raised by the County’s auditors. The County then inquired of the State. The State was unclear on how to report this information as well.
- Based on the Colorado Water Resource and Power Development Authority’s (CWRPDA) subrecipient review of their grants, CWRPDA provided Arapahoe County a letter indicating that they omitted 2008 loan proceeds from their SEFA.

**Cause**                Due to insufficient training and communication between the individual grant managers and the grant accountant, errors may not be detected or corrected timely and this may result in inaccurate reporting of grant information in the SEFA and the data collection form.

**Effect**               Without proper training and supervision errors will continue and result in either overstatement or understatement of expenditures in the SEFA and the

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data collection form and may result in more scrutiny by the federal or state agencies.

**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.

**Management Corrective Action** The County recognizes the importance of including all federal funds on the SEFA. However, as seen in the comments of the first three bullet points, some of the information was difficult to obtain or understand, even when consulting with the state. This was the first year of these ARRA funds and great care and effort was put into the accounting for them. We will continue to work hard to fully disclose all this important information. As to the last bullet point, this was something that was discovered in the 2008 audit. It was addressed then and was included in the 2009 SEFA.

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**Section III—Federal Award Findings and Questioned Costs**

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**2009-01 Passed-through Colorado Department of Human Services  
Foster Care – Title IV-E (ARRA)  
CFDA – 93.658  
Allowable Costs/Eligibility (Licensing of county providers)**

**Compliance**

Criteria – The provider, whether a foster family home or a child-care institution must be fully licensed by the proper State Foster Care licensing authority according to (42 USC 671(a)(10) and 672(c) and 45 CFR sections 1356.30(a), (b) and (d) and (f).

The County will license its own foster care home providers and is also required to follow the state guidelines as indicated in Volume 7.710.3 – Certification of Foster Care Homes and 7.500.2 – Assessment of Foster Home and Adoptive Home.

Condition - 29 of the 40 files tested were county certified providers (the remaining files were certified by the state). These County licensed providers were tested for proper initial certification and renewal, and support according to state regulations and noted the following finding related to certification or renewal of Foster Care providers:

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- One instance of no documentation about the financial condition of the provider (not included in initial home study or recertification update) as required by state guidelines 7.710.33.L.3.g, 7.710.36.A.4.and 7.500.2.A.1.g.

Questioned Costs – None

Effect – The County lacks documentation surrounding the licensing of foster care homes which may result in the child being placed in an unsafe Foster Care home or disallowed costs.

Cause – Management knowingly accepted this non compliance issue as they were unable to obtain the required information from the provider.

Recommendation – We recommend the County implement a training program that includes certification requirements per the federal and state rules and regulations that addresses issues if the provider refuses to provide required information and what the next step should be. We also recommend management consult with the state on this matter to determine if there are alternate measures that can be taken in these types of cases.

Management Corrective Action Plan – We agree with the finding and have implemented an internal auditing function that occurs monthly to ensure the foster care providers are properly licensed and recertified and that all required information is documented in the file.

The County recognized that the process implemented is not infallible and therefore concurs with the recommendation to develop an additional ongoing training, effective immediately, for certification workers to assure familiarity with all federal and state rules and regulations related to certification of foster homes.

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**2009-02**      **Passed-through Colorado Department of Human Services**  
**CFDA # - 93.563 (ARRA)**  
**Child Support Enforcement**  
**Procurement, Debarment and Suspension**

**Compliance**  
**Significant Deficiency in Internal Control over Compliance**

Criteria – Government wide requirements for non-procurement, suspension and debarment are contained in the OMB guidance in 2 CFR part 180, which implements Executive Orders 12549 and 12689, Debarment and Suspension. The OMB guidance, which superseded the suspension and debarment common rule published November 26, 2003, is substantially the same as that rule. Non-Federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. 2 CFR section 180.220 of the government wide non-procurement, debarment and suspension guidance contains those additional limited circumstances when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Condition – The County purchasing department and CSE management did not perform the suspension and debarment requirements on one contract that was over the \$25,000 threshold before the contract was renewed in 2009. The County finance department and CSE management agreed this was not done before the contract renewal although we did receive information from CSE’s management, after the fact, which indicated the vendor/contract in question was not disbarred or suspended.

Questioned Costs - None

Effect – The County purchasing department and CSE management are not in compliance with the A-133 federal grant requirement to determine if contracts entered into by the CSE management were not debarred or suspended. The state

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and federal agency may consider this as a disallowed cost and result in reduced federal funding in the future.

Cause – The County purchasing department and CSE management do not have a system in place to ensure this compliance requirement is performed in a timely manner.

Recommendation – We recommend the County purchasing department and CSE management work together to establish a system to ensure the EPLS check is performed timely to ensure the suspension and debarment checks are determined before entering into future contracts (new or renewal contracts).

Management Corrective Action Plan - We agree with the finding. Effective immediately, the contract routing form will include a check box to indicate that EPLS was generated and the copy of the search results are attached. The Human Services Finance division will run the EPLS search before the execution of signatures and prior to further circulation and attach a copy of the EPLS to the contract. Finance will keep a hard copy of the EPLS search and will also scan the EPLS search into the contract database upon return of the original contract.

**2009-03**      **Passed-through Colorado Department of Human Services**  
**CFDA 93.778**  
**Medical Assistance Program**  
**Eligibility**

**Compliance**  
**Significant Deficiency in Internal Control over Compliance**

Criteria - The Colorado Department of Health Care Policy and Financing Staff Manual Section 8.765 and 8.101 guidelines require case files to be maintained that include all eligibility documents.

Condition - We reviewed forty case files related to eligibility for this program. We noted the following instances of non-compliance related to documentation of participant eligibility in 3 of 40 files tested:

- One instance where an individual’s name did not agree to the name provided with their birth certificate and documents required by the Deficit Reduction Act (DRA). This discrepancy should have been caught and corrected through IVES hits and the County’s follow-up.

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- One instance in which income was incorrectly calculated and entered into the database system in which eligibility is determined.
  
- One instance of data entry error, where the County correctly obtained income verification and properly calculated participant's income, but did not enter those amounts into the system properly.

Effect - Failure to maintain complete and proper participant files may result in Medicaid payments made to individuals who do not meet eligibility requirements.

Questioned Costs – Unknown

Cause - There appears to be a lack of experienced case workers to implement the standardized procedures in place to ensure consistent case file documentation.

Recommendation - The County should continue its use of the INT 145, an internal checklist, on all files. In addition, the County should continue to train case workers on the eligibility requirements.

Management Corrective Action Plan - Arapahoe County agrees with the findings. We will continue to use the INT 145 and update the form as rule changes occur. Arapahoe County continues to train staff as updates are made and also refresher training is offered to ongoing staff. The name being data entered incorrectly into CBMS does not affect eligibility in any way – the child is still eligible for coverage. The case file review and MEQIP processes currently in place will assist with any income problems.

**2009-04**      **Passed-through Colorado Department of Human Services**  
**CFDA 93.778**  
**Medical Assistance Program**  
**Special Tests**

**Compliance**

Criteria – According to the Colorado Department of Health Care Policy and Financing Volume 8, the County is required to send a Notice of Action (notifying the applicant of Medicaid eligibility or ineligibility) within forty five days from receipt of the completed application.

Condition – The County did not send notice of action within forty five days of the date of application in four out of forty items tested.

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Cause – The County processing timelines are such that they are not able to request additional documents from the applicant and still complete the application in forty five days. There is also a lack of qualified and trained personnel to help gather all required documents that are needed to determine eligibility.

Effect – Participants are delayed in being approved for Medicaid Services

Questioned Cost – None

Recommendation – We understand that CSS was unable to create a report that allows us 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.

Management Corrective Action Plan - We agree with the finding and continue to work with the State staff on the development of a report that identifies cases that are Exceeding Processing Guidelines. The State has not been able to create a report that accurately reflects these cases. In the interim, Arapahoe County continues to work the report sent by the State weekly, although it does not reflect the cases that have verification pending. The list is given to one individual who monitors the progress of the report.

**2009-05**      **Passed-through Colorado Department of Human Services**  
**CFDA #93.575/93.596/03.713 (ARRA)**  
**Child Care and Development Cluster**  
**Eligibility**

**Compliance**  
**Significant Deficiency in Internal Control over Compliance**

Criteria – The Colorado Department of Human Services Staff Manual Section 3.920 describes income eligibility inclusions, exclusions and adjustments. Section 3.905(B) outlines the calculation for parental fees based on income level and number of children. In addition, Section 3.904.1(E) of the Colorado Department of Human Services Staff Manual requires the counties to maintain current immunization records of the child.

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Condition – We noted the following instances of non compliance relating to the eligibility compliance requirements for the child care and development cluster:

- Income was inappropriately calculated in 2 of 40 files tested.
- Completed immunization records were not obtained in 2 of 40 files tested.

Effect – If income is not properly calculated, the grant may not be charging the correct parental fee. Additionally, failure to maintain complete participant files may result in payments made to individuals who do not meet eligibility requirements.

Questioned Costs – \$1,057 out of \$13,589 payments to providers tested.

Cause – Due to a lack of supervision and training, errors are not being detected or corrected in a timely fashion.

Recommendation – The County should review the appropriate calculation of the income with its staff. In addition, the County should maintain all required documentation in each file to support eligibility.

Management Corrective Action Plan – We agree with the findings and have implemented a case file review process of six case files per worker per month. The review process does address income and immunizations for applicants/recipients. Findings are reviewed with staff during monthly one-on-one sessions with the supervisor.

**2009-06**      **Passed-through the Colorado Department of Human Services  
CFDA # 10.551 and 10.561 (ARRA)  
Supplemental Nutrition Assistance Program  
Special Tests and Provisions  
(ADP System for Food Stamps)**

**Compliance**  
**Significant Deficiency in Internal Control over Compliance**

Criteria – Colorado Department of Human Services Agency Letter # FA-06-04-A for the Supplemental Nutrition Assistance program describes the reporting requirements related to Electronic Benefit Transfers and inventory of benefit cards. Additionally, Colorado Department of Human Services Agency Letter # GEN-06-03-P describes internal controls that will limit county social/human services employee misuse of Quest Cards by reducing the susceptibility to internal fraud.

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Condition – The County performs daily, weekly and monthly reconciliations of Quest cards. At the end of each month the County prepares a Monthly Bulk EBT Card Inventory Reconciliation. This report reconciles bulk cards on hand also with cards that have been assigned to county staff for their issuance to clients. The total cards on this report should be reconciled to the physical count of both bulk cards on hand and cards assigned to county staff. We noted one instance in which the county improperly reconciled Quest cards on hand in one of two months selected for testing.

Effect – Failure to appropriately reconcile Quest cards could result in the potential misuse of cards.

Questioned Costs – None

Cause – The error resulted from the employee not recording a transfer of cards from the Aurora office to the Littleton office. Additionally, the employee did not reconcile the total amount of cards on hand at the end of the month to the physical count. This discrepancy could have been detected if the supervisor adequately reviewed the reconciliation reports.

Recommendation – We recommend that the county employees performing the reconciliation receive adequate training. The County should also implement appropriate management oversight over the reconciliation process.

Management Response and Corrective Action Plan – Arapahoe County agrees with the finding and will begin additional training for the reconciliations process in December 2009. Additionally, the Fiscal Clerk Supervisor will review the monthly EBT reconciliations.

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**2009-07**      **Passed-through Colorado Department of Human Services**  
**CFDA# 93.568**  
**LOW-INCOME HOME ENERGY ASSISTANCE**  
**Eligibility/State Regulations**

**Compliance**  
**Significant Deficiency in Internal Control over Compliance**

Criteria - Colorado Department of Human Services Staff Manual Volume III describes the requirements and procedures for determining eligibility in a timely manner. Per 3.756.14, Determination of Eligibility, a County department shall have up to 50 calendar days from the date a completed application (date stamped) is received to determine eligibility. Per 3.751.1, the date of application is the date an application form that contains a legible name and address, and all required responses and documentation is received by the county department.

Condition – In 18 of 53 case files tested, eligibility was not determined within the required 50-day time frame.

Questioned Costs - None

Effect – The County is not in compliance with the State regulations for a 50-day turnaround for eligibility determination.

Cause - Management does not have an effective system of internal control for monitoring staff's timely processing of applications including sufficient staff training on the 50-day turnaround requirement.

Recommendation – Management should establish a process that monitors the staff's timely processing of LEAP applications by tracking the application progress between the date the completed application is received (date stamped) and the pertinent 50-day rule date before the 50 days are reached. The County should provide adequate training to ensure that all LEAP staff are aware of and comply with the 50-day turnaround requirement.

Management Corrective Action Plan - We agree with the findings and have taken several steps to ensure that cases will be processed timely. First, we have implemented a new business process that clearly tracks cases and dates of compliance. We have hired 7 additional staff members which includes 3 additional clerks and 4 additional program specialists. We have also implemented an informal 'EPG' process whereby a report is run weekly showing cases that are seven days before coming out of compliance. These reports are given to the staff with

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instruction to prioritize and process the cases on the list. The supervisor meets weekly with the Administrator to monitor and discuss case processing progress.

**2009-08**      **Passed-through the Colorado Department of Labor**  
**CFDA # 17.258, 17.259, 17.260 (ARRA)**  
**WIA Cluster**  
**Period of Availability**

**Compliance**

Criteria – A-102 Common Rule, (§ 97.23 of CFR 29), requires when a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency.

Condition – It was noted that in 1 out of 7 program grants tested, incentive payments were improperly included in a grant outside the period of availability.

Effect – Failure to include costs in the proper period could lead to costs being disallowed.

Questioned Costs – \$250.

Cause – The error resulted from improper coding of invoices to a grant outside of the period of availability.

Recommendation – We recommend that employees charged with review and approval of expenditures receive additional training related to the federal requirements for period of availability.

Management Response and Corrective Action Plan – Arapahoe County acknowledges that the incentive payment(s) were originally charged to PY2009 WIA Youth rather than PY2008 WIA Youth. The payment(s) have since been correctly charged to PY2008. It should be noted that the incentive payments are allowable costs to the WIA Youth program.

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**2008-01**      **Passed-through Colorado Department of Human Services**  
**Foster Care – Title IV-E**  
**CFDA – 93.658**  
**Allowable Costs/Eligibility (Licensing of county providers)**

**Significant Deficiency**

Finding - 24 of the 40 files tested were county certified providers (the remaining files were certified by the state). These County licensed providers were tested for proper certification and support according to state regulations and noted the following findings related to certification of Foster Care providers:

- One instance of no current pet immunizations performed when there were pets in the home
- One instance where the required school attendance was missing
- One instance did not have the required health records
- Twelve instances where the required documentation for training was missing
- Nineteen instances the required training was not completed

Status - The County has implemented as of June 2009, an internal Quality Assurance auditing function that assures full compliances with procedures surrounding the licensing of foster care homes. As a result of this procedure and other internal monitoring changes made, errors can be detected and quickly corrected.

Auditor Response – Partially implemented. See Finding 2009-01

**2008-02**      **Passed-through Colorado Department of Human Services**  
**Foster Care – Title IV-E**  
**CFDA – 93.658**  
**Eligibility/and State Requirements Timeliness of Determining Eligibility**

**Significant Deficiency**

Finding – Six of forty case files did not complete the SS9 eligibility form within the 45 day time frame and one of the forty cases tested indicated on the SS9 form the child is not IVE eligible but was entered into Trails as IVE eligible and received IVE funding since January 2008 through September 2008. This was noted by the client when pulling the files for the audit and also discovered by the auditors during

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the eligibility testing. The funding source for the child was changed from IVE to “without regards to income” in October of 2008 in the amount of \$9,671.

Status – With the implementation of the Integrated Care Management System (ICM), errors made for determining benefits for children who are not IV-E eligible are far less likely and quickly detected otherwise.

Auditor Response – Fully implemented.

**2008-03 Passed-through Colorado Department of Human Services**

**CFDA # - 93.563**

**Child Support Enforcement**

**Special Tests**

**Significant Deficiency**

Finding – We tested 40 files and noted the following instances of non compliance:

- 21/40 files were late on entering the information from the applications into ACES within the required 20 day time frame of receipt of the application.
- 4/40 files had errors on the court order regarding who the responsible party is that is required to provide medical insurance for the child
- 3/40 files had incorrect information entered into ACES regarding the parent who is currently providing health insurance for the child
- 3/40 files did not send the required National Medical Support Notice (NMSN) to the parent in a timely manner

Status - Based upon our agreement with the audit findings for exceeding the 20 day time frame for case initiation, in November of 2008, we stopped meeting with all TANF applicants and began only addressing the TANF cases that were approved for TANF. In March of 2009 we discontinued requiring a mandatory orientation for all Non-TANF applicants to allow more access to CSE services for clients. We also continued to implement changes to the case initiation process such as automating case processing to gather all needed information at the time of application from our Non-TANF applicants, sending all TANF applicants a contact letter with supporting documents the day of referral to child support and by further training of staff on these new and existing policies and procedures to ensure compliance is met on all new referrals.

We continue to use state mandated documents for entry of court orders. While the medical provision contained in the state mandated forms continues to list “either party” as the responsible party, further clarification with the state has resulted in the

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state continuing to believe that “either party” is the recommended wording to use on all orders created in Colorado. Because this wording allows the parties and the counties the ability to choose what is the best medical insurance provision for the child while also providing the parties the ability to modify orders based upon that choice and the cost related for making said choice. If the order is a foster care support order, the “either party” language would still apply due to the state’s ultimate goal of reunification with a parent. Upon reunification, the order, including the medical provision, would follow the child and the “either party” wording would eliminate the lapse in insurance coverage for the child simply based upon the change of custody from the county to a parent or caretaker.

Our on-going efforts to be in compliance with sending the NMSN in a timely manner continue to be addressed regularly. We continue to provide training on this issue in all enforcement meetings with the enforcement specialists and at all staff meetings.

We fully implemented our Quarterly Quality Review Policy and Procedure in the first quarter of 2008. We continued to utilize quarterly reviews through the first quarter of 2009. The following quarter we changed to an internal monthly audit performed by the county’s internal audit staff.

Auditor Response – Fully Implemented.

**2008-04**      **Passed-through Colorado Department of Human Services**  
**CFDA 93.778**  
**Medical Assistance Program**  
**Eligibility**

**Significant Deficiency**

Finding - Forty case files were tested during the prior year that was related to determining eligibility for the Medicaid program. Appropriate documentation relating to participant eligibility could not be located for two files. Missing documentation included: one case file was not located for testing and one file did not conform to Deficit Reduction Act (DRA) and was improperly processed.

Status - CSS implemented the 145 checklist for all High Level Program Groups within the CBMS system. All staff received thorough training on the checklist during the prior year. The checklist has been added to the New Worker Training curriculum. During 2008, there is continuous training occurring to enable employees to become more efficient and provide complete documentation.

Auditor Response – Not implemented. See finding 2009-03

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**2008-05**      **Passed-through Colorado Department of Human Services**  
**CFDA 93.778**  
**Medical Assistance Program**  
**Special Tests**

**Compliance**

Finding – During the prior year audit, EB tested forty case files and determined that the County did not send the notice of action within forty five days of the date of application. In five out of forty items tested, the County did not meet this requirement.

Status - Community Support Services division created and implemented mandatory ongoing training for seasoned staff members, which will include timely processing. CSS reviews four files per month for each seasoned staff member.

The Department of Health Care Policy and Financing states the application date for Medicaid is the date the client provides all the necessary verification to determine eligibility. Currently, the CBMS system cannot generate a report for that date, so it is not possible to develop a report that accurately determines when a case is approaching the 45 day deadline. A report that tracks the application date is generated weekly and is used as a guideline to assist in timely processing.

Auditor Response - Not implemented. See finding 2009-04.

**2008-06**      **Passed-through Colorado Department of Human Services**  
**CFDA #93.558**  
**Temporary Assistance for Needy Families**  
**Eligibility**

**Significant Deficiency**

Finding – Of the forty files tested, documentation of eligibility was lacking a total of 7 files. These instances included one file didn't contain immunization records, two files had no documentation indication if a member of the household had been convicted of a drug felony, one file had no support showing applicant completed or was enrolled in a drug rehab program, two files had no support attached with the Individual Responsibility Contract (IRC), and one instance in which a file could not be located.

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Status - In response to the continued issues with immunizations, the department partnered with the Tri-County Health Department to host immunization clinics on a monthly basis. Clients are referred to the clinic to obtain the required immunizations. Additionally, Tri-County Health Department has worked in providing immunization documents to many of the individuals receiving TANF.

In response to case files without IRC's, the department continues to work with community partners to ensure all IRC are received and filed in the eligibility case file.

Auditor Response – Fully implemented.

**2008-07**      **Passed-through Colorado Department of Human Services**  
**CFDA #93.575/93.596**  
**Child Care and Development Cluster**  
**Eligibility**

**Significant Deficiency**

Finding – Income was not properly calculated for two of the forty cases and immunization records were not present in one of the forty cases.

Status – The Division has implemented a case file review process for all eligibility programs. The Child Care Assistance Program was subject to these reviews effective November 2008. Case files are reviewed on all elements, with particular emphasis on income calculation and immunizations. For cases transitioning from Colorado Works to Low Income Child Care, the immunization records are copied and transferred to the appropriate CCAP staff.

Auditor Response - Not implemented. See finding 2009-05.

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**2008-08**      **Passed-through Colorado Department of Human Services**  
**CFDA #93.575/93.596**  
**Child Care and Development Cluster**  
**Allowable Costs**

**Significant Deficiency**

Finding - In the prior year, we noted seven instances where the parental fee was incorrectly calculated. We also noted four instances where the daily rates paid to the providers were not in agreement with the fiscal agreements.

Status – The Division has implemented a case file review process for all eligibility programs. The Child Care Assistance Program was subject to these reviews effective November 2008. Case files are reviewed on all elements, with particular emphasis on income calculation and immunizations. For cases transitioning from Colorado Works to Low Income Child Care, the immunization records are copied and transferred to the appropriate CCAP staff.

Auditor Response – Fully implemented.

**2008-09**      **Passed-through the Colorado Department of Human Services**  
**CFDA # 10.551/10.561**  
**Food Stamp Cluster**  
**Special Tests and Provisions**  
**(ADP System for Food Stamps)**

**Significant Deficiency**

Finding – Of the forty files tested, documentation of income eligibility was lacking or improperly applied in one instance; documentation of a participant’s shelter cost was lacking or inappropriately applied in one instance. As a result of the error, the amount of benefits distributed by the County may be incorrect.

Status – While turnover continues to be an issue within CSS the training curriculum has been enhanced to include ongoing training for all staff with the emphasis on areas identified in the previous year’s audit. All staff were mandated to attend CBMS trainings offered by the State CBMS training staff. To date, all staff have attended CBMS Basic Worker 02-04. Lastly, all staff are required to complete the INT 145 checklist at the time of initial application and at the annual recertification.

Auditor Response – Fully Implemented.

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**2008-10**      **Passed-through Colorado Department of Human Services**  
**CFDA# 93.568**  
**LOW-INCOME HOME ENERGY ASSISTANCE**  
**State Regulations**

**Significant Deficiency**

Finding – Three out of forty files exceeded the 50 day requirement to determine eligibility.

Status - Arapahoe County has implemented a Single Purpose Audit where LEAP cases will be reviewed by the Quality Assurance and Compliance team on a monthly basis. QA started reviewing LEAP cases in May 2009. These reviews are in addition to the reviews conducted by the LEAP Lead Worker. County staff also attended the State run training beginning the 2008-2009 LEAP year. Income calculation was covered during that training.

Auditor Response – Not implemented. See finding 2009-07.