

City and County of Denver

Single Audit Reports

Year Ended December 31, 2009

City and County of Denver
Single Audit Reports
Year Ended December 31, 2009

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

Audit Committee
City and County of Denver
Denver, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City and County of Denver (the City) as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 27, 2010, which contained references to the reports of other accountants. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other accountants audited the financial statements of the Denver Art Museum, Inc., Denver Museum of Nature and Science, Denver Convention Center Hotel Authority, Cherry Creek North BID, Downtown Denver BID, Denver Metro Convention and Visitor's Bureau, Inc., d/b/a Visit Denver, Denver Preschool Program, Inc., and Gateway Village General Improvement District as described in our report on the City's financial statements. This report does not include the results of the other accountants' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those accountants. The financial statements of Denver Art Museum, Inc., Denver Museum of Nature and Science, Cherry Creek North BID, Downtown Denver BID, Denver Metro Convention and Visitor's Bureau, Inc., d/b/a Visit Denver and Denver Preschool Program, Inc., component units included in the financial statements of the aggregate discretely presented component units and the financial statements of Gateway Village General Improvement District, a component unit included in the financial statements of the aggregate remaining fund information, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Audit Committee
City and County of Denver

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 deficiencies, 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 discussed 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 City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 09-01 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 as items 09-02, 09-03, 09-04 and 09-05 to be significant deficiencies.

Compliance and Other Matters

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

We also noted certain additional matters that we reported to the City's management in a separate letter dated May 27, 2010.

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

This report is intended solely for the information and use of the governing body, management and others within the City 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.

BKD, LLP

May 27, 2010

**Independent Accountants' Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133 and Schedule
of Expenditures of Federal Awards**

Audit Committee
City and County of Denver
Denver, Colorado

Compliance

We have audited the compliance of the City and County of Denver (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the compliance of the City and County of Denver based on our audit.

The City's basic financial statements include the operations of Denver Urban Renewal Authority (DURA), a discretely presented component unit, which expended \$946,591 in federal awards during the year ended December 31, 2009, which is not included in the accompanying schedule of expenditures of federal awards. Our audit, described below, did not include the operations of DURA because the discretely presented component had its own single audit performed in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City'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 on the City's compliance with those requirements.

Audit Committee
City and County of Denver

As listed in the chart below and described in the accompanying schedule of findings and questioned costs, the City did not comply with certain requirements that are applicable to certain of its major federal programs. Compliance with such requirements is necessary, in our opinion, for the City and County of Denver to comply with requirements applicable to those federal programs.

CFDA#	Program	Compliance Requirement	Type of Opinion	Finding Number
10.551, 10.561	SNAP Cluster	Reporting	Qualified	09-08
20.106	ARRA - Airport Improvement Program	Reporting	Qualified	09-11
93.600, 93.708	Head Start Cluster and ARRA - Head Start Cluster	Procurement, Suspension and Debarment	Qualified	09-06 and 09-19
93.914	HIV Emergency Relief Project Grants	Reporting	Qualified	09-23
97.067	Homeland Security Cluster	Equipment and Real Property Management	Qualified	09-24

In our opinion, except for the noncompliance described above, the City and County of Denver 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. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 09-07, 09-09, 09-10, 09-12, 09-13, 09-14, 09-15, 09-16, 09-17, 09-18, 09-20, 09-21, 09-22 and 09-25.

Internal Control Over Compliance

The management of the City and County of Denver is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Audit Committee
City and County of Denver

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be 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 discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 09-08, 09-11, 09-19, 09-23 and 09-24 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 09-06, 09-07, 09-09, 09-13, 09-14, 09-15, 09-16, 09-17, 09-18, 09-21 and 09-25 to be significant deficiencies.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2009, and have issued our report thereon dated May 27, 2010, which contained references to the reports of other accountants. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City'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.

Audit Committee
City and County of Denver

This report is intended solely for the information and use of the governing body, management, others within the City, 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.

BKD, LLP

June 30, 2010, except for the Schedule of Expenditures
of Federal Awards as to which the
date is May 27, 2010

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2009

Cluster/Program	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount Expended
Office of National Drug Control Policy				
High Intensity Drug Trafficking Area (HIDTA)			07.999	\$ <u>1,096,841</u>
Department of Agriculture				
Supplemental Nutrition Assistance Program (n)	Colorado Department of Human Services		10.551	108,126,552
ARRA - State Administrative Matching Grants for Supplemental Nutrition Assistance Program	Colorado Department of Human Services		10.561	318,466
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	Colorado Department of Human Services		10.561	<u>7,698,000</u>
Subtotal SNAP Cluster				116,143,018
Supplemental Nutrition Assistance Program, Outreach/Participation Program			10.580	<u>10</u>
Total Department of Agriculture				<u>116,143,028</u>
Department of Commerce				
Economic Adjustment Assistance (Public Works and Economic Development Cluster)			11.307	<u>5,143</u>
Department of Housing and Urban Development				
Community Development Block Grants (CDBG)/Entitlement Grants (CDBG - Entitlement Grants Cluster)			14.218	15,220,676
Emergency Shelter Grants Program			14.231	350,369
Shelter Plus Care			14.238	2,266,833
HOME Investment Partnerships Program			14.239	5,482,446
Housing Opportunities for Persons with AIDS			14.241	1,692,895
Community Development Block Grants/Brownfields Economic Development Initiative			14.246	65,505

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2009

Cluster/Program	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount Expended
Community Development Block Grants_Section 108 Loan Guarantees Program (HUD Section 108)			14.248	2,295,514
ARRA - Homelessness Prevention and Rapid Re-Housing Program			14.257	96,851
Total Department of Housing and Urban Development				27,471,089
Department of Interior				
Save America's Treasures			15.929	14,334
Total Department of Interior				14,334
Department of Justice				
Property Confiscation			16.UNKNOWN	327,419
Prisoner Reentry Initiative Demonstration (Offender Reentry)	Colorado Division of Criminal Justice	27-RE-01-2-1, 28-RE-01-10-1	16.202	151,435
Juvenile Accountability Block Grants	Colorado Division of Criminal Justice	27-JB-L-02-326, 27-JB-LS-21-319	16.523	28,861
National Institute of Justice Research, Evaluation, and Development Project Grants			16.560	772,577
National Institute of Justice Research, Evaluation, and Development Project Grants	Institute for Law and Justice (ILJ) via a grant from the National Institute for Justice (NIJ), U.S. Dept. of Justice	Subcontractor agreement	16.560	14,117
Crime Victim Assistance	Colorado Division of Criminal Justice	27-VA-2-76	16.575	50,790
Crime Victim Compensation	Colorado Division of Criminal Justice	28-VC-2, 9-VC-2	16.576	1,510,000
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program			16.580	216,489
Crime Victim Assistance/Discretionary Grants	Colorado Division of Criminal Justice	HT-09-03	16.582	3,482
ARRA - Violence Against Women Formula Grants	Colorado Division of Criminal Justice Colorado Department of Public Safety	29-RW-2-6, 29-RW-2-9, 29-RW-2-10	16.588	60,491
Violence Against Women Formula Grants	Colorado Division of Criminal Justice	28-VW-2-7, 27-VW-2-47, 28-VW-2-47	16.588	112,920
The Community-Defined Solutions to Violence Against Women Grant Program			16.590	415,012
State Criminal Alien Assistance Program			16.606	750,000

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2009

Cluster/Program	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount Expended
Bulletproof Vest Partnership Program			16.607	13,217
Project Safe Neighborhoods	Colorado Division of Criminal Justice	27-CP-04-4-4	16.609	490
Public Safety Partnership and Community Policing Grants			16.710	204,226
Enforcing Underage Drinking Laws Program	State of Colorado, Department of Revenue, Liquor Enforcement Division	Intergovernmental Agreement between State and City (not dated)	16.727	9,357
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault			16.736	86,476
Edward Byrne Memorial Justice Assistance Grant Program			16.738	506,279
Edward Byrne Memorial Justice Assistance Grant Program	Colorado Division of Criminal Justice Colorado Department of Public Safety	27DJ03521, 29DJ03522	16.738	102,340
Forensic DNA Backlog Reduction Program			16.741	186,316
Paul Coverdell Forensic Sciences Improvement Grant Program	Colorado Division of Criminal Justice	27-DN-01-20-1	16.742	27,987
Forensic Casework DNA Backlog Reduction Program			16.743	9,430
Anti-Gang Initiative	Colorado Division of Criminal Justice	27-AG-02-3-2	16.744	15,899
Support for Adam Walsh Act Implementation Grant Program			16.750	149,920
ARRA - Recovery Act - State Victim Assistance Formula Grant Program	Colorado Department of Public Safety	29-RA-2-3	16.801	8,421
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	Colorado Department of Public Safety	29-JR-01-45-1, 29-JR-01-44-1 29-JR-03-10-1	16.803	46,734
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program /Grants To Units Of Local Government			16.804	94,390
Total Department of Justice				5,875,075
Department of Labor				
ARRA - Employment Service/Wagner-Peyser Funded Activities	Colorado Department of Labor and Employment	09-KAA-00004	17.207	365,749
Employment Service/Wagner-Peyser Funded Activities	Colorado Department of Labor and Employment	09-KAA-00004 10-KAA-00004	17.207	2,153,275
Disabled Veterans' Outreach Program (DVOP)	Colorado Department of Labor and Employment	09 KAA 00004 10 KAA 00004	17.801	23,222

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2009

Cluster/Program	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount Expended
Local Veterans' Employment Representative Program	Colorado Department of Labor and Employment	09-KAA-00004 10-KAA-00004	17.804	14,795
Subtotal Employment Service Cluster				<u>2,557,041</u>
Veterans' Employment Program	Colorado Department of Labor and Employment	10-KAA-00004	17.802	1,420
Homeless Veterans Reintegration Project			17.805	<u>270,723</u>
ARRA - WIA Adult Program	Colorado Department of Labor and Employment	09-KAA-00004	17.258	465,223
WIA Adult Program	Colorado Department of Labor and Employment	08-KAA-00004, 09-KAA-00004 10-KAA-00004	17.258	1,852,199
ARRA - WIA Youth Activities	Colorado Department of Labor and Employment	09-KAA-00004	17.259	1,633,520
WIA Youth Activities	Colorado Department of Labor and Employment	08-KAA-00004, 09-KAA-00004 10-KAA-00004	17.259	1,791,036
ARRA - WIA Dislocated Workers	Colorado Department of Labor and Employment	09-KAA-00004	17.260	107,379
WIA Dislocated Workers	Colorado Department of Labor and Employment	07-KAA-00004, 08-KAA-00004, 09-KAA-00004, 09-KAA-00052 10-KAA-00004	17.260	<u>756,605</u>
Subtotal WIA Cluster				<u>6,605,962</u>
WIA Pilots, Demonstrations, and Research Projects	Colorado Department of Labor and Employment	06-KAA-0209, 09-KAA-00004	17.261	3,729,345
H-1B Job Training Grants	Colorado Department of Labor and Employment	09-KAA-00004	17.268	<u>58,381</u>
Total Department of Labor				<u>13,222,872</u>

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2009

Cluster/Program	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount Expended
Department of Transportation				
ARRA - Airport Improvement Program			20.106	8,290,333
Airport Improvement Program			20.106	27,404,459
ARRA - Highway Planning and Construction	Colorado Department of Transportation	17331	20.205	29,365
		14785, 14411, 15233, 15398, 16220, 15632, 16178, 15673, 16017, 16015, 16016, 16265, 16294, 16397, 16395, 16070, 16342, 17098, 17334, 16536, 16787, 16952, 16587, 16946, 16947,		
Highway Planning and Construction	Colorado Department of Transportation Regional Transportation District	PO291000282, PO291000308	20.205	8,171,702
Subtotal Highway Planning and Construction Cluster				8,201,067
State and Community Highway Safety	Colorado Department of Transportation	PO211008420	20.600	12,226
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	Colorado Department of Transportation	PO211006160, PO211006410, PO211007135, PO211007332, PO211007968, PO211008984	20.601	205,557
Occupant Protection	Colorado Department of Transportation	PO211006948	20.602	26,349
State Traffic Safety Information System Improvement Grants	Colorado Department of Transportation	PO211006338	20.610	29,400
Subtotal Highway Safety Cluster				273,532
Total Department of Transportation				44,169,391
National Foundation on the Arts and the Humanities				
ARRA - Promotion of the Arts_Grants to Organizations and Individuals			45.024	168,750
Promotion of the Humanities_Public Programs			45.164	1,435
Museums for America			45.301	24,200
Grants to States	Colorado Department of Education	Project # FY08-025	45.310	19,621

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2009

Cluster/Program	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount Expended
Institute of Museum and Library Services, National Foundation on the Arts and the Humanities (National Leadership Grants)			45.312	441,136
Laura Bush 21st Century Librarian Program			45.313	<u>481,280</u>
Total National Foundation on the Arts and the Humanities				<u>1,136,422</u>
Veterans Health Administration, Department of Veterans Affairs				
VA Homeless Providers Grant and Per Diem Program			64.024	<u>234,238</u>
Environmental Protection Agency				
Community Action for a Renewed Environment (CARE) Program			66.035	38,487
ARRA - National Clean Diesel Emissions Reduction Program			66.039	6,299
Water Pollution Control State, Interstate, and Tribal Program Support	Colorado Department of Public Health and Environment	OE-FAA-WQC07000047	66.419	2,195
Source Reduction Assistance			66.717	752
Supertund State, Political Subdivision, and Indian Tribe Site- Specific Cooperative Agreements			66.802	20,357
Brownfields Assessment and Cleanup Cooperative Agreements			66.818	<u>33,131</u>
Total Environmental Protection Agency				<u>101,221</u>
Office of Energy Efficiency and Renewable Energy, Department of Energy				
State Energy Program	Governor's Energy Office	PO09-113	81.041	12,250
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance			81.117	<u>27,462</u>
Total Office of Energy Efficiency and Renewable Energy, Department of Energy				<u>39,712</u>

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2009

Cluster/Program	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount Expended
Department of Education				
Rehabilitation Services_Vocational Rehabilitation Grants To States (Vocational Rehabilitation Cluster)	Colorado Department of Labor and Employment	06WFDC, 09KAA00027, 09KAA00182	84.126	14,751
Rehabilitation Services_Service Projects			84.128	6,522
Safe and Drug-Free Schools and Communities_State Grants	Colorado Department of Human Services	PO OE IHM ADA09000020	84.186	53,964
Projects with Industry			84.234	332,860
Literacy Programs for Prisoners			84.255	(399)
Total Department of Education				407,698
National Archives and Records Administration				
National Historical Publications and Records Grants			89.003	49,799
Department of Health and Human Services				
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers (Aging Cluster)	Denver Regional Council of Governments	EX08036	93.044	197,677
Public Health Emergency Preparedness	Colorado Department of Public Health and Environment	PO FHA EP1090035, PO FJA EPR101056	93.069	86,585
Enhance the Safety of Children Affected by Parental Methamphetamine or other Substance Abuse			93.087	796,790
Protection and Advocacy for Individuals with Mental Illness	Colorado Department of Public Health and Environment	HSV-LK9-HHS	93.138	5,010
Substance Abuse and Mental Health Services_Projects of Regional and National Significance			93.243	294,904
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	Colorado Department of Justice Colorado Department of Human Services		93.243	320,150
Drug-Free Communities Support Program Grants			93.276	72,470
Centers for Disease Control and Prevention_Investigations and Technical Assistance	Denver Health and Hospital Authority	E1589D-1	93.283	57,000
Abandoned Infants			93.551	215,550

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2009

Cluster/Program	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount Expended
Promoting Safe and Stable Families	Colorado Department of Human Services	POIHACWSC10000079, PO IHA CWSX1000029	93.556	415,934
Temporary Assistance For Needy Families (TANF Cluster)	Colorado Department of Human Services		93.558	31,102,336
ARRA - Child Support Enforcement	Colorado Department of Human Services	AT-09-02	93.563	671,239
Child Support Enforcement	Colorado Department of Human Services		93.563	8,020,010
Refugee and Entrant Assistance_State Administered Programs	Colorado Department of Human Services		93.566	94,347
Low-Income Home Energy Assistance	Colorado Department of Human Services		93.568	8,755,011
Subtotal				51,105,013
Community Services Block Grant	Colorado Department of Local Affairs	L8CSBG13, L9CSBG13	93.569	1,071,997
ARRA - Community Services Block Grant	Colorado Department of Local Affairs	L10CSBG13R	93.710	189,779
Subtotal CSBG Cluster				1,261,776
Child Care and Development Block Grant	Colorado Department of Human Services		93.575	1,621,791
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Colorado Department of Human Services		93.596	11,940,076
ARRA - Child Care and Development Block Grant	Colorado Department of Human Services		93.713	5,012,412
Subtotal CCDF Cluster				18,574,279
Refugee and Entrant Assistance _ Targeted Assistance Grants	Colorado Department of Human Services	PO IHACRSP0700425, PO IHACRSP00513	93.584	325,020
Head Start			93.600	8,031,172
ARRA - Head Start			93.708	145,456
Subtotal Head Start Cluster				8,176,628
Child Support Enforcement Demonstrations and Special Projects			93.601	5,655
Adoption Incentive Payments	Colorado Department of Human Services	CW-08-24-P	93.603	72,696
Child Welfare Services_State Grants	Colorado Department of Human Services		93.645	603,687
Adoption Opportunities			93.652	259,004

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2009

Cluster/Program	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount Expended
Adoption Opportunities	Colorado Coalition of Adoptive Families	90-CO-1004	93.652	23,011
ARRA - Foster Care_Title IV-E	Colorado Department of Human Services		93.658	1,121,817
Foster Care_Title IV-E	Colorado Department of Human Services		93.658	11,227,143
ARRA - Adoption Assistance	Colorado Department of Human Services		93.659	177,954
Adoption Assistance	Colorado Department of Human Services		93.659	3,554,437
Social Services Block Grant	Colorado Department of Human Services		93.667	13,168,336
Chafee Foster Care Independence Program	Colorado Department of Human Services		93.674	168,040
Medical Assistance Program (Medicaid Cluster)	Colorado Department of Human Services		93.778	5,322,355
HIV Emergency Relief Project Grants			93.914	<u>7,521,931</u>
Total Department of Health and Human Services				<u>122,668,782</u>
Corporation for National and Community Services				
ARRA - Americorps	Colorado Governor's Commission on Community Service	09RFHCO001	94.006	99,564
Americorps	Colorado Governor's Commission on Community Service	09EBB00011 09 10EBB000xx	94.006	<u>226,673</u>
Total Corporation for National and Community				<u>326,237</u>
Department of Homeland Security				
Pre-disaster Mitigation (PDM)	Colorado Department of Local Affairs	6EM75C17	97.047	<u>602,538</u>
Emergency Food And Shelter National Board Program	Metro Denver Emergency Food and Shelter Board	101200-016	97.024	20,000
ARRA - Emergency Food and Shelter National Board Program	Metro Denver Emergency Food and Shelter Board	101200-016	97.114	<u>38,493</u>
Subtotal Emergency Food and Shelter Program Cluster				<u>58,493</u>

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2009

Cluster/Program	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount Expended
Emergency Management Performance Grants	Colorado Department of Local Affairs, Division of Emergency Management	6EM06L17, 7EM07L17, 9EM09L17	97.042	149,542
Assistance to Firefighters Grant			97.044	228,837
Homeland Security Grant Program (Homeland Security Cluster)	Colorado Department of Local Affairs, Division of Emergency Management State of Colorado Governor's Office of Homeland Security	7EM76717, 8EM77717, 98HS78717, 8EM77517	97.067	2,021,752
Transportation Security Administration			97.UNKNOWN	<u>769,398</u>
Total Department of Homeland Security				<u><u>3,830,560</u></u>
Total Federal Expenditures				<u><u>\$ 336,792,442</u></u>

(n) noncash federal award

See Notes to Schedule of Expenditures of Federal Awards

City and County of Denver
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2009

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards includes the federal grant activity of the primary government of the City and County of Denver (the City). The City's reporting entity is defined in Note I-A in the City's basic financial statements for the year ended December 31, 2009. The schedule does not include \$946,591 in Federal Awards expended by Denver Urban Renewal Authority (DURA) because the discretely presented component unit had its own single audit performed in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The information in the accompanying 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 the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The schedule of expenditures of federal awards includes federally funded projects received directly from federal agencies and the federal amount of pass-through awards received by the City through the State of Colorado or other nonfederal entities.

2. **Basis of Accounting**

Governmental funds and proprietary funds account for the City'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, depending on the basis of accounting used by the respective fund except for the following programs, which are reported in the schedule of expenditures of federal awards on the cash basis:

SNAP Cluster	10.551, 10.561
Promoting Safe and Stable Families	93.556
Temporary Assistance for Needy Families Cluster	93.558
Child Support Enforcement	93.563
Refugee and Entrant Assistance_State Administered Programs	93.566
Low-Income Home Energy Assistance	93.568
CCDF Cluster	93.575, 93.596, 93.713
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

The City's summary of significant accounting policies is presented in Note I in the City's basic financial statements.

City and County of Denver
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2009

3. Human Services Programs

The City's Department of Human Services operates several federally funded human services programs where benefits are provided to qualified citizens. The benefit distribution method consists of participants receiving benefits, including food stamps, using a state-maintained electronic banking card (EBT) instead of the City's cash disbursements. The Colorado Department of Human Services provided total EBT authorizations to qualified citizens in the City, in the amount of approximately \$218,372,731, of which \$150,338,518 is the Federal share. The revenue and expenditures associated with these federal programs are not recognized in the City's basic financial statements.

4. State Information Technology System

In 2004, the State implemented the new Colorado Benefits Management System (CBMS), which consolidated legacy systems into one system and also incorporated a rules engine for determining eligibility and calculating and issuing benefits payments. As a result, the counties and the State split eligibility determination functions for certain federal Human Services' programs under CBMS. Counties are responsible for data collection from applicants and data entry of applicable information into CBMS. Concurrently, the State maintains the computer system supporting the eligibility determination process and pays benefits to the participants. The actual eligibility and payment determinations become the State's responsibility utilizing CBMS.

5. Revolving Loan Fund

The City has certain revolving loan funds, which were originally financed with federal awards through the Community Development Block Grant Program, the Community Development Block Grant-Section 108 Loan Guarantees Program (HUD Section 108), the HOME Investment Partnerships Program and the Housing Opportunities for Persons with AIDS program. The outstanding balances of these loan funds at December 31, 2009, are as follows and have not been included in the schedule of expenditures of federal awards:

Neighborhood Development Loans	\$ 8,094,673
Economic Development Loans	48,682,980
Housing Development Loans	<u>47,118,472</u>
	103,896,125
Less allowance for uncollectibles	<u>(39,589,014)</u>
Notes receivable, net	<u><u>\$ 64,307,111</u></u>

City and County of Denver
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2009

6. Subrecipients

Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, the City provided federal awards to subrecipients as follows:

Program	CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants	14.218	\$ 5,068,601
Emergency Shelter Grants Program	14.231	255,506
Shelter Plus Care	14.238	2,147,161
HOME Investment Partnerships Program	14.239	415,675
Housing Opportunities for Persons with AIDS	14.241	1,649,273
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	128,264
Forensic DNA Backlog Reduction Program	16.741	32,116
WIA Youth Activities	17.259	859,079
WIA Pilots, Demonstrations and Research Projects	17.261	3,458,791
Community Services Block Grant	93.569	694,391
Child Care and Development Block Grant	93.575	1,005,848
Head Start	93.600	6,288,654
ARRA - Head Start	93.708	112,638
HIV Emergency Relief Project Grants	93.914	6,845,783
		<u>\$ 28,961,780</u>

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

7. The City's major programs were:

Cluster/Program	CFDA Number
SNAP Cluster, including ARRA	10.551, 10.561
CDBG - Entitlement Grants Cluster	14.218
HOME Investment Partnerships Program	14.239
WIA Cluster, including ARRA	17.258, 17.259, 17.260
WIA Pilots, Demonstrations and Research Projects	17.261
Airport Improvement Program, including ARRA	20.106
Highway Planning and Construction Cluster, including ARRA	20.205
Temporary Assistance For Needy Families Cluster	93.558
Head Start Cluster, including ARRA	93.600, 93.708
Child Support Enforcement, including ARRA	93.563
CCDF Cluster, including ARRA	93.575, 93.596, 93.713
Child Welfare Services_State Grants	93.645
Foster Care_Title IV-E, including ARRA	93.658
Adoption Assistance, including ARRA	93.659
HIV Emergency Relief Project Grants	93.914
Medicaid Cluster	93.778
Homeland Security Cluster	97.067

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$3,000,000.

9. The City qualified as a low-risk auditee as that term is defined in OMB Circular A-133? Yes No

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
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09-01 **Finding:** Accounting for Capital Assets

Criteria or specific requirement: Under accounting principles generally accepted in the United States of America (US GAAP), capital assets belonging to the City should be reported in the period when the expenditure is incurred and the City has a right to the asset. Construction in progress projects should only be reported if ownership by the City has been determined. The interest cost of tax-exempt borrowings should be capitalized to the extent they exceed any interest earned on the bond proceeds, except for capital assets used in governmental activities. Accounting pronouncements applicable to the proper capitalization of costs related to capital asset acquisitions include:

GASB 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments

GASB 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus – an amendment of GASB Statements No. 21 and No. 34

FASB 34, Capitalization of Interest Cost

FASB 62, Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants - an amendment of FASB Statement No. 34

Condition: The City:

- Failed to report equipment purchases as capital assets in the proper period or detect this exemption through internal control monitoring activities
- Included projects in construction in progress for which the City did not have ownership
- Had not recorded the capitalized interest on the 2005 Golf Revenue Bonds
- Erroneously recorded the improper amount in a prior period for additions to collections

Context: The City recorded approximately \$12.3 million in construction-in-progress accounts at December 31, 2008 that were not the City’s assets and should not have been recorded. In addition, approximately \$6.7 million in equipment was recorded in fiscal year 2009 that should have been recorded at December 31, 2008. The total governmental activities capital assets, net of accumulated depreciation, as of December 31, 2008 and 2009 totaled approximately \$2.2 and \$2.4 billion, respectively. Lastly, approximately \$550,000 of interest was capitalized in 2009 under the Golf Course Enterprise Fund, of which \$260,000 was attributable to earlier periods.

Effect: The net effect on capital assets within the governmental activities was a decrease of approximately \$12.3 million and a decrease in current year additions of \$6.7 million. These amounts were adjusted during the current fiscal year. The capitalized interest had the effect of increasing capital assets in the Golf Course Enterprise Fund, a business-type activity.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

Cause: There are several causes to these issues, but the primary cause is a weakness in communication and reporting between the various agencies of the City and the Controller's Office in order to achieve proper cut-off of capital assets at year-end. This is also true in the case of long-term construction projects in which the ownership of assets is not clear and can only be determined through a detailed review of the underlying contracts. This may require the assistance of various agencies prior to the Controller's Office being able to determine the proper accounting for the project. There is also opportunity for training, as we noted that the accounting staff in the Golf Course Enterprise Fund was unaware of the requirement to capitalize the interest related to the construction projects.

Recommendation: The City should implement specific procedures related to year-end capital asset reporting by the agencies to ensure that all costs of capital asset acquisitions are properly accrued and capitalized in the proper period. The City should also make certain that City ownership has been determined for any projects recorded to construction in progress and that contract terms are clearly understood. Additionally, proper communication with the enterprise funds should be maintained regarding the proper accounting for capital assets and capital projects. Training should be given to accounting personnel as necessary.

Views of responsible officials and planned corrective actions:

Response: We agree with the finding. In 2009, the Controller's Office did a more thorough review of the capitalization of assets, including construction projects and related ownership interests, where applicable, which resulted in the adjustments that were made in 2009 that applied to 2008 financial activity. Updates to the Fiscal Rules regarding asset capitalization and capital improvement project closeouts are already underway and training has been provided to project managers regarding project closeouts. The Controller's Office will continue to carefully review our capitalization of assets and provide additional training as necessary when Fiscal Rules changes are implemented.

Person responsible for implementing: Kelli Bennett, Director of Financial Reporting and Analysis, Office of the Controller.

Implementation date: July 31, 2010.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

**Reference
Number**

Finding

09-02 **Finding:** Accounting and Administration of Grants Receivable

Criteria or specific requirement: In accordance with Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, receivables for Federal grants should only be recorded once all eligibility requirements have been met. In the governmental funds, revenue is deferred until cash collections are considered available.

Condition: The Office of Economic Development (OED) was not using a method of tracking its grants that allowed for the proper recognition of the receivable and corresponding deferred revenue. The method used by OED resulted in revenue being recorded to a new grant ID number while the expenditures were being recorded to the original number. This caused a miscalculation in the receivable and deferred revenue balances, whereby both were overstated. We also discovered a receivable at the Denver Department of Human Services (DDHS) that was not valid or collectible and therefore was written off.

Context: An adjusting journal entry was recorded by management for approximately \$10.5 million to adjust the grant receivable and deferred revenue for OED and approximately \$150,000 at DDHS to write-off the invalid receivable.

Effect: Grant receivables and related deferred revenue were decreased for OED by approximately \$10.5 million, while grant receivables were decreased by \$150,000 at DDHS. Both of these adjustments were recorded by management.

Cause: The grant administration processes are not congruent throughout the different agencies in the City. Thus, OED developed its own accounting practices which did not allow for proper accounting of grant receivables. The Controller's Office did not adequately monitor the grant receivables to ensure proper recognition. In addition, DDHS recorded a receivable for an amount even though there was no revenue expected to be received.

Recommendation: In addition to the fiscal rules already adopted by the City, we recommend that there be City-wide grant accounting procedures implemented to ensure that all agencies are properly recording and reporting their grants. In addition, we recommend that the City only record receivables for which there is a valid claim.

Views of responsible officials and planned corrective actions:

Response: We agree with the finding. The Controller's Office will continue to update Fiscal Rules to standardize the reporting of grants in the City and provide training in these areas. The Controller's Office will also take a proactive role in reviewing grant receivables by doing a mid-year analysis on grants that had receivables recorded in the prior year but no revenue has been received. This will help relieve the time constraint at year-end when there is less time to do a thorough review.

Person responsible for implementing: Kelli Bennett, Director of Financial Reporting and Analysis, Office of the Controller.

Implementation date: September 30, 2010.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

Reference Number	Finding
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09-03 **Finding:** Accrued Payroll Calculation

Criteria or specific requirement: All liabilities incurred by the end of the fiscal end should be accrued in the government-wide financial statements and also in the fund financial statements, except those specifically excluded under US GAAP. In the case of payroll, a liability for pay earned by employees during the current fiscal year, but not paid prior to year-end, should be accrued.

Condition: As a result of our audit procedures, it was necessary to adjust the payroll accrual at year-end in order for the liability to be properly presented. Management proposed recording several entries prior to the completion of our audit procedures and we proposed two additional entries. One of these entries was recorded by management and the second entry was not recorded by management based on the low level of materiality.

Context: The combined audit adjustments required were approximately \$1.2 million, of which \$1.1 million was recorded by management.

Effect: The payroll accrual and the related expense were increased by approximately \$1.1 million as of and for the year ended December 31, 2009, respectively.

Cause: The City and County of Denver has multiple pay groups recorded in its PeopleSoft system. The source data for the payroll accrual are various payroll registers and reports for the different pay groups. When compiling the information to properly record the payroll accrual, all the pay groups must be included and the PeopleSoft data must be reconciled to the various payroll registers. During this process, errors were discovered in the compilation of the data and the liability was not reconciled prior to our audit procedures.

Recommendation: We recommend the PeopleSoft data be reconciled to the various payroll registers prior to the beginning of the audit process.

Views of responsible officials and planned corrective actions:

Response: We agree with the finding. The Controller's Office used a new process in 2009 to compile the payroll data for calculating the accrual. While this new process was tested, it still contained some deficiencies as noted in this finding. The Controller's Office will refine the process for 2010 and reconcile the detailed data to summary reports to ensure the entire population is included in the calculation.

Person responsible for implementing: Kelli Bennett, Director of Financial Reporting and Analysis, Office of the Controller.

Implementation date: December 31, 2010.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

**Reference
Number**

Finding

09-04 **Finding:** Public Works - Cash Disbursements - Approval of Construction Payment Applications

Criteria or specific requirement: All payment applications received from contractors should have documented approval from both the Project Manager and the Project Engineer as required by City policy. These individuals are in the best position to determine if the work invoiced by the contractor was completed in a satisfactory manner and therefore should be paid.

Condition: The City and County of Denver, Public Works Department, authorized and processed a payment to a contractor without the required approvals from the Project Manager or the Project Engineer.

Context: The payment application processed totaled approximately \$184,000.

Effect: Without proper approval by a knowledgeable individual, there is no verification that materials and labor reported on the payment application have been provided or performed in accordance with the contract terms. This may result in an inappropriate vendor payment.

Cause: The payment application was not properly reviewed prior to payment authorization.

Recommendation: We recommend that the City improve the review and authorization procedures currently in place to ensure that all payment applications relating to capital projects are thoroughly reviewed and properly authorized by the Project Manger or Engineer prior to payment.

Views of responsible officials and planned corrective actions:

Response: We agree with the finding. Public Works will reinforce the current policy to ensure that all payments have the appropriate signatures.

Person responsible for implementing: Don Andriese, Department Controller, Public Works.

Implementation date: June 1, 2010.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

**Reference
Number**

Finding

09-05 **Finding:** Accounting for Bond Refundings

Criteria or specific requirement: In accordance with Governmental Accounting Standards Board (GASB) No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, any gain or loss resulting from the refunding of debt should be deferred and amortized to interest expense over the shorter of the remaining life of the old debt or life of the new debt. The gain or loss should be computed as the difference between the reacquisition price and the net carrying value of the old debt. The reacquisition price is the amount required to be paid to retire the existing debt. Any premium or discount on the new debt is not considered in the computation of the reacquisition price.

Condition: During fiscal year 2005, the City refunded the 2001A bonds by issuing the 2005 Excise Bonds. When computing the reacquisition price, the premium on the 2005 bonds was incorrectly deducted from the price to refund the debt. This error resulted in a deferred gain being recorded in fiscal year 2005. When the reacquisition price was properly recalculated it was determined that a loss should have been recorded and deferred. Management discovered this error prior to the beginning of the 2009 audit and recorded an adjustment in the current year to properly state the deferred amount on the refunding. An adjustment was proposed to record the prior year effect of this error.

Context: The proposed adjustment was approximately \$6.2 million.

Effect: Management did not record the prior period effect of this error, but recorded the entire correction through the year ended December 31, 2009.

Cause: The unamortized premium on the 2005 bonds was included in the calculation of the reacquisition price thereby causing the deferred amount to be calculated and recorded as a gain as opposed to a loss.

Recommendation: As mentioned above, management discovered this error and brought it to our attention. Based on this, it is believed that management is aware of the requirements of GASB 23 and will continue to apply these requirements in the future. However, we would recommend that management remain diligent in reviewing all refunding calculations to ensure proper computation in accordance with GASB 23.

Views of responsible officials and planned corrective actions:

Response: We agree with the finding. The Controller's Office will remain diligent in reviewing all refunding calculations to prevent these types of corrections in the future.

Person responsible for implementing: Kelli Bennett, Director of Financial Reporting and Analysis, Office of the Controller.

Implementation date: June 1, 2010.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding
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09-06 Finding: Procurement

- CFDA No. 16.710 – Public Safety Partnership and Community Policing Grants (COPS)
- CFDA No. 17.258, 17.259, 17.260 – WIA Cluster
- CFDA No. 20.106 – Airport Improvement Program
- CFDA No. 20.205 – Highway Planning and Construction Cluster and ARRA - Highway Planning and Construction Cluster
- CFDA No. 97.067 – Homeland Security Cluster
- CFDA No. 93.600, 93.708 – Head Start Cluster and ARRA - Head Start Cluster

Criteria: Per 2 CFR 180, all non-Federal entities are prohibited from contracting with or making sub-awards under covered transactions with parties that are suspended or debarred or whose principals are suspended or debarred. Contracts are required to include suspension and debarment language. In addition, guidance from the Controller's Office dictates procedures to ensure compliance with this requirement including documentation that such procedures have been performed.

Condition: Documentation to support compliance with the above requirements was not available in all instances as summarized in the table below:

	Public Safety	WIA	Airport Improvement	Highway Planning	Homeland Security	Head Start	Totals
Number of Files Tested:	3	1	4	5	1	3	17
Exceptions							
Suspension and Debarment - EPLS	2	1	1	3	1	3	11
Suspension and Debarment - contract						1	1

Questioned Costs: None.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

Context: We tested procurement files noted above to evaluate the City's compliance with the applicable procurement requirements, including the review of the excluded party list (EPLS) and contracts and noted the issues described above.

Effect: By not verifying vendors against the excluded party list and including the appropriate language in contracts, the City risks contracting with and making payments to a contractor/vendor that has been suspended or debarred in violation of Federal regulations. The documentation of such review is the control necessary to make sure such risks are properly mitigated.

Cause: Departments within the City do not appear to be fully aware of the procurement requirements, particularly as they relate to Federal awards. The procurement process is fairly decentralized with each Department following slightly different procedures. In some instances purchasing was not aware the procurements were being funded with Federal funds.

Recommendation: We recommend that the City continue to clarify and formally remind departments of the procurement policies and procedures and to emphasize that the "Excluded Parties List" should be reviewed on an annual basis or at a minimum prior to awarding a contract or purchase order and that such review should be documented by including supporting documentation in the contract file. In addition, all contracts should include the appropriate suspension and debarment language.

Views of responsible officials and planned corrective actions:

Response: The City and County agrees with the finding. Fiscal Rules on Grant Management will be reviewed and updated as necessary to ensure agency responsibilities around procurement are clear and complete. The Controller's Office will also provide training on Grant Management, including reviewing the "Excluded Parties List" for suspension and debarment.

Person responsible for implementing: Kelli Bennett, Director of Financial Reporting and Analysis, Office of the Controller.

Implementation date: September 30, 2010.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

**Reference
Number**

Finding

09-07 **Finding:** Eligibility

CFDA No. 10.551, 10.561 - SNAP Cluster

Pass-through Colorado Department of Human Services

Criteria: Denver Department of Human Services (DDHS) is required to investigate and verify information on applications and redeterminations as part of determining eligibility. DDHS is required to support benefits with an application. DDHS is also required to process applications and redeterminations for benefits timely and ensure that benefits are only issued for periods of eligibility.

Condition: We noted the following issues:

1. Four instances in which Income Eligibility and Verification System (IVES) hits were not investigated or verified by the caseworker.
2. One instance in which the file did not contain part two of the application, which is the part of the application used to determine eligibility.
3. Two instances in which the redetermination was not processed timely, which resulted in inappropriate termination of benefits.
4. Three instances in which the County did not date stamp the application/redetermination when received as required by DDHS' policies and procedures to ensure timely processing.

Questioned Costs: Undeterminable.

Context: We tested 30 individuals who received food assistance for the year ended December 31, 2009 and noted the issues described above. The tested population covered benefits issued of \$62,521. The total population included benefits issued of approximately \$109 million.

Effect: The State's CBMS system may be determining eligibility and allocating benefits based on incorrect, incomplete, or outdated data. Ultimately, by not having the appropriate controls in place regarding the above requirements, benefits could be provided to ineligible applicants, denied to eligible applicants, or benefits paid for an incorrect amount.

Cause: There is a significant amount of information to process relating to these cases.

Recommendation: We recommend that DDHS continue to enforce eligibility review procedures that require case supervisors to perform reviews and retain records of the review over a representative sample. In addition, we recommend that current policies and procedures be reviewed in a formal setting with all technicians to improve communication regarding the importance of these issues and improve the processing of data.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

Views of responsible officials and planned corrective actions:

Response: The City and County agrees with the finding. Reviews were reduced during 2009 due to increased work demands and DDHS' staff reductions and inability to fill vacancies. However, the Family and Adult Division (FAD) acknowledges the requirement and importance of supervisory reviews and, using available resources, will strive towards full compliance with eligibility review procedures. Additional training on the requirement to date stamp applications will also be provided during bi-monthly Coordination meeting.

A longer term goal, as recommended by the FAD's Process Improvement Project, is to assign cases that cross multiple programs to one Case Management Coordinator. This will eliminate inconsistent application of the rules and documentation across the various programs and make the Coordinator accountable for the entire case file. This project is underway with a November 2011 implementation date.

Person responsible for implementing: Karin Blatter, Pam Flowers, Kate Owen, Sharon Ponder Smith, Juanita Rios Johnston, Lisana Rojas, Sheila Vieira, Sundanz Washington, Department of Human Services FAD Management.

Implementation date: March 31, 2010.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

**Reference
Number**

Finding

09-08 **Finding:** Reporting

CFDA No. 10.551, 10.561 - SNAP Cluster

Pass-through Colorado Department of Human Services

Criteria: Information obtained from clients should be accurately input into CBMS and agree to supporting documentation included in the case file for accurate reporting of information to the State for the processing of benefits.

Condition: We noted the following issues:

1. Five instances in which financial information was either linked to the wrong individual, not input correctly or not input into CBMS.
2. Five instances in which the driver's license was input incorrectly or not input into CBMS.
3. Two instances in which the mailing addresses were not properly updated.
4. One instance in which the information used for verification was not maintained in the case file.

Questioned Costs: None.

Context: We tested 30 individuals who received food assistance for the year ended December 31, 2009 and noted the issues described above.

Effect: The State's CMBS system may be determining eligibility based on incorrect or incomplete data or data could be entered that is not supported with information contained in the case file. Ultimately, by not having appropriate controls in place regarding input of information into CBMS, benefits could be provided to ineligible applicants, denied to eligible applicants, or benefits paid for an incorrect amount.

Cause: There is a significant amount of information to process relating to these cases. Policies and procedures have changed over the years resulting in inconsistent application across technicians. Information may apply to multiple programs and therefore be managed by different technicians resulting in Food Assistance supporting information residing in TANF or Medicaid case files resulting in some lack of accountability.

Recommendation: We recommend that DDHS continue to enforce eligibility review procedures that require case supervisors to perform reviews and retain records of the review over a representative sample. In addition, we recommend that current policies and procedures be reviewed in a formal setting with all technicians to improve communication regarding the importance of these issues and improve consistent processing of data, particularly with the implementation of simplified reporting. Furthermore, we recommend that the Case Record Filing Order (attachment E to DDHS Agency Letter 06-16-GEN) be utilized and, when information is located in other program files, that file should be specifically referenced. We also recommend management consider cross-training caseworkers to be able to work on multiple programs in order to increase accountability.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

Views of responsible officials and planned corrective actions:

Response: The City and County agrees with the finding. Reviews were reduced during 2009 due to increased work demands and DDHS' staff reductions and inability to fill vacancies. However, the Family and Adult Division (FAD) acknowledges the requirement and importance of supervisory reviews and, based on available resources, will strive towards full compliance with eligibility review procedures. Additional training on the Case Record Filing Order Policy and the importance of entering accurate data into CBMS will also be provided during a bi-monthly Coordination meeting.

A longer term goal, as recommended by the FAD's Process Improvement Project, is to assign cases that cross multiple programs to one Case Management Coordinator. This will eliminate inconsistent application of the rules and documentation across the various programs and make the Coordinator accountable for the entire case file. This project is underway with a November 2011 implementation date.

Person responsible for implementing: Karin Blatter, Pam Flowers, Kate Owen, Sharon Ponder Smith, Juanita Rios Johnston, Lisana Rojas, Sheila Vieira, Sundanz Washington, Department of Human Services FAD Management.

Implementation date: March 31, 2010.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

**Reference
Number**

Finding

09-09 **Finding:** Subrecipient Monitoring

CFDA No. 16.710 - Public Safety Partnership and Community Policing Grants (COPS)

Criteria: The Denver Police Department (DPD) is responsible for ensuring that subrecipients spend awards and document expenditures in accordance with applicable laws, regulations, and provisions of contracts and that subrecipients expending \$500,000 or more are in compliance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* .

Condition: DPD did not monitor the sole subrecipient under the grant.

Questioned Costs: None.

Context: We selected the sole subrecipient under the grant and noted that monitoring was restricted to reviewing invoices prior to reimbursement. During fiscal year 2008, DPD began implementing a subrecipient monitoring process in response to their fiscal year 2007 audit finding. However, we noted that the process was not operational for the year ending December 31, 2009.

Effect: By not establishing an adequate subrecipient monitoring plan and not conducting timely reviews, errors in applicable compliance requirements could remain undetected.

Cause: DPD had not fully implemented procedures to ensure subrecipients are monitored for compliance with grant requirements.

Recommendation: We recommend that DPD continue its implementation of the subrecipient monitoring processes, including documentation of procedures performed, results of the testing, and follow-up action to ensure that subrecipients are appropriately expending funds in accordance with applicable laws, regulations and provisions of contracts, and are receiving OMB Circular A-133 audits.

Views of responsible officials and planned corrective actions:

Response: The City and County agrees with the finding. The Police Department has fully implemented subrecipient monitoring procedures that comply with Fiscal Accountability Rules and grantor requirements and special conditions.

Person responsible for implementing: Jeannie Springer, Finance Director, Police Department.

Implementation date: April 1, 2010.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

**Reference
Number**

Finding

09-10 **Finding:** Special Tests and Provisions

CFDA No. 17.258, 17.259, 17.260 - ARRA - WIA Cluster

Pass-through Colorado Department of Labor and Employment

Criteria: Per 2 CFR 176.210, recipients are required to 1) separately identify to each subrecipient, and document at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and amount of American Recovery and Reinvestment Act (ARRA) funds; and 2) require subrecipients to provide identification of ARRA awards in their Schedule of Expenditures of Federal Awards (SEFA) and Data Collection Form (SF-SAC).

Condition: The contract tested did not require the subrecipient to provide appropriate identification of ARRA funds in their SEFA and SF-SAC.

Questioned Costs: None.

Context: We tested one of three subrecipient contracts awarded with ARRA funds under the program and noted the issue identified above.

Effect: By not communicating the appropriate information to subrecipients, the City risks not being in compliance with the requirements outlined by ARRA.

Cause: The Department did not appear to be fully aware of this particular special test and provision requirement of ARRA.

Recommendation: We recommend that the Office of Economic Development immediately communicate such information to subrecipients and implement a policy to ensure all future subrecipient contracts include all ARRA requirements at the time of the award.

Views of responsible officials and planned corrective actions:

Response: The City and County agrees with the finding. OED has developed a notice of Reporting Requirement for Schedule of Expenditures of Federal Awards (SEFA) and Data Collection Form (SF-SAC) for American Recovery and Reinvestment Act (ARRA) funds, which has been forwarded to the two current ARRA contractors. They are required to sign the notice acknowledging the SEFA and SF-SAC reporting requirements and return the signed form to OED for placement in the master file. Additionally, the OED Contracts and Performance Management Unit Working Guide will be updated to include a Contract Development Checklist for ARRA-funded contracts.

Person responsible for implementing: Nancy Strudwick Manager of Contracts and Performance Management, Office of Economic Development.

Implementation date: April 30, 2010.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

**Reference
Number**

Finding

09-11 **Finding: Reporting**

CFDA No. 20.106 - ARRA - Airport Improvement Program

Criteria: Section 1512 of the American Recovery and Reinvestment Act of 2009 (ARRA) requires all agencies receiving ARRA funds from a Federal agency to submit a quarterly report by the required deadline detailing the use of the funds received as specified by the Act. The U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* requires that all reports for Federal awards include the activity of the reporting period, be supported by applicable accounting or performance records, be mathematically accurate, and be fairly presented in accordance with program requirements.

Condition: We noted the following issues:

1. The Municipal Airport System failed to submit its first quarter 1512 reports.
2. Jobs created reported in the second quarter 1512 reports were inaccurate and did not agree to supporting documentation.

Questioned Costs: None.

Context: We tested all four of the 1512 reports required to be submitted by the Municipal Airport System and noted the issues described above.

Effect: The first quarter 1512 reports were not submitted and inaccurate information was reported on the second quarter 1512 reports.

Cause: The Municipal Airport System did not respond in a timely manner to notification of a failed submission of the first quarter 1512 reports. Additionally, lack of detailed review by someone other than the preparer resulted in inaccurate information being submitted in the second quarter 1512 reports.

Recommendation: We recommend the Municipal Airport System set up multiple points of contact for ARRA reporting and obtain assistance when reporting requirements are unclear. A detailed review of the report, including agreeing numbers reported to supporting records, should also be performed by someone other than the preparer of the report prior to the report being submitted.

City and County of Denver
Schedule of Findings and Questioned Costs
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Views of responsible officials and planned corrective actions:

Response: The City and County agrees with the finding. DIA had security login problems when getting on to the FederalReporting.gov website to file the first quarter 1512 report. DIA sent their report directly to the FAA, who also was unable to upload DIA's report. This problem was eventually addressed, but not before the deadline for the report and no updates are allowed subsequent to the deadline.

The OMB issued new guidance on calculating jobs created, however, this change was not implemented by all of the contractors working on DIA's ARRA projects. Subsequent to the second quarter reporting period, DIA communicated the new calculation and is reviewing contractors reports and supporting documentation to ensure they comply.

Person responsible for implementing: Pam Armstead, DIA, Grants Administrator.

Implementation date: January 1, 2010.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

**Reference
Number**

Finding

09-12 **Finding:** Procurement, Suspension and Debarment

CFDA No. 20.205 - ARRA - Highway Planning and Construction Cluster

Pass-through Colorado Department of Transportation and Regional Transportation District

Criteria: Per Section 1605 of ARRA, non-Federal entities expending American Recovery and Reinvestment Act funds for a project for the construction, alteration, maintenance, or repair of a public building or work must ensure that materials made of iron, steel, and manufactured goods, are produced in the United States.

Condition: Documentation to support compliance with the "Buy American" provision of ARRA was not available.

Questioned Costs: None.

Context: We tested the only contract required to comply with the "Buy American" requirement.

Effect: Failure to incorporate the applicable "Buy American" language into the vendor contract could expose the City to risk that materials used in construction were not produced in the United States thereby violating the provisions of ARRA.

Cause: The Program did not appear to be fully aware of the procurement requirements, particularly as they relate to the American Recovery and Reinvestment Act. The procurement process is fairly decentralized with each Department following slightly different procedures.

Recommendation: We recommend that the City include a "Buy American" clause into each contract funded or partially funded with American Recovery and Reinvestment Act funds as well as to require contractors to submit a certification that any iron, steel or manufactured goods used in the project were produced in the United States with each payment application.

Views of responsible officials and planned corrective actions:

Response: The City and County agrees with the finding. Public Works has already incorporated a suspension and debarment procedure in the Contract Administration's checklist. Public Works will also work with the City Attorneys office to incorporate the appropriate "Buy American" clause(s) into all contracts that contain ARRA funding.

Person responsible for implementing: Don Andriese, Department Controller, Public Works.

Implementation date: December 31, 2010.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

**Reference
Number**

Finding

09-13 **Finding: Reporting**

CFDA No. 20.205 - ARRA - Highway Planning and Construction Cluster

Pass-through Colorado Department of Transportation and Regional Transportation District

Criteria: The program is required to submit certain reports to the awarding agency based on requirements specified in the grant compliance supplement as well as the notice of grant award. Reporting requirements are considered conditions of the grant award and shall be submitted timely and accurately according to award guidelines. Program personnel are responsible for the timely and accurate submission of required reports.

Condition: Documentation to support compliance with the above requirements was not available in 1 out of 2 reports tested for American Recovery and Reinvestment Act funding.

Questioned Costs: None.

Context: The City was required, and did submit, two American Recovery and Reinvestment Act reports during fiscal year 2009 to the awarding agency. The categorical amounts required to be reported were not supported by adequate internal documentation.

Effect: Reports submitted to the awarding agency could contain inaccurate information.

Cause: Information submitted to the Colorado Department of Transportation was not properly reviewed and agreed to supporting documentation prior to submission to ensure it was accurate and complete.

Recommendation: We recommend that a detailed review of the report, including agreeing numbers reported to supporting records, be performed by someone other than the preparer of the report prior to the report being submitted.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees with the finding. Public Works will implement a policy and/or procedure to ensure proper reviews occur and information is both valid and accurate.

Person responsible for implementing: Don Andriese, Department Controller, Public Works.

Implementation date: September 30, 2010.

City and County of Denver
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Year Ended December 31, 2009

Reference Number	Finding
09-14	<p>Finding: Eligibility</p> <p>CFDA No. 93.558 - Temporary Assistance for Needy Families (TANF) Cluster</p> <p>Pass-through Colorado Department of Human Services</p> <p>Criteria: DDHS is required to investigate and verify information on applications, redeterminations, and monthly status reports (MSR) as part of determining eligibility. DDHS is required to support benefits with an application. DDHS is also required to process applications, redeterminations, and MSR's for benefits timely and ensure that benefits are only issued for periods of eligibility.</p> <p>Condition: We noted the following issues:</p> <ol style="list-style-type: none">1. One instance in which the file did not contain the redetermination of eligibility, did not contain the monthly status reports and benefits were not properly terminated for failure to complete redetermination as scheduled (\$1,076).2. One instance in which the redetermination of eligibility was not completed as the redetermination packet was not sent to the client. Thus, benefits continued without a proper redetermination on file (\$364).3. Two instances in which the City did not date stamp the application/redetermination when received as required by DDHS' policies and procedures to ensure timely processing. <p>Questioned Costs: \$1,440.</p> <p>Context: We tested 30 individuals who received TANF assistance for the year ended December 31, 2009 and noted the issues described above. The tested population covered benefits issued of \$90,970. The total population included benefits issued of approximately \$10.3 million.</p> <p>Effect: The State's CBMS system may be determining eligibility and allocating benefits based on incorrect, incomplete, or outdated data. Ultimately, by not having the appropriate controls in place regarding the above requirements, benefits could be provided to ineligible applicants, denied to eligible applicants, or benefits paid for an ineligible period.</p> <p>Cause: There is a significant amount of information to process relating to these cases. Additionally, the one instance in which the redetermination was not completed was due to CBMS having no end date or redetermination date identified in the system.</p> <p>Recommendation: We recommend that DDHS continue to enforce eligibility review procedures that require case supervisors to perform reviews and retain records of the review over a representative sample. In addition, we recommend that current policies and procedures be reviewed in a formal setting with all technicians to improve communication regarding the importance of these issues and improve the processing of data. Furthermore, data checks should be implemented in the processing of applications to ensure all dates are properly identified in CBMS.</p>

City and County of Denver
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Year Ended December 31, 2009

Views of responsible officials and planned corrective actions:

Response: The City and County agrees with the finding. The Department of Human Services has implemented a process where all redeterminations are logged by support staff into the Colorado Benefits Management System (CBMS). The work management system will be used by supervisors as a tool to monitor completion of redeterminations. Support staff will also verify date stamping when they log the redetermination.

Regarding the issue with CBMS, the Colorado Department of Human Services is aware of the problem and currently has an outstanding request to fix it, however the time frame for this is unknown.

Person responsible for implementing: Mary K. Owen, Administrator, Department of Human Services.

Implementation date: April 15, 2010.

City and County of Denver
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Reference Number	Finding
09-15	<p>Finding: Special Tests and Provisions - Failure to Comply with Work Verification Plan</p> <p>CFDA No. 93.558 - Temporary Assistance for Needy Families (TANF) Cluster</p> <p>Pass-through Colorado Department of Human Services</p> <p>Criteria: DDHS is responsible for ensuring that all TANF cases selected by the Colorado Department of Human Services (CDHS) for Work Verification Rate review are properly reviewed in accordance with CDHS Agency Letter TCW-07-05-P. This policy requires that all cases selected be reviewed by the end of the month following selection.</p> <p>Condition: Evidence of some reviews was not available and other reviews were not adequately documented to establish compliance with City and state policies as follows:</p> <ol style="list-style-type: none">1. Two instances in which the OED review was not completed timely.2. Two instances in which the DDHS review was not completed timely.3. Seventeen instances in which there was no evidence of the DDHS review having been completed, however the OED review was completed. The OED review tool did not include all review questions required, therefore, as a result of the seventeen DDHS reviews not being completed, five required review questions, as defined in the CDHS Agency Letter, were not addressed. <p>Questioned Costs: None.</p> <p>Context: We tested 30 case files identified by CDHS as requiring a Work Verification Rate review for the year ended December 31, 2009 and noted the issues described above.</p> <p>Effect: The City may be out of compliance with state and Federal compliance requirements.</p> <p>Cause: Insufficient number of DDHS employees available to complete the reviews and overreliance on OED's review.</p> <p>Recommendation: We recommend that DDHS continue implementing procedures to ensure that the review of all cases selected for Work Participation Rate review occurs by the end of the month following selection. Either DDHS and OED reviews should overlap to ensure all questions are addressed or a comprehensive review tool should be developed to meet all compliance requirements including the State's minimum requirements that could be used by either agency. Determination and communication of which agency is responsible for completing the selected case reviews should be formalized.</p>

City and County of Denver
Schedule of Findings and Questioned Costs
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Views of responsible officials and planned corrective actions:

Response: The City and County agrees with the finding. As indicated, there are not enough supervisors to review the substantial volume of cases. As an alternative, DDHS will evaluate adding lead workers and pilot peer case reviews to manage the workload and meet program requirements.

In addition, the Case Review database was modified to include the review date and a monthly report will be run to ensure reviews are timely. OED and DDHS will continue working together to ensure they remain in compliance with the State Work Verification Plan.

Person responsible for implementing: Geri Casey, QA Management Analyst, OED and Mary K. Owen, Administrator, DDHS.

Implementation date: July 7, 2010.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

**Reference
Number**

Finding

09-16 **Finding:** Special Tests and Provision - Income Eligibility and Verification System

CFDA No. 93.558 - Temporary Assistance for Needy Families (TANF) Cluster

Pass-through Colorado Department of Human Services

Criteria: DDHS is required to use the Income Eligibility and Verification System (IVES) to determine eligibility in accordance with the State Plan. IVES is a system which coordinates data exchanges with other federally assisted benefit programs and is used to identify discrepancies in information presented in an application. Information obtained in the data matching must be considered in determining eligibility and the amount of TANF benefits provided and DDHS must document the disposition of the IVES data within 45 days of receipt of information.

Condition: We noted four instances in which there was no disposition of an IVES discrepancy in CBMS.

Questioned Costs: Undeterminable.

Context: We tested 30 individuals who received TANF assistance for the year ended December 31, 2009 and noted four instances in which the IVES discrepancies were not investigated or verified by the caseworker.

Effect: The State's CBMS system may be determining eligibility and allocating benefits based on incorrect, incomplete, or outdated data. Ultimately, by not having the appropriate controls in place regarding the above requirements, benefits could be provided to ineligible applicants, denied to eligible applicants, or benefits paid for an ineligible period.

Cause: There is a significant amount of information to process relating to these cases.

Recommendation: We recommend that DDHS implement review procedures to ensure disposition of IVES discrepancies are occurring in the proper time period. In addition, we recommend that current policies and procedures be reviewed in a formal setting with all technicians to improve communication regarding the importance of resolving IVES discrepancies and documenting the disposition in CBMS.

Views of responsible officials and planned corrective actions:

Response: The City and County agrees with the finding. DDHS will develop a procedure to identify IVES discrepancies at the time of application and recertification. TANF personnel will be retrained in a formal setting on the IVES procedures.

Person responsible for implementing: Mary K. Owen, Administrator, Department of Human Services.

Implementation date: June 30, 2010.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

**Reference
Number**

Finding

09-17 **Finding:** Equipment and Real Property Management

CFDA No. 93.600, 93.708 - Head Start Cluster and ARRA - Head Start Cluster

Criteria: Equipment purchased with Federal awards should be properly identified and tracked in the capital asset records. Additionally, Head Start is responsible for ensuring equipment purchased with Federal awards is disposed of in accordance with grant requirements and any proportionate share of proceeds from the disposal be returned to the program for any equipment with a current per unit market value of \$5,000 or more. Furthermore, Head Start should monitor subrecipient activity relating to equipment purchases and disposals to ensure all grant requirements are met.

Condition: We noted that contracts entered into with subrecipients indicate ownership of any equipment purchased is to reside with the City and County of Denver; however, no assets have been recorded by the City related to the Head Start program.

Questioned Costs: None.

Context: We noted that all five subrecipient contracts indicate ownership to reside with the City and County of Denver for any equipment purchased. Total equipment being held by subrecipients is approximately \$2 million, at cost.

Effect: Head Start is not properly identifying and tracking its capital assets.

Cause: Misinterpretation by management of the contract terms.

Recommendation: We recommend that Head Start amend its contracts with subrecipients to remove the clause regarding equipment ownership remaining with the City if the City does not want ownership of the equipment purchased. However, we recommend that Head Start continue to monitor equipment purchased by subrecipients through receipt of annual physical inventories to ensure propriety of subrecipient activity and to identify any proceeds on disposal of assets that would be required to be returned to the Federal awarding agency.

Views of responsible officials and planned corrective actions:

Response: The City and County agrees with the finding. Head Start will work with the City Attorney's Office to amend its contracts with subrecipients to remove the clause regarding ownership of equipment remaining with the City. Head Start is working with the Controller's Office to use PeopleSoft to track equipment purchased by subrecipients. In addition, Head Start will require annual certification from the subrecipients that they have completed a physical inventory of their assets.

Person responsible for implementing: Kay Franklin, Finance Director, Head Start.

Implementation date: July 1, 2010 for tracking assets in PeopleSoft, October 31, 2010 for amending subrecipient contracts.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

**Reference
Number**

Finding

09-18 **Finding:** Earmarking

CFDA No. 93.600, 93.708 - Head Start Cluster

Criteria: 45 CFR section 1301.32 states that the costs of developing and administering a Head Start program shall not exceed 15% of annual total program costs, including the required non-Federal contribution to such costs.

Condition: The expenditure detail included in the earmarking calculations provided by Head Start did not agree to the expenditure population provided from the general ledger.

Questioned Costs: None.

Context: We tested the earmarking calculations for both non-ARRA grant agreements in effect during the year. The ARRA grant did not incur any administrative expenditures in 2009 due to the timing of the start of the grant.

Effect: We could not determine if the Agency was in compliance with earmarking requirements as the classified population did not agree to PeopleSoft and the PeopleSoft population was not classified in order to sort administrative expenditures from program expenditures.

Cause: Lack of reconciliation between detail used to prepare calculation and PeopleSoft. In addition, PeopleSoft did not include appropriate program coding to distinguish administrative expenditures from program expenditures.

Recommendation: We recommend that the earmarking calculations be compiled from the general ledger (PeopleSoft) or, if not prepared from information contained in PeopleSoft, be reconciled to PeopleSoft to ensure accuracy of amounts utilized in the calculation. Furthermore, if management chooses to continue to use QuickBooks, it should be reconciled on a monthly basis to PeopleSoft. Additionally, the information in PeopleSoft should be appropriately classified so as to distinguish types of expenditures for earmarking purposes. Supporting documentation for earmarking calculations should also be maintained. The reconciliations and calculations performed should be reviewed by someone other than the preparer.

Views of responsible officials and planned corrective actions:

Response: The City and County agrees with the finding. Reconciliations of administrative costs are performed monthly and the documentation for the calculations will be retained. The calculations will also be reconciled to PeopleSoft. Reviews of these reconciliations will be performed at the time drawdowns are approved.

Person responsible for implementing: Kay Franklin, Finance Director, Head Start.

Implementation date: July 1, 2010.

City and County of Denver
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**Reference
Number**

Finding

09-19 **Finding:** Procurement, Suspension and Debarment

CFDA No. 93.600, 93.708 - Head Start Cluster and ARRA - Head Start Cluster

Criteria: Section 1554 of the American Recovery and Reinvestment Act of 2009 (ARRA), requires that contracts funded under ARRA must be awarded through the use of competitive procedures. Recipients are also required to follow their own internal policies and procedures related to procurement. City policies for competitive bidding are outlined by Executive Order #8.

Condition: We noted one contract funded under ARRA in which competitive bid procedures were not utilized and no supporting documentation existed for sole source procurement.

Questioned Costs: Undeterminable.

Context: We tested one of five ARRA funded vendor contracts and noted the issue described above.

Effect: By awarding a contract under ARRA without the use of competitive procedures or supporting documentation for sole source procurement, the City is in violation of the provisions of ARRA and can not be certain that services were procured at the lowest cost possible.

Cause: Head Start was not aware that the ARRA required contracts awarded under the Act to use competitive bid procedures.

Recommendation: Head Start should follow procurement policies and procedures as outlined in Executive Order #8 for all procurements obtained with Federal funding and documentation of the procurement process should be maintained in the procurement file, including documentation of the bid evaluation process or justification of sole source procurement. This will also help ensure compliance with the ARRA requirements.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees with the finding. Head Start understands the significance of complying with policies and procedures for procurements obtained with federal funding and will ensure that it follows all procurement policies and procedures going forward, including maintaining documentation of this process in the file.

Person responsible for implementing: Kay Franklin, Finance Director, Head Start.

Implementation date: July 1, 2010.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

**Reference
Number**

Finding

09-20 **Finding:** Reporting

CFDA No. 93.600, 93.708 - ARRA - Head Start Cluster

Criteria: Section 1512 of the American Recovery and Reinvestment Act of 2009 (ARRA) requires all agencies receiving ARRA funds from a Federal agency to submit a quarterly report detailing the use of the funds received as specified by the Act. The U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* requires that all reports for Federal awards include the activity of the reporting period, be supported by applicable accounting or performance records, be mathematically accurate, and be fairly presented in accordance with program requirements.

Condition: Certain information in the reports tested was inaccurate and did not agree to supporting documentation. Specifically, Head Start reported subawards less than \$25,000 even though all subawards under ARRA were greater than \$25,000. Additionally, contracts with vendors less than \$25,000 were reported as subawards rather than vendor payments and one of the amounts was reported incorrectly as \$2.

Questioned Costs: None.

Context: We tested two out of four 1512 reports required to be submitted by Head Start.

Effect: Inaccurate information was reported to the Federal awarding agency.

Cause: Head Start did not understand one of the reporting requirements of the 1512 report and a lack of detailed review of all reports by someone other than the preparer lead to the inaccurate reporting.

Recommendation: We recommend that Head Start obtain assistance when requirements are unclear and that a detailed review of the report, including the agreement of numbers reported to supporting records, be performed by someone other than the preparer of the report prior to the report being submitted.

Views of responsible officials and planned corrective actions:

Response: The City and County agrees with the finding. Head Start will implement a process where ARRA reports will be reviewed by the ARRA Project Manager before submission. In addition, Head Start will seek guidance from either their grantor or from other available resources in the City when requirements are unclear.

Person responsible for implementing: Kay Franklin, Finance Director, Head Start.

Implementation date: July 1, 2010.

City and County of Denver
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Reference Number	Finding
09-21	<p>Finding: Eligibility</p> <p>CFDA No. 93.778 - Medicaid Cluster (Medicaid; Title XIX)</p> <p>Pass-through Colorado Department of Human Services</p> <p>Criteria: DDHS is required to investigate and verify information on applications and redeterminations as part of determining eligibility. DDHS is also required to process applications and redeterminations for benefits timely and ensure that benefits are only issued for periods of eligibility. DDHS is allowed to follow its internal policies for processing redeterminations as long as it meets Federal guidelines, which requires the City to review the case for medical program eligibility prior to the case closing. DDHS's internal policies require that redeterminations be completed within 30 days.</p> <p>Condition: We noted the following issues:</p> <ol style="list-style-type: none">1. One instance in which the client did not reside in Denver County.2. Six instances in which the redetermination was not processed timely. Processing time for these instances ranged from 33 days to 229 days. <p>Questioned Costs: \$5,476.</p> <p>Context: We tested 30 individuals who received Medicaid assistance for the year ended December 31, 2009 and noted the issues above. The total population included benefits issued of approximately \$3.25 million.</p> <p>Effect: The State's CBMS system may be determining eligibility and allocating benefits based on incorrect, incomplete, or outdated data. Ultimately, by not having the appropriate controls in place regarding the above requirements, benefits could be provided to ineligible applicants, denied to eligible applicants, or benefits paid for an ineligible period. Additionally, without timely processing of redeterminations, individuals may lose Medicaid program eligibility due to their case closing unnecessarily.</p> <p>Cause: There is a significant amount of information to process relating to these cases and an increased number of cases during the year.</p> <p>Recommendation: We recommend that DDHS continue to enforce eligibility review procedures that require case supervisors to perform reviews and retain records of the review over a representative sample. In addition, we recommend that current policies and procedures be reviewed in a formal setting with all technicians to improve communication regarding the importance of these issues and improve the processing of data. Additionally, current policies and procedures should be evaluated and modified to ensure applications and redeterminations are processed timely which might include the incorporation of a reminder notice.</p>

City and County of Denver
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Year Ended December 31, 2009

Views of responsible officials and planned corrective actions:

Response: The City and County agrees with the finding. Reviews were reduced during 2009 due to increased work demands and DDHS' staff reductions and inability to fill vacancies. However, the Family and Adult Division (FAD) acknowledges the requirement and importance of supervisory reviews and, based on available resources will strive towards full compliance with eligibility review procedures. All reviews will be logged into the PIAD Case Review Database and FAD will consider including this area in their targeted quality improvement reviews.

A longer term goal, as recommended by the FAD's Process Improvement Project, is to assign cases that cross multiple programs to one Case Management Coordinator. This will eliminate inconsistent application of the rules and documentation and increase efficiencies across the various programs and make the Coordinator accountable for the entire case file. This project is underway with a November 2011 implementation date.

Person responsible for implementing: Karin Blatter, Pam Flowers, Kate Owen, Sharon Ponder Smith, Juanita Rios Johnston, Lisana Rojas, Sheila Vieira, Sundanz Washington , Department of Human Services FAD Management.

Implementation date: March 31, 2010.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

Reference Number	Finding
09-22	<p>Finding: Reporting</p> <p>CFDA No. 93.778 - Medicaid Cluster (Medicaid; Title XIX)</p> <p>Pass-through Colorado Department of Human Services</p> <p>Criteria: Information obtained from clients should be accurately input into CBMS and agree to supporting documentation included in the case file for accurate reporting of information to the State for the processing of benefits.</p> <p>Condition: Inaccurate information was detected in our review of CBMS data and supporting documentation was missing from files as follows:</p> <ol style="list-style-type: none">1. One instance in which the income was not properly entered into CBMS.2. One instance in which citizenship was verified with a Social Security Card, however a copy of the card was not maintained in the file in accordance with DDHS policy. <p>Questioned Costs: None.</p> <p>Context: We tested 30 case files for eligibility for the year ended December 31, 2009 and noted the issues described above.</p> <p>Effect: The State's CBMS system may be determining eligibility based on incorrect or incomplete data or data could be entered that is not supported with information contained in the case file. Ultimately, by not having appropriate controls in place regarding input of information into CBMS, benefits could be provided to ineligible applicants, denied to eligible applicants, or benefits paid for an incorrect amount.</p> <p>Cause: There is a significant amount of information to process relating to these cases. Policies and procedures have changed over the years resulting in inconsistent application across technicians. Information may apply to multiple programs and therefore be managed by different technicians resulting in Food Assistance supporting information residing in TANF or Medicaid case files resulting in some lack of accountability.</p> <p>Recommendation: We recommend that DDHS continue to enforce eligibility review procedures that require case supervisors to perform reviews and retain records of the review over a representative sample. In addition, we recommend that current policies and procedures be reviewed in a formal setting with all technicians to improve communication regarding the importance of these issues and improve consistent processing of data particularly with the implementation of simplified reporting. Furthermore, we recommend that the Case Record Filing Order (attachment E to DDHS Agency Letter 06-16-GEN) be utilized and, when information is located in other program files, that file should be specifically referenced.</p>

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

Views of responsible officials and planned corrective actions:

Response: The City and County agrees with the finding. Reviews were reduced during 2009 due to increased work demands and DDHS' staff reductions and inability to fill vacancies. However, the Family and Adult Division (FAD) acknowledges the requirement and importance of supervisory reviews and, based on available resources, will strive towards full compliance with eligibility review procedures. All reviews will be logged into the PIAD Case Review Database and FAD will consider including this area in their targeted quality improvement reviews.

A longer term goal, as recommended by the FAD's Process Improvement Project, is to assign cases that cross multiple programs to one Case Management Coordinator. This will eliminate inconsistent application of the rules and documentation and increase efficiencies across the various programs and make the Coordinator accountable for the entire case file. This project is underway with a November 2011 implementation date.

Person responsible for implementing: Karin Blatter, Pam Flowers, Kate Owen, Sharon Ponder Smith, Juanita Rios Johnston, Lisana Rojas, Sheila Vieira, Sundanz Washington , Department of Human Services FAD Management.

Implementation date: March 31, 2010.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

**Reference
Number**

Finding

09-23 **Finding:** Reporting

CFDA No. 93.914 - HIV Emergency Relief Project Grants

Criteria: The Program is required to submit certain reports to the federal awarding agency based on requirements specified in the grant compliance supplement as well as the notice of grant award. Reporting requirements are considered conditions of the grant award and shall be submitted timely and accurately according to Federal guidelines. The grant compliance supplement and notice of grant award stipulate certain reports that shall be submitted to the federal awarding agency on specified dates. The program personnel are responsible for the timely and accurate submission of required reports.

Condition: We identified one instance in which reports were submitted to the Federal awarding agency containing inaccurate financial data.

Questioned Costs: None.

Context: In 2009, the Program was required to report on amounts awarded for grant fiscal year 2008 which totaled \$7,013,711. While the total amount awarded and expended were reported properly, the categorical amounts required to be reported could not be supported by internal documentation.

Effect: Reports were submitted to the Federal awarding agency inaccurate financial information.

Cause: Program personnel are maintaining program accounting records outside of PeopleSoft. Such accounting records do not agree to the information in PeopleSoft and were determined to be inaccurate. In addition, there is currently no supervisory review of reports prior to submission.

Recommendation: We recommend that the Program institute reconciliation procedures for all accounting information maintained at the program level to ensure it agrees to the information in PeopleSoft. We also recommend implementation of review processes for all reports submitted to the Federal awarding agency and that individuals reviewing such reports be independent of report preparation.

City and County of Denver
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Views of responsible officials and planned corrective actions:

Response: The City and County agrees with the finding. Environmental Health will ensure that financial data maintained by EH is reconciled with PeopleSoft and any changes are communicated to the Program Manager who currently prepares annual reports to HRSA. This process will include a final independent review of all financial reports by staff not currently involved in preparing the report.

Person responsible for implementing: Lynn Hough, Program Manager, Department of Environmental Health.

Implementation date: June 30, 2010.

City and County of Denver
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

**Reference
Number**

Finding

09-24 **Finding:** Equipment and Real Property Management

CFDA No. 97.067 - Homeland Security Cluster

Pass-through State of Colorado Governor's Office of Homeland Security

Criteria: Office of Emergency Management and Homeland Security (OEMHS) is responsible for ensuring that equipment purchased with Federal awards is properly identified and tracked in the capital asset records and reported to the grantor in a quarterly report. Additionally, OEMHS should communicate Federal requirements to other Urban Area Security Initiative (UASI) governmental agencies to which assets have been transferred. Such Federal requirements include the reporting of changes in location and/or disposition of capital assets.

Condition: We noted the following issues:

1. Four instances of capital assets belonging to the City that were not recorded in the City's capital asset system totaling \$55,886.
2. The five contracts reviewed did not include communication of the capital asset requirements to other governmental agencies to which capital assets had been transferred.

Questioned Costs: None.

Context: We tested all eight purchases of capital assets and five out of 24 executed contracts with members of UASI. Capitalizable assets purchased during 2009 totaled \$101,889. Of this amount, \$43,003 was transferred to other UASI governmental agencies.

Effect: OEMHS is not in compliance with the grantor requirements relating to tracking of capital assets. By not requiring the recipient of the equipment to notify OEMHS when equipment is disposed of or sold, the proportionate share of proceeds from the sale cannot be returned to the grantor and capital assets can not be properly tracked.

Cause: The asset entry form used to record capital assets into the City's capital asset system was completed inaccurately. Furthermore, the necessary notifications were not included in the original contracts with the UASI governmental agencies to require them to notify OEMHS when equipment is disposed of or sold and subsequent communications have not been acknowledged by the other UASI governmental agencies.

Recommendation: We recommend that OEMHS follow-up to obtain acknowledgement of the subsequent communications sent to other UASI governmental agencies and implement a process by which such agencies can communicate changes in equipment inventories on a quarterly basis to correspond with the award requirements. We also recommend that the asset entry forms be thoroughly reviewed by both the OEMHS and the Controller's Office to ensure the assets are properly reported and recorded.

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Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees with the finding. Currently communication is sent to other UASI agencies regarding equipment and disposition, but this is not documented. OEMHS will develop an Excel tracking sheet that logs information about these follow up communications. OEMHS will assign staff to be responsible for the tracking and monitoring. In addition, OEMHS created a guide for subrecipients regarding equipment inventory and disposition.

Person responsible for implementing: Lin Bonesteel, Program Administrator, Office of Emergency Management and Homeland Security.

Implementation date: July 31, 2010.

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**Reference
Number**

Finding

09-25 **Finding:** Reporting and Earmarking

CFDA No. 97.067 - Homeland Security Cluster

Pass-through State of Colorado Governor's Office of Homeland Security

Criteria: Expenditures reported to awarding agencies and used to calculate and monitor the 3% administrative expenditure earmarking requirements should be properly supported and should agree or reconcile to the general ledger.

Condition: One report tested for the 2007 grant could not be reconciled to expenditures per the PeopleSoft general ledger. All three supporting calculations reviewed for earmarking could not be reconciled to PeopleSoft for earmarking expenditures or total expenditures.

Questioned Costs: None.

Context: We tested two financial reports submitted during 2009, and one of these reports could not be reconciled to the general ledger. We tested all three grants (2006, 2007 and 2008) with expenditures in 2009 for earmarking requirements of administrative costs, as reported to the awarding agency, and the amounts could not be reconciled to the general ledger.

Effect: By not preparing the required reports from complete and accurate financial information, the City risks reporting inaccurate information to the awarding agency and overspending on the grants. By not properly identifying the information needed to monitor the earmarking requirement limiting administrative expenditures, the City runs the risk of noncompliance with such requirements.

Cause: The Office of Emergency Management and Homeland Security (OEMHS) prepares their reports each quarter from a tracking mechanism that exists outside of the PeopleSoft general ledger. The reports and the tracking mechanism are not reconciled to PeopleSoft for expenditures prior to their submission. An independent detailed review was not performed on the reports prior to submission to ensure the accuracy of the information being reported.

Recommendation: We recommend that OEMHS implement procedures to properly reconcile the tracking mechanism used and reports submitted to the PeopleSoft general ledger. The reconciliation should take place on at least a quarterly basis when reports are submitted for each grant. This will help to ensure that the most accurate information is being reported to the awarding agency. We encourage OEMHS to continue to use the separate program code to identify administrative costs in order to properly report and monitor compliance with the administrative expenditure earmarking requirement.

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Views of responsible officials and planned corrective actions:

Response: The City and County agrees with the finding. OEMHS recognizes the importance of reconciling against the general ledger. OEMHS hired a new Staff Accountant on June 1, 2010 and will ensure that one of their priorities is to reconcile to the PeopleSoft general ledger on a monthly basis. In addition, the new Staff Accountant will write a procedure to document the reconciliation to ensure consistency in the process in the event of an absence.

Person responsible for implementing: Lin Bonesteel, Program Administrator, Office of Emergency Management and Homeland Security.

Implementation date: August 31, 2010.

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Reference Number	Summary of Finding	Status
08-01	<p><i>Administration and Accounting for Grants Receivable</i> - The Controller's Office should initiate a process in which each grant is evaluated for proper recognition and errors and discrepancies are identified and resolved. However, the individual agency responsible for grant administration must assist in this process by researching the grant history and communicating to the Controller's Office the status of the grants.</p>	Partially Implemented. See current year finding 09-02.
08-02	<p><i>Municipal Airport System, Transaction Review and Performance Analytics</i> - The Municipal Airport System should continue to strengthen its formal process for the oversight of its reported data and that the oversight process incorporate tests of contracts for compliance with revenue provisions, the use of analytics to determine if reported revenues and expenses are consistent with expectations of management, and the evaluation of underlying support for calculations to ensure that the information is the correct information, the results of the calculations are reasonable based on expectations, and that the periods used in the calculations are correct. Additionally, we recommend that documentation of transactions initiated by other departments of the City be provided to accounting personnel of the Municipal Airport System timely and that, for unusual transactions, the accounting personnel of the Municipal Airport System work with the Controller's Office to help assure proper accounting treatment of the transactions.</p>	Implemented.
08-03	<p>Food Stamp Cluster</p> <p><i>Allowable Costs/Cost Provisions</i> - The Denver Department of Human Services (DDHS) should continue to evaluate its current review process to incorporate a review of benefit payments issued from CBMS for unusual situations in order to proactively identify such issues and mitigate unallowable benefits continuing to be issued to clients.</p>	Implemented.

City and County of Denver
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2009

Reference Number	Summary of Finding	Status
08-04	<p>Various Agencies</p> <p><i>Procurement</i> - The City should clarify which procurements fall within its existing guidelines. For each applicable procurement, the "Excluded Parties List" should be reviewed on an annual basis and prior to awarding a contract or purchase order. The City should implement policies and procedures to ensure that required insurance coverage is current. Documentation of the bid evaluation process and compliance with other requirements should be maintained in the procurement file. In addition, we recommend that the City's policy or lack of policy for extending existing contractual arrangements be evaluated and appropriate guidance communicated to all Departments.</p>	Partially Implemented. See current year finding 09-06.
08-05	<p>Food Stamp Cluster</p> <p><i>Eligibility</i> - DDHS should continue to enforce eligibility review procedures that require case supervisors to perform reviews and retain records of the review over a representative sample. In addition, we recommend that current policies and procedures be reviewed in a formal setting with all technicians to improve communication regarding the importance of these issues and improve consistent processing of data. Furthermore, we recommend that the Case Record Filing Order (attachment E to DDHS Agency Letter 06-16-GEN) be utilized and, when information is located in other program files, that file should be specifically referenced.</p>	Partially Implemented. See current year finding 09-08 (Now SNAP Cluster).
08-06	<p>Food Stamp Cluster</p> <p><i>Special Tests and Provisions: Issuance Document Security</i> - Each EBT card issuance site should strictly adhere to the policies and procedures in place to minimize stated risks.</p>	Implemented.
08-07	<p>Food Stamp Cluster</p> <p><i>Eligibility: Determination of Benefits</i> - DDHS should continue to enforce eligibility review procedures that require case supervisors to perform reviews and retain records of the review over a representative sample. In addition, we recommend that current policies and procedures be reviewed in a formal setting with all technicians to improve communication regarding the importance of these issues and improve the processing of data.</p>	Partially Implemented. See current year finding 09-07 (Now SNAP Cluster).

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Reference Number	Summary of Finding	Status
08-08	CDBG Entitlement and (HUD-Administered) Small Cities Cluster <i>Allowable Costs/Cost Principles</i> - OED should ensure that all grant payments are properly supported and periodic training be provided relating to this topic. Additionally, we recommend that the City continue to emphasize the review of expenditures through the financial reporting date to ensure that all appropriate expenditures are accrued into the correct period. The review should include a mechanism to track and monitor the results of this process so that decisions can be made based on overall materiality, which may be much lower at a Federal program level than a city-wide financial reporting level.	Implemented.
08-09	CDBG Entitlement and (HUD-Administered) Small Cities Cluster <i>Cash Management/Equipment and Real Property Management</i> - OED should evaluate its procedures for recording such transactions and calculating requests for reimbursement to ensure that proceeds from the sale of real property are returned to the program. In addition, we recommend that OED contact the granting agency for confirmation that this is how proceeds should be dealt with going forward.	Implemented.
08-10	CDBG Entitlement and (HUD-Administered) Small Cities Cluster HOME Investment Partnerships Program <i>Reporting</i> - OED should require a more detailed supervisory review of all reports to ensure compliance with grant requirements and report form instructions and continue to emphasize the importance of accurate reporting to awarding agencies.	Implemented.
08-11	HOME Investment Partnerships Program <i>Activities Allowed or Unallowed and Allowable Costs/Cost Principles</i> - OED should ensure that all grant payments are reviewed and approved by program personnel knowledgeable of allowable costs and periodic training be provided relating to this topic. Additionally, we recommend that the City continue to emphasize the review of expenditures through the financial reporting date to ensure that all appropriate expenditures are accrued into the correct period. The review should include a mechanism to track and monitor the results of this process so that decisions can be made based on overall materiality, which may be much lower at a Federal program level than a city-wide financial reporting level.	Implemented.

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Reference Number	Summary of Finding	Status
08-12	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program <i>Reporting</i> - The preparers of Federal reports should understand the reporting requirements and work with the Controller's Office to derive the appropriate reporting information. In addition, when the cash basis is required for Federal reporting, a reconciliation should be required between the financial reports and the general ledger.	Implemented.
08-13	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program <i>Special Tests and Provisions</i> - DDS should continue to emphasize the importance of complete and adequate disclosures to granting agencies.	Implemented.
08-14	Public Safety Partnership and Community Policing Grants (COPS) Homeland Security Cluster <i>Equipment and Real Property Management</i> - The City should consider specific training emphasizing the importance and details of this Federal requirement.	Public Safety - Implemented Homeland Security - Partially Implemented. See current year finding 09-24.
08-15	Public Safety Partnership and Community Policing Grants (COPS) <i>Reporting</i> - The City should evaluate, establish, and train all departments on the policies and procedures for recording grant and associated matching expenditures to ensure all grant expenditures can be captured as easily as possible to facilitate preparation of an accurate SEFA.	Implemented.
08-16	Public Safety Partnership and Community Policing Grants (COPS) <i>Subrecipient Monitoring</i> - DPD should continue its implementation of the subrecipient monitoring processes, including documentation of procedures performed, results of the testing, and follow-up action to ensure that subrecipients are appropriately expending funds in accordance with applicable laws, regulations and provisions of contracts, and are receiving OMB Circular A-133 audits.	Not Implemented. See current year finding 09-09.

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Reference Number	Summary of Finding	Status
08-17	<p>WIA Cluster</p> <p><i>Allowed and Unallowed Activities and Allowable Costs/Cost Principles</i> - The implementation of the new payroll system during 2008 will improve controls over the allocation of payroll. However, the City should continue to emphasize the review of expenditures through the financial reporting date to ensure that all appropriate expenditures are accrued into the correct period. The review should include a mechanism to track and monitor the results of this process so that decisions can be made based on overall materiality, which may be much lower at a Federal program level than a city-wide financial reporting level.</p>	Implemented.
08-18	<p>WIA Cluster</p> <p>WIA Pilots, Demonstrations, and Research Projects</p> <p><i>Reporting</i> - OED should consider implementing a reminder mechanism to help ensure that all reports are submitted by the required due date and continue to emphasize the importance of timely submission of reports to improve the cash flow position of the City.</p>	Implemented.
08-19	<p>WIA Pilots, Demonstrations and Research Projects</p> <p><i>Special Tests and Provisions</i> - OED should continue to work with subrecipients to ensure that requests for reimbursement are submitted timely and consider denying any requests not submitted within 60 days to avoid noncompliance with grant requirements and possible sanctions by the awarding agency.</p>	Implemented.
08-20	<p>Highway Planning and Construction Cluster</p> <p><i>Allowable Costs/Cost Principles</i> - The City should continue to emphasize the review of expenditures through the financial reporting date to ensure that all appropriate expenditures are accrued into the correct period. The review should include a mechanism to track and monitor the results of this process so that decisions can be made based on overall materiality, which may be much lower at a Federal program level than a city-wide financial reporting level.</p>	Implemented.
08-21	<p>Highway Planning and Construction Cluster</p> <p><i>Reporting</i> - The City should issue clear policies and procedures relating to the identification and recording of Federal and matching expenditures that will facilitate accurate SEFA reporting.</p>	Implemented.

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Reference Number	Summary of Finding	Status
08-22	Highway Planning and Construction Cluster <i>Special Tests and Provisions</i> - DPW should continue to emphasize the importance of following the required control procedures to clearly document the sample testing that is required and the results of the testing conducted.	Implemented.
08-23	Temporary Assistance for Needy Families (TANF) <i>Eligibility</i> - DDHS should evaluate control procedures over the verification of updated immunization records as part of their case review. Furthermore, any families found to be deficient of this requirement should have their benefits sanctioned as described in 3.621.1 in Volume #3 of the State plan.	Implemented.
08-24	Temporary Assistance for Needy Families (TANF) <i>Eligibility</i> - DDHS should evaluate its control procedures over MSRs to ensure that they are effective in mitigating the risk of providing benefits to families that are not eligible.	Not Implemented. See current year finding 09-14.
08-25	Temporary Assistance for Needy Families (TANF) <i>Special Tests and Provisions, Failure to Comply with Work Verification Plan</i> - DDHS should continue implementing procedures to ensure that the review of all cases selected for Work Participation Rate review occurs by the end of the month following selection. DDHS should complete all questions within the questionnaires. If a question is not applicable, it should be documented as "N/A" rather than leaving it blank, so it is clear to any subsequent reviewer that the question was addressed by DDHS as required by CDHS Agency letter TCW-07-05-P. DDHS should document the date that each case is selected by the State and the date that the review is conducted.	Not Implemented. See current year finding 09-15.
08-26	CCDF Cluster <i>Allowable Costs/Cost Principles</i> - DDHS should consider improving controls on the front-end to ensure contractual rates are properly input and updated in the system.	Implemented.
08-27	Child Welfare Services - State Grants <i>Eligibility</i> - DDHS should review controls over case file reviews and determine if a reminder mechanism can be implemented to improve the timeliness of case file and Family Service Plan completion and review.	Implemented.

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Reference Number	Summary of Finding	Status
08-28	<p>Foster Care - Title IV-E <i>Eligibility</i> - DDHS should review controls over case file reviews and determine if a reminder mechanism can be implemented to improve the timeliness of case file completion and review.</p>	Implemented.
08-29	<p>Medical Assistance Program (Medicaid; Title XIX) <i>Eligibility</i> - The City continue to enforce eligibility review procedures that require case supervisors to perform reviews and retain records of the review over a representative sample. In addition, we recommend that current policies and procedures be reviewed in a formal setting with all technicians to improve communication regarding the importance of these issues and improve consistent processing of data. Furthermore, we recommend that the Case Record Filing Order (attachment E to DDHS Agency Letter 06-16-GEN) be utilized and when information is located in other program files that file should be specifically referenced.</p>	Partially Implemented. See current year finding 09-22.
08-30	<p>Homeland Security Cluster <i>Allowed and Unallowed Activities</i> - OEMHS, particularly grant accounting personnel, should be acutely aware of unusual situations which may impact grant accounting to ensure transactions are recorded appropriately. In addition, we recommend OEMHS continue its efforts to record expenditures to the proper program award year thereby reducing the utilization of transfers.</p>	Implemented.
08-31	<p>Homeland Security Cluster <i>Equipment and Real Property Management</i> - OEMHS should either add an addendum to the respective contracts or develop an alternative mechanism to notify recipients of the requirements associated with the disposal or sale of equipment provided under this Federal award.</p>	Partially Implemented. See current year finding 09-24.
08-32	<p>DDHS <i>Allowable Costs/Cost Principles</i> - DDHS should consider additional training relating to time reporting and a formal review of the Colorado Department of Health and Human Services' Coding of Positions on CFMS/CEDS (ABA-08-04-P) agency letter and discuss with the state agency about any misunderstandings of this policy. Additionally, the Department should implement a review process to verify the accuracy of the payroll costs recorded to CFMS cost pools.</p>	Implemented.

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Reference Number	Summary of Finding	Status
08-33	DDHS <i>Equipment and Real Property Management</i> - The City should establish a mechanism to identify the proportionate share of all Federal and non-Federal funds used in the acquisition of capital assets and that the City consider specific training emphasizing the importance and details of these Federal and City requirements.	Implemented.
08-34	Various Agencies <i>Reporting</i> - The City should continue to emphasize to departments the importance of providing complete and accurate information to the Controller's Office and consider implementing a monitoring control to ensure that all supplementary schedules required to be presented in the Single Audit report are properly reviewed and reported.	Implemented.