

BOULDER COUNTY, COLORADO

**REPORT ON SINGLE AUDIT
December 31, 2019**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of County Commissioners
Boulder County, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Boulder County, Colorado (the County), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Boulder County, Colorado's basic financial statements, and have issued our report thereon dated March 21, 2021. Our report includes a reference to other auditors who audited the financial statements of Boulder County Housing Authority (the Authority), a major enterprise fund, and Josephine Commons, LLC, Aspinwall, LLC, and Kestrel I, LLC, which are discretely presented component units, as described in our report on Boulder County, Colorado's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-001, 2019-002 and 2019-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-003 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boulder County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2019-004.

Boulder County's Response to Findings

Boulder County's response to the findings identified in our audit is described in the accompanying corrective action plan. Boulder County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



CliftonLarsonAllen LLP

Broomfield, Colorado
March 21, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of County Commissioners
Boulder County, Colorado

Report on Compliance for Each Major Federal Program

We have audited Boulder County, Colorado's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Boulder County's major federal programs for the year ended December 31, 2019. Boulder County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Boulder County, Colorado's basic financial statements include the operations of the Boulder County Housing Authority, a blended component unit of Boulder County, Colorado, which received \$13,044,772 in federal awards, which is not included in Boulder County, Colorado's schedule of expenditures of federal awards during the year ended December 31, 2019. Our audit, described below, did not include the operations of Boulder County Housing Authority, because Boulder County Housing Authority engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Boulder County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Boulder County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Boulder County's compliance.

Opinion on Each Major Federal Program

In our opinion, Boulder County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-006, 2019-007 and 2019-008. Our opinion on each major federal program is not modified with respect to these matters.

Boulder County's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. Boulder County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Boulder County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Boulder County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Boulder 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2019-005, 2019-006, 2019-007, 2019-008 and 2019-009, that we consider to be significant deficiencies.

Boulder County's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. Boulder County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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 Boulder County as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Boulder County's basic financial statements. We issued our report thereon dated March 21, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Broomfield, Colorado
March 21, 2021

Boulder County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

	CFDA Number	Pass-through Identifying Number	Amount
Department of Agriculture			
<i>Direct Funding</i>			
Child and Adult Care Food Program	10.558		134,139
<i>Pass-through funding</i>			
Colorado Department of Human Services			
<i>Supplemental Nutrition Assistance Cluster</i>			
Supplemental Nutrition Assistance Program	10.551	183CO401S8026	46,205
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	SNAP-FSUP-15-CO-01	2,232,598
<i>Supplemental Nutrition Assistance Cluster Total:</i>			2,278,803
Colorado Department of Public Health & Environment			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	3C0700701	817,814
Natural Resource Conservation Service Colorado			
Agricultural Conservation Easement Program - Agricultural Land Easements (ACEP-ALE)	10.931	68-8B305-17-011	725,000
Department of Agriculture Total			3,955,756
Department of Health and Human Services			
<i>Direct funding</i>			
Substance Abuse and Mental Health Services - Project of Regional and National Significance	93.243		340,954
Substance Abuse and Mental Health Services - Center for Substance Abuse Prevention	93.276		103,821
Head Start	93.600		1,285,665
United States Food and Drug Administration (USFDA)	93.069		84,551
<i>Pass-through funding</i>			
Colorado Department of Health Care Policy and Finance			
Medical Assistance Program Title XIX	93.778	1805CO5MAP	2,415,200
Colorado Department of Human Services			
Sustance Abuse and Mental Health Services- Boulder County Housing and Human Services	93.243	U79SMO63196	13,463
Community-Based Child Abuse Prevention (CBCAP)	93.590	G1801COBCAP	20,483
Substance Abuse Block Grant (SABG)	93.959	19 IHJA 109050 & 20 IHJA 129158	114,362
Special Programs for Aging Title VII Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	19 IHEA 121332	3,148
Special Programs for Aging Title VII Chapter 2-Long Term Care Ombudsman Services for Older Individuals	93.042	19 IHEA 121332	1,985
Special Programs for Aging Title III Part D Disease Prevention and Health Promotion Services	93.043	19 IHEA 121332	11,370
Special Programs for Aging Title III Part E	93.052	19 IHEA 121332	160,024
<i>Aging Cluster</i>			
Special Programs for Aging Title III Part B Grants for Supportive Services and Senior Care	93.044	19 IHEA 121332	600,481
Special Programs for Aging Title III Part C Nutrition Services	93.045	19 IHEA 121332	215,441
<i>Aging Cluster Subtotal</i>			815,922
<i>Child Nutrition Cluster</i>			
State Health Insurance Assistance Program	93.324	POGG1, SFAA, 201900002794	62,630
Child Care and Development Block Grant	93.575	G1801COCCDF / G1701COCCDF	2,841,063
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	C1801COCCDF / G1701COCCDF	2,523,418
<i>Child Nutrition Cluster Subtotal</i>			5,364,481
HUD/Housing Counseling	14.169	FR-6000-N-33	58,155
Longmont Housing Counseling	14.218	B-19-MC-08-0011	47,545
Low-income Home Energy Assistance Program LEAP	93.568	18B1COLIEA	402
Guardianship Assistance	93.090	1801COGARD	42,002
Substance Abuse and Mental Health Services Administration (SAMHSA)	93.104	IE IID DBHM14000 Order #POGG1 IHJA	333,441
Promoting Safe and Stable Families PSSF	93.556	1801COFPSS/ 1711COFPCV/ 1701COFPSS	140,907
Colorado Works / Temporary Assistance for Needy Families [TANF]	93.558	1801COTANF / 1701COTANF	5,581,476
Child Support Services	93.563	1804COCCDF / 1804COCSES	2,414,903
Title IV-B Child Welfare State Grants	93.645	1801COCWSS	100,496
Foster Care Title IV-E	93.658	1801COFOST	3,354,348
Adoption Assistance Title IV-E	93.659	1801COADPT	555,964
Social Services Block Grant SSBG Title XX	93.667	1801COSOSR / 1701COSOSR	1,146,204
Child Abuse and Neglect Discretionary Activities	93.670	90CA183603	105,946
Chafee Foster Care Independence Program Title IV-E	93.674	1801COCILP / 1701COCILP /	71,229
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2016G994415	111,448
		T1010006-18	
Colorado Department of Local Affairs			
Community Services Block Grant	93.569	CMS 139561	213,696

Boulder County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Colorado Department of Public Health & Environment			
Public Health Emergency Preparedness	93.069	NU90TP000510-05-00	392,251
Injury Prevention and Control Research and State and Community Based Programs	93.136	NU17CE002719-02-00	46,294
Immunization Cooperative Agreements	93.268	6 NH23IP000719-05-01	172,044
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.317	19 FHHA 122000	22,567
Collaboration Among Epidemiology, Laboratory, Information Systems, and Public Health Departments (CLIP)	93.323	5NU50CKI000408-03-00	7,420
Centers for Disease Control (CDC) Heal	93.439	NU58DP006503	25,000
Opioid Crisis	93.354	NU90TP921956-01-00	241,430
Maternal and Child Health Services Block Grant to the States	93.994	6B04MC29309-01-03	306,849
Community Transportation of America			
CTAA 2019 Inclusive Planning	93.631	BC M4A CTAA	49,759
Department of Health and Human Services Total			26,339,834
Department of Homeland Security			
Colorado Department of Public Safety, Division of Homeland Security and Emergency Management			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-4145	346,148
Hazard Mitigation Grant Program (HMGP) Disaster Grants	97.039	DR-4145-32F/DR-4145-71R	447,915
Emergency Management Performance Grants	97.042	19EM-20-06	110,000
Pre-Disaster Mitigation	97.047	17FMA19BC/17PDMBCLD	428,232
Department of Homeland Security Total			1,332,295
Department of Housing and Urban Development			
<i>Pass-through funding</i>			
Colorado Department of Local Affairs			
Community Development Block Grants - Disaster Recovery	14.269	Various	3,235,148
Department of Housing and Urban Development Total			3,235,148
Department of the Interior			
<i>Direct funding</i>			
Payments in Lieu of Taxes (PILT)	15.226		417,328
Department of the Interior Total			417,328
Department of Justice			
<i>Direct funding</i>			
State Criminal Alien Assistance Program	16.606		44,337
Criminal and Juvenile Justice and Mental Health Collaboration	16.745		78,279
Office of Juvenile Justice Delinquency Prevention (OJJDP) Renentry	16.812		93,243
Comprehensive Opioid Abuse Site-Based Program	16.838		142,172
Colorado Department of Public Safety			
Internet Crimes Against Children	16.543	2018-MC-FX-KO27	5,984
Crime Victim Assistance	16.575	2018-VA-19-079-20/ 2019-V2-GX-0027	190,542
Edward Byrne Memorial Justice Assistance Program	16.738	2017-DJ-BX-0554/2018-DJ-BX-0694	54,985
Comprehensice Opioid Abuse Site-Based Program	16.585		7,430
Department of Justice Equitable Sharing Funds	16.922		83,296
Department of Justice Total			700,268
Department of Labor			
<i>Pass-through funding</i>			
Colorado Department of Labor and Employment			
Unemployment Insurance	17.225	28C9/NA	26,380
Trade Adjustment Assistance	17.245	17C9	26,583
Workforce Innovation Opportunity Act (WIOA) Youth WBD Funding	17.274	4YWY8	3,538
Apprenticeship USA Expansion and Innovation Grants	17.285	4FF7/4FH7	29,228
City and County of Denver			
H-1B Job Training Grants	17.268	OEDEV-201520605-00	108,989
<i>Employment Cluster</i>			
Colorado Department of Labor and Employment			
Employment Service/Wagner-Peyser Funded Activities	17.207	2059,25S9	440,828
Disabled Veteran's Outreach Program (DVOP)	17.801	20D9	17,746
Local Veterans' Employment Representative Program (LVER)	17.804	20L9	9,405
<i>Employment Cluster Subtotal</i>		2059,259,28C9	467,979

Boulder County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

<i>Workforce Integration Opportunity Act Cluster</i>			
WIA Adult Program	17.258	46A8,48A8,4AW7,4WA8	193,679
WIA Youth Activities	17.259	4Y69/4Y89	512,857
WIA Dislocated Worker Formula Grant	17.278	47D8/49D8,46D8/48D,47D8/49D8,4DW8 ,4AW7,4WD7	475,152
<i>Workforce Integration Opportunity Act Cluster Subtotal</i>			<u>1,181,688</u>
Department of Labor Total			1,844,385
Department of Transportation			
<i>Pass-through funding</i>			
Colorado Department of Transportation			
Highway Planning and Construction	20.205	19-HA4-XC-00019; RAQC-16-HTD-00062; 17-HA4-XC-00062;17-HA4-XC-00007	988,401
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	19-HTR-ZL-00150	68,081
Regional Transportation District			
Urbanized Area Formula Program; Section 5307	20.507	9BOSH7003	<u>154,468</u>
Department of Transportation Total			1,210,950
Environmental Protection Agency			
<i>Pass-through funding</i>			
Colorado Dept. of Public Health & Environment			
Activities Relating to the Clean Air Act	66.034	PM-96837501	69,177
Capitalization Grants for Clean Water State Revolving Funds Recovery	66.458	CS-080001-19, CS-080001-18	6,450
National Environmental Health Association			
PRJ School IPM Mentor	66.716	EPA-OPP-2015-006	<u>2,603</u>
Environmental Protection Agency			78,230
Grand Total			39,114,195

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

BOULDER COUNTY, COLORADO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2019

General:

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the primary government of Boulder County, Colorado and its component units, excluding the Boulder County Housing Authority, a blended component unit of the County, which expended \$13,044,772 in federal awards during the year ended December 31, 2019. The County's reporting entity is defined in Note 1 to the County's basic financial statements included in the Comprehensive Annual Financial Report (CAFR). All federal financial assistance received by the primary government directly from federal agencies, as well as federal financial assistance passed through other government agencies, including the State of Colorado, is included on the schedule. In addition, federal financial assistance awarded directly to eligible County Social Services recipients via Electronic Benefits Transfer (EBT) is also included in the Schedule of Expenditures of Federal Awards, with the exception of Food Stamps. The State of Colorado issues EBT to the eligible County recipients. Only the federal amount of such pass-through awards and EBT transactions is included on the Schedule of Expenditures of Federal Awards.

NOTE 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Boulder County (the County) under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Governmental funds are used to account for the County's federal grant activity. Amounts reported in the Schedule of Expenditures of Federal Awards are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met, or on the accrual basis at the time liabilities are incurred and all eligibility requirements are met. For the Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program, CFDA No. 97.036, this program is reported in the Schedule of Expenditures of Federal Awards based on expenditures incurred plus approvals of project worksheets by the grantor. Also, note that the following programs are reported in the Schedule of Expenditures of Federal Awards on the cash basis:

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

BOULDER COUNTY, COLORADO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2019

Child Abuse and Neglect Discretionary Activities	93.670
Guardianship Assistance	93.090
Adoption and Legal Guardianship Incentive Payments	93.603
Developmental Disabilities Projects of National Significance	93.631

Noncash Programs

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

<u>Program Title</u>	<u>CFDA</u>
Women, Infant, Children (WIC)	10.557
Community Development Block Grant Program	14.218
Substance Abuse and Mental Health Services	93.243
Low-Income Home Energy Assistance Program (LIHEAP)	93.568
Temporary Assistance for Needy Families (TANF)	93.558
Community Based Child Abuse Prevention	93.590
County Administration	93.667
Child Welfare (including CHRP, RTC, Res MH, SB-80 and SB-94)	93.645, 93.658 93.659, 93.667
Core Services	93.658
Child Care Assistance Program (CCAP)	93.596, 93.575
Supplemental Nutrition Assistance Program (SNAP) Benefits	10.551

Total electronic disbursements authorized by the State for 2019 were \$40,066,191.

The County has declined to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CFDA and Contract Numbers

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

Subrecipients

The County did not fund any subrecipients.

**BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2019**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? x yes none reported
3. Noncompliance material to financial statements noted? x yes no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified? x yes none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
10.551 & 10.561	Supplemental Nutrition Assistance Cluster
93.563	Child Support Services
93.667	Social Services Block Grant
93.600	Head Start
93.658	Foster Care
93.558	Temporary Assistance to Needy Families

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,173,426

Auditee qualified as low-risk auditee? yes x no

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2019

Section II – Financial Statement Findings

2019 – 001 Reconciliation of Cash and Investments

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The amount of cash and investments presented by the County did not agree to the total reconciled amount of cash and investments held in bank accounts.

Criteria: Governmental Accounting Standards Board Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, and subsequent amendments to this guidance define cash and investments and provide guidance for proper valuation of these assets.

Context: Errors were noted between the reconciliation from the financial management system used by the County's treasurer's office and the financial management system used by the County's finance department. These errors were noted during testing performed over cash including external confirmation of amounts held by banks and institutions along with review of supporting documentation for significant reconciling items including deposits in transit and outstanding checks.

Effect: As a result of this issue, the following adjustments were required to be posted by the County:

- General Fund – An adjustment to increase cash by \$129,208 and decrease interest receivable by \$129,208.
- Dedicated Resources Fund – Adjustments to increase cash and revenue by \$269,165 and \$91,547 and a decrease to accounts receivable \$177,618.

Cause: The County's process for recording cash receipts and identifying the related revenue was not performed timely and resulted in an incorrect ending cash and investment balance. This was due primarily to challenges resulting from the County converting financial management systems in May of 2019, including challenges in the system configuration, insufficient training on processes in the new system, and limited reporting functionality in the new financial management system.

In addition, the Financial Services Division was combined with the Budget Office in mid-2019 to create the County's Office of Financial Management. During this time, there were significant changes and turnover to key personnel involved in the financial management system conversion. The inherent time required to hire and train new staff in these positions also contributed to the delay in this process and were a factor in why the County's internal control process for reconciling cash and investments did not detect this error.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the County improve the process for identifying errors during the cash reconciliation process over balances at year end and improve the review process to ensure that cash is being recorded properly.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2019

Views of responsible officials and planned corrective actions: The County agrees with the finding and has adjusted cash, receivables, revenues, and interfund activity accordingly. The County will improve the process for reconciling items during the cash reconciliation process and improve the review process to ensure that this error does not occur again. All of the factors contributing to the cause of this error are being actively addresses to minimize the change of future errors. The County is focused on improving the functionality within the new financial management system along with implementing county-wide staff training on error identification, reporting and account reconciliation, a revised monthly close process, and formal written documentation of processes and procedures.

Responsible Official: Ramona Farineau, Chief Financial Officer

2019 – 002 Reconciliation of Accounts Receivable

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: Accounts receivable and the related deferred inflows of resources for unavailable grant revenue presented by the County did not agree to cash receipts received or expected to be received more than sixty days after year end.

Criteria: Based on the guidance in Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, grant revenue should be recognized when eligibility requirements are met, and the resources are available. For this purpose, the County considered revenues to be available if they are collected within 60 days after year-end.

Context: The error was noted during testing of accounts receivable and deferred inflows of resources for unavailable revenue which included reconciliation of the account balance to underlying transactional level detail and testing of significant transactions.

Effect: As a result of this issue, the following adjustments were required to be posted by the County:

- General Fund – Adjustments to increase accounts receivable by \$932,439, increase the amount due to other funds by \$2,167,949, increase deferred inflows of resources for unavailable revenue by \$1,994,441, decrease revenue by \$2,167,088, decrease accounts payable by \$135, and decrease cash by \$574,902.
- Road and Bridge Fund – Adjustments to decrease accounts receivable by \$8,806,650, decrease deferred inflows of resources for unavailable revenue by \$8,350,065, decrease revenue by \$473,304, increase due from other funds by \$131,767, and increase the amount due to other funds by \$148,486.
- Social Services Fund – Adjustment to increase revenue by \$329,616 and decrease deferred inflows of resources for unavailable revenue by \$329,616.
- Dedicated Resources Fund – Adjustments to increase cash, due from other funds, due to other funds and revenues by \$340,278, \$2,184,668, \$1,630,096, and \$1,448,173 and decrease accounts receivable and deferred inflows of resources for unavailable revenue by \$1,324,908 and \$1,878,231.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2019

- Risk Management Fund – Adjustment to increase accounts receivable by \$310,514, increase revenue by \$312,373, and decrease the amount due to other funds by \$1,859.
- Tax Passthrough Fund – Adjustment to increase accounts receivable by \$195,589 and an increase to deferred inflows of resources for unavailable revenue by \$195,589.

Cause: The County's process for reconciling accounts receivable did not properly track the timing of cash receipts to reconcile the cash receipts to the related receivable. This was due primarily to challenges resulting from the County converting financial management systems in May of 2019, including challenges in the system configuration, insufficient training on processes in the new system, and limited reporting functionality in the new financial management system.

In addition, the Financial Services Division was combined with the Budget Office in mid-2019 to create the County's Office of Financial Management. During this time, there were significant changes and turnover to key personnel involved in the financial management system conversion. The inherent time required to hire and train new staff in these positions also contributed to the delay in this process and were a factor in why the County's internal control process for reconciling cash and investments did not detect this error.

Repeat Finding: This is a repeat finding.

Recommendation: We recommend that the County improve the process for identifying and recording deferred inflows of resources relating to unavailable revenue for grant related accounts receivable collected greater than 60 days of year end.

Views of responsible officials and planned corrective actions: The County agrees with the finding and has adjusted revenue and deferred revenue accordingly. The County will improve the process for identifying and recording unavailable revenue for revenue received after 60 days of year end and improve the review process to ensure that this error does not occur again. All of the factors contributing to the cause of this error are being actively addresses to minimize the change of future errors. The County is focused on improving the functionality within the new financial management system along with implementing county-wide staff training on error identification, reporting and account reconciliation, a revised monthly close process, and formal written documentation of processes and procedures.

Responsible Official: Ramona Farineau, Chief Financial Officer

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2019

2019 – 003 Restatement of Fiduciary Net Position

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: The County reported \$21,678,595 as fiduciary net position in the Tax Passthrough fund that should have been reported as liabilities since no additional action, approval, or condition was required to compel the County to disburse the resources.

Criteria: Based on the guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, a liability to the beneficiaries of a fiduciary activity should be recognized when an event occurs that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

Context: The classification error was noted during review of fiduciary net position in the Tax Passthrough fund. The County had presented the amount for taxes collected on behalf of other governments and entities as restricted fiduciary net position held for other governments and entities rather than as a liability.

Effect: A restatement of fiduciary net position of \$21,678,595 was required to be posted to adjust beginning fiduciary net position to zero.

Cause: The County misinterpreted the guidance for classifying liabilities due to other governments and entities under early implementation of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the County improve the process for reviewing fiduciary activity and obligations to fiduciary beneficiaries.

Views of responsible officials and planned corrective actions: The County agrees with the finding and has restated fiduciary net position accordingly. The County will improve the process for reviewing fiduciary activity and improve the review process to ensure that this error does not occur again.

Responsible Official: Ramona Farineau, Chief Financial Officer

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2019

2019 – 004 Timeliness of Financial Reporting

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The County did not file the single audit reporting package to the Federal Audit Clearinghouse within nine months after year end. In addition, the County did not file annual audited financial statements within the required timeframe, including extensions, in Section 29-1-601, et seq., C.R.S.

Criteria: Based on the requirement in 2 CFR 200.512, Report submission, the County is required to submit the single audit reporting package within nine months after the end of the County's year end. Based on the requirements in Section 29-1-601, et seq., C.R.S., the County is required to complete the audit within six months and submit to the Colorado Office of the State Auditor within thirty days of completion of the audit. The state auditor may authorize an extension for not more than sixty days.

Context: The County was aware of the requirements for filing annual financial statements with the Office of the State Auditor and for filing the single audit reporting package to the Federal Audit Clearinghouse, however, was unable to file by the deadline due to delays in reconciling cash and accounts receivable.

Effect: The County is out of compliance with the requirement to file the single audit reporting package within nine months of the County's year end and was not able to submit audited financial statements to the Colorado Office of the State Auditor within the required timeframe.

Cause: The County's financial management system conversion resulted in significant delays reconciling cash and accounts receivable which delayed the County's preparation of its annual financial statements. This was due primarily to challenges resulting from the County converting financial management systems in May of 2019, including challenges in the system configuration, insufficient training on processes in the new system, and limited reporting functionality in the new financial management system.

In addition, the Financial Services Division was combined with the Budget Office in mid-2019 to create the County's Office of Financial Management. During this time, there were significant changes and turnover to key personnel involved in the financial management system conversion. The inherent time required to hire and train new staff in these positions also contributed to the delay in this process and were a factor in why the County's internal control process for reconciling cash and investments did not detect this error.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the County improve the process for timely financial reporting.

Views of responsible officials and planned corrective actions: The County agrees with the finding. The County will improve the process for reconciling accounts to be in compliance with financial reporting and single audit reporting requirements.

Responsible Official: Ramona Farineau, Chief Financial Officer

**BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2019**

Section III – Findings and Questioned Costs – Major Federal Programs

2019-005

Federal Agency: Department of Health and Human Services

State Department/Agency: Colorado Department of Human Services (CDHS)

Pass-Through Number(s): 1801COTANF & 1701COTANF

Federal Program: Temporary Assistance for Needy Families (TANF)

CFDA Number: 93.558

Award Periods: January 1, 2019 – December 31, 2019

Compliance Requirement: Eligibility

Type of Finding: Significant Deficiency in Internal Control

Criteria or specific requirement: The Uniform Guidance requires all recipients of federal awards develop an internal control framework in line with the framework proposed by the Committee of Sponsoring Organizations (COSO).

Condition: During testing of internal case review files, one case review document had errors for which the processing technician did not sign off on. This was found in one sample out of nineteen samples tested.

Questioned costs: None

Context: Case files with errors are required to be returned to the processing technician for correction and signature acknowledgement.

Cause: Lack of internal controls over the review and tracking of employee acknowledgement.

Effect: The technician is not aware of errors found in their work and case files are not corrected.

Repeat Finding: No.

Recommendation: We recommend that the County have all case files signed within a reasonable time period to confirm processing technicians are aware cases have been reviewed and errors were found and need correcting by the technician.

Views of responsible officials: There is no disagreement with the audit finding.

**BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2019**

2019-006

Federal Agency: Department of Health and Human Services

Federal Program: Head Start

CFDA Number: 93.600

Award Periods: January 1, 2019 – December 31, 2019

Compliance Requirement: Reporting

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement: Per the 2019 OMB Compliance Supplement for CFDA No. 93.600, Federal Financial reports are required to be submitted quarterly.

Condition: During testing of financial reports, no evidence found of the 2nd Quarter report submission. This was found in one sample out of nineteen samples tested.

Questioned costs: None

Context: Federal award requires Federal Financial Reports to be submitted quarterly.

Cause: Lack of internal controls over report submission.

Effect: The entity is deficient within the granting award agreement.

Repeat Finding: No.

Recommendation: We recommend that the County submit all required reports to the granting agency.

Views of responsible officials: There is no disagreement with the audit finding.

**BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2019**

2019-007

Federal Agency: Department of Health and Human Services

Federal Program: Head Start

CFDA Number: 93.600

Award Periods: January 1, 2019 – December 31, 2019

Compliance Requirement: Allowable Costs

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement: Per the 2019 OMB Compliance Supplement for CFDA No. 93.600, Allowable costs must meet general criteria for allowability, including being necessary and reasonable for the performance of the Federal award, allocable thereto and adequately documented.

Condition: During testing of expenditures, CLA notes no supporting documentation was available for an expense charged to the grant through the use of a procurement card. This was found in one sample out of sixty samples tested.

Questioned costs: None

Context: Federal award requires adequate documentation of allowable costs.

Cause: Lack of internal controls over expenses could have contributed to this finding.

Effect: Grant expenditures are overstated.

Repeat Finding: No.

Recommendation: We recommend that the County enforce supporting documentation be retained and communicate expectation of substantiation with all employees who have access to procurement cards.

Views of responsible officials: There is no disagreement with the audit finding.

**BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2019**

2019-008

Federal Agency: Department of Health and Human Services

State Department/Agency: Colorado Department of Human Services

Pass-Through Number(s): 1801COFOST

Federal Program: Foster Care

CFDA Number: 93.658

Award Periods: January 1, 2019 – December 31, 2019

Compliance Requirement: Eligibility

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement: Per 12 Colorado Code Regulations §259-1-7.001.6 Primary caseworker or designated visitation casework for each child or youth shall have face-to-face contact with that child or youth at least once every calendar month.

Condition: During testing, CLA noted in five of forty cases sampled, monthly contact with child was not maintained or properly documented.

Questioned costs: None

Context: Caseworkers are to maintain monthly face-to-face contact with the child.

Cause: Lack of management oversight.

Effect: The County is not in compliance with program requirements.

Repeat Finding: No.

Recommendation: We recommend that the County maintain contact with children in the Foster Care program as required by the federal award.

Views of responsible officials: There is no disagreement with the audit finding.

**BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2019**

2019-009

Federal Agency: Department of Health and Human Services

Federal Program: Head Start

CFDA Number: 93.600

Award Periods: January 1, 2019 – December 31, 2019

Compliance Requirement: Allowable Costs/Activity

Type of Finding: Significant Deficiency in Internal Control

Criteria or specific requirement: Per the 2 CFR 200.502 "Basis for Determining Federal Awards Expended", the SEFA for the period covered by the financial statements must be complete, accurate, and include the total federal awards expended.

Condition: CLA noted revisions to the SEFA related to the Head Start program were necessary due to unreliable reconciliation methods of federal grant expenditures.

Questioned costs: None

Context: Federal award requires accurate and reliable documentation of allowable costs.

Cause: Inadequate review of the amounts reported for all programs during the final SEFA preparation process could have contributed to this finding.

Effect: The major program determination could have been significantly impacted due to the data entry errors affecting the County's SEFA.

Repeat Finding: No.

Recommendation: We recommend that the County implement a systematic tracking and reconciliation process for federal expenditures.

Views of responsible officials: There is no disagreement with the audit finding.



Office of Financial Management

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BOULDER COUNTY, COLORADO CORRECTIVE ACTION PLAN YEAR ENDED DECEMBER 31, 2019

Boulder County respectfully submits the following corrective action plan for the year ended December 31, 2019.

Audit period: 2019

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

2019 – 001

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The amount of cash and investments presented by the County did not agree to the total reconciled amount of cash and investments held in bank accounts.

Recommendation: We recommend that the County improve the process for identifying errors during the cash reconciliation process over balances at year end and improve the review process to ensure that cash is being recorded properly.

Views of responsible officials and planned corrective actions: The County agrees with the finding and has adjusted cash, receivables, revenues, and interfund activity accordingly. The County will improve the process for reconciling items during the cash reconciliation process and improve the review process to ensure that this error does not occur again. All of the factors contributing to the cause of this error are being actively addressed to minimize the change of future errors. The County is focused on improving the functionality within the new financial management system along with implementing county-wide staff training on error identification, reporting and account reconciliation, a revised monthly close process, and formal written documentation of processes and procedures.

Responsible Official: Ramona Farineau, Chief Financial Officer

Planned completion date for corrective action plan: December 31, 2020

**BOULDER COUNTY, COLORADO
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2019**

2019 – 002

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: Accounts receivable and the related deferred inflows of resources for unavailable grant revenue presented by the County did not agree to cash receipts received or expected to be received more than sixty days after year end.

Recommendation: We recommend that the County improve the process for identifying and recording deferred inflows of resources relating to unavailable revenue for grant related accounts receivable collected greater than 60 days of year end.

Views of responsible officials and planned corrective actions: The County agrees with the finding and has adjusted revenue and deferred revenue accordingly. The County will improve the process for identifying and recording unavailable revenue for revenue received after 60 days of year end and improve the review process to ensure that this error does not occur again. All of the factors contributing to the cause of this error are being actively addressed to minimize the change of future errors. The County is focused on improving the functionality within the new financial management system along with implementing county-wide staff training on error identification, reporting and account reconciliation, a revised monthly close process, and formal written documentation of processes and procedures.

Responsible Official: Ramona Farineau, Chief Financial Officer

Planned completion date for corrective action plan: December 31, 2020

2019 – 003

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: The County reported \$21,678,595 as fiduciary net position in the Tax Passthrough fund that should have been reported as liabilities since no additional action, approval, or condition was required to compel the County to disburse the resources.

Recommendation: We recommend that the County improve the process for reviewing fiduciary activity and obligations to fiduciary beneficiaries.

Views of responsible officials and planned corrective actions: The County agrees with the finding and has restated fiduciary net position accordingly. The County will improve the process for reviewing fiduciary activity and improve the review process to ensure that this error does not occur again.

Responsible Official: Ramona Farineau, Chief Financial Officer

Planned completion date for corrective action plan: December 31, 2020

**BOULDER COUNTY, COLORADO
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2019**

2019 – 004

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The County did not file the single audit reporting package to the Federal Audit Clearinghouse within nine months after year end. In addition, the County did not submit annual financial statements to the Colorado Office of the State Auditor within the required timeframe.

Recommendation: We recommend that the County improve the process for timely financial reporting.

Views of responsible officials and planned corrective actions: The County agrees with the finding. The County will improve the process for reconciling accounts to be in compliance with financial reporting and single audit reporting requirements.

Responsible Official: Ramona Farineau, Chief Financial Officer

Planned completion date for corrective action plan: December 31, 2020

**BOULDER COUNTY, COLORADO
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2019**

FINDINGS— FEDERAL AWARD PROGRAMS AUDIT

2019-005

Federal Agency: Department of Health and Human Services

State Department/Agency: Department of Health and Human Services

Pass-Through Number(s): 1801COTANF & 1701COTANF

Federal Program: Temporary Assistance for Needy Families (TANF)

CFDA Number: 93.558

Award Periods: January 1, 2019 – December 31, 2019

Compliance Requirement: Eligibility

Type of Finding: Significant Deficiency in Internal Control

Recommendation: We recommend that the County have all case files signed within a reasonable time period to confirm processing technicians are aware cases have been reviewed and errors were found and need correcting by the technician.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: We already fixed this error; when a reviewer is done with the internal case review, they send the email to the technician, who was being reviewed (cc: PI Team Manager and Tech's Team Supervisor), including the spreadsheet of the case review and technician is expected to sign that spreadsheet and return to the reviewer within 7 days. All the signed case reviews are being saved in the PI Team – ongoing case reviews folder.

Name(s) of the contact person(s) responsible for corrective action: Rafal Dubiel

Planned completion date for corrective action plan: February 23, 2021

**BOULDER COUNTY, COLORADO
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2019**

2019-006

Federal Agency: Department of Health and Human Services

State Department/Agency: Department of Health and Human Services

Federal Program: Head Start

CFDA Number: 93.600

Award Periods: January 1, 2019 – December 31, 2019

Compliance Requirement: Reporting

Type of Finding: Significant Deficiency in Internal Control over Compliance

Recommendation: We recommend that the County submit all required reports to the granting agency.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Error has been corrected; report for 2019 had been prepared however had not been submitted, due to staff turnover. In 2020, the Office of Financial Management provided timely reporting for the Head Start program. In 2021 the financial reporting and federal submissions for reimbursement for Head Start will be completed by the Community Services Department Head Start program Project Accountant. This transfer will ensure that all grant functions and reporting for the Head Start program will be handled by the same team.

Name(s) of the contact person(s) responsible for corrective action: Bridgette McCarthy

Planned completion date for corrective action plan: March 15, 2021

2019-007

Federal Agency: Department of Health and Human Services

State Department/Agency: Department of Health and Human Services

Federal Program: Head Start

CFDA Number: 93.600

Award Periods: January 1, 2019 – December 31, 2019

Compliance Requirement: Allowable Costs

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Recommendation: We recommend that the County enforce substantiation and communicate expectation of substantiation with all employees who have access to procurement cards.

**BOULDER COUNTY, COLORADO
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2019**

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The Head Start program staff immediately reduced the number of procurement card holders down from 7 to 4 to provide better oversight over transactions and ensure that all requirements are being followed. Additional training and guidance will also be provided to PCard users and workflow approvers. The Head Start program accountant will run monthly PCard reports to identify missing expense report entries and send out reminders as needed.

We believe this is an isolated incident. The individual responsible for the identified expense report is no longer with Boulder County.

Name(s) of the contact person(s) responsible for corrective action: Olivia Coyne (Division Manager / Program Director)

Planned completion date for corrective action plan: Done, already in effect; process change occurred by June 15, 2020.

2019-008

Federal Agency: Department of Health and Human Services

State Department/Agency: Department of Health and Human Services

Pass-Through Number(s): 1801COFOST

Federal Program: Foster Care

CFDA Number: 93.658

Award Periods: January 1, 2019 – December 31, 2019

Compliance Requirement: Allowable Costs

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Recommendation: We recommend that the County maintain contact with children in the Foster Care program as required by the federal award.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Boulder County agrees that monthly face-to-face contacts are required. We will continue to emphasize the importance of these contacts with the case workers. Supervisors will monitor monthly compliance with these contacts. Case workers will document any circumstances where a contact was unable to be made due to extenuating circumstances (e.g. child ran away from placement and attempts were made to locate).

Name(s) of the contact person(s) responsible for corrective action: Kit Thompson, Family and Children Services Director

Planned completion date for corrective action plan: Continuous monitoring will occur, therefore no completion date for plan.

**BOULDER COUNTY, COLORADO
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2019**

2019-009

Federal Agency: Department of Health and Human Services

State Department/Agency: Department of Health and Human Services

Federal Program: Head Start

CFDA Number: 93.600

Award Periods: January 1, 2019 – December 31, 2019

Compliance Requirement: Allowable Costs

Type of Finding: Significant Deficiency in Internal Control

Recommendation: We recommend that the County implement a systematic tracking and reconciliation process for federal expenditures.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The 2019 SEFA reporting process has been complicated due to the financial system conversion from IFAS to Oracle, and staff turnover in both Community Services and the Office of Financial Management. The SEFA process included reporting of Head Start federal expenses by the Community Services Department, which were included in the Boulder County draft SEFA. The revenue reconciliation provided by the OFM Projects and Awards team was delayed due to needed Projects and Awards team involvement in the review and analysis of Projects and Awards transactions within the financial system. This included reconciliation of new general ledger accounts and subledger processes within Oracle. Ultimately, the revenue reconciliation for the Head Start program indicated that federal expenses reported in the SEFA needed to be reduced from \$1.8 million to \$1.4 million.

Due to the change in financial systems, the complexities of our new financial system (Oracle) and increased grant transactions, the OFM Project and Awards Team had to implement a new process for SEFA reporting. The new process includes:

-All departments will be required to provide a reconciliation of all projects and awards that includes *a list of all federal projects and awards*. The OFM Projects and Awards team will review this reconciliation in detail and will meet with all departments to review project and awards ending balances and discuss all required accruals.

-The OFM Projects and Awards team is sending out a quarterly CFDA projects and awards report that departments are required to review and confirm that all CFDA noted projects are accurately reported. If errors are found, departments are required to correct the error and inform OFM of changes to the impacted projects and awards.

-The OFM Projects and Awards team is sending out monthly reconciliations of the clearing accounts 79999 and unbilled receivables account 14023 so reconciliation will be a smoother and shorter process for future audits.

**BOULDER COUNTY, COLORADO
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2019**

In addition to the process change described above, the OFM Projects and Awards team is providing continual training to departments, so all transactions completed with an associated projects and awards are accurate.

Name(s) of the contact person(s) responsible for corrective action: Bridgette McCarthy

Planned completion date for corrective action plan: March 15, 2021



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BOULDER COUNTY, COLORADO SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED DECEMBER 31, 2019

Boulder County, Colorado respectfully submits the following summary schedule of prior audit findings for the year ended December 31, 2019.

Audit period: 2018

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS - FINANCIAL STATEMENT AUDIT

Finding 2018-001

Accounts Receivable Reconciliation

Significant Deficiency

Condition: In 2018, it was determined that the County's reconciliation did not detect errors in the balance of accounts receivable and deferred inflows of resources for unavailable revenue.

Status: See current year finding 2019-002.

Reason for finding's recurrence: The County's reconciliation process did not detect errors within accounts receivable and deferred inflows of resources for unavailable revenue balances in 2019 primarily due to challenges resulting from the County converting financial management systems in May of 2019, including challenges in the system configuration, insufficient training on processes in the new system, and limited reporting functionality in the new financial management system. In addition, the Financial Services Division was combined with the Budget Office in mid-2019 to create the County's Office of Financial Management. During this time, there were significant changes and turnover to key personnel involved in the financial management system conversion. The inherent time required to hire and train new staff in these positions also contributed to the delay in this process and were a factor in why the County's internal control process for reconciling accounts receivable and deferred inflows of resources for unavailable revenue balances did not detect these errors.

Corrective Action: The County will improve the process for identifying and recording unavailable revenue for revenue received after 60 days of year end and improve the review process to ensure that this error does not occur again. All of the factors contributing to the cause of this error are being actively addressed to minimize the change of future errors. The County is focused on improving the functionality within the new financial management system along with implementing county-wide staff training on error identification, reporting and account reconciliation, a revised monthly close process, and formal written documentation of processes and procedures.

**BOULDER COUNTY, COLORADO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2019**

Finding 2018-002

**Capital Assets Understatement
Significant Deficiency**

Condition: In 2018, the County understated capital assets in prior years by excluding certain expenditures from capitalization. An adjustment was required to be posted in 2018 to correct the capital asset balance.

Status: Corrective action was taken.

FINDINGS – FEDERAL AWARD PROGRAMS AUDIT

Finding 2018-003

Federal Agency: U.S. Department of Transportation
State Department/Agency: Colorado Department of Transportation (CDOT)
Federal Program: Highway Planning and Construction
CFDA Number: 20.205
Award Periods: July 1, 2017 through July 5, 2022
Compliance Requirement: Matching
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Condition: During testing of eleven of seventy-three requests for reimbursement submitted by Boulder County to CDOT, one selection was submitted during 2018 for \$17,357, which did not include a deduction for the 10% state match.

Status: Corrective action not fully implemented.

Reason for finding's recurrence: The County's corrective action for this finding was the implementation of Oracle financial accounting system, which did occur in May 2019; however, project tracking modules are not set up effectively and a system of tracking processes and controls for Oracle is not yet established.

Corrective Action: With the installation of the new financial system, the awards and grants are required to be set up ahead of the project as opposed to during the project, as was allowable in IFAS. This requirement aids in setting up the award's federal/state/local delineations correctly. The individual accounts receivable transactions are also reviewable by the central Finance department, in order to review any possible oversights.

If there are questions regarding this schedule, please call Ramona Farineau, Chief Financial Officer, 303-441-3499.