
EL PASO COUNTY, COLORADO
FEDERAL AWARDS REPORTS
IN ACCORDANCE WITH THE
SINGLE AUDIT ACT AND
OMB CIRCULAR A-133
DECEMBER 31, 2014

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**Independent Auditors' Report On Internal
Control Over Financial Reporting And On
Compliance And Other Matters Based On An
Audit Of Financial Statements Performed
In Accordance With *Government
Auditing Standards***

Board of County Commissioners
El Paso County
Colorado Springs, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of El Paso County, Colorado (the County), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 28, 2015. Our report includes a reference to other auditors who audited the financial statements of the El Paso County Retirement Plan and the El Paso County Housing Authority, as described in our report on the County's financial statements. This report does not include the results of the El Paso County Housing Authority auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the El Paso County Retirement Plan were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with it.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance And Other Matters

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

Purpose Of This Report

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

RubinBrown LLP

May 28, 2015

**Independent Auditors' Report On Compliance
For Each Major Federal Program, Report
On Internal Control Over Compliance
And Report On The Schedule Of Expenditures
Of Federal Awards Required By OMB Circular A-133**

Board of County Commissioners
El Paso County
Colorado Springs, Colorado

Report On Compliance For Each Major Federal Program

We have audited El Paso County, Colorado's (the County) compliance with the types of compliance requirements described in the Office of Management and Budget's (OMB) *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2014. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of El Paso County Public Health, a discretely presented component unit, which received \$15,136,802 in federal awards and is not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2014. Our audit, as described below, did not include the El Paso County Public Health operations because we performed the audit in accordance with OMB Circular A-133 and issued separate reports regarding those operations.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

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

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

Basis For Qualified Opinion On the Community Development Block Grant

As described in Findings 2014-002 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding the following:

<i>Finding #</i>	<i>CFDA #</i>	<i>Program (or Cluster) Name</i>	<i>Compliance Requirement</i>
2014-002	14.218	Community Development Block Grant	Reporting

Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to this program.

Qualified Opinion On the Community Development Block Grant

In our opinion, except for the noncompliance described in the Basis For Qualified Opinion paragraph, the County compiled, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Community Development Block Grant for the year ended December 31, 2014.

Unmodified Opinion On Each Of The Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-001, 2014-002, 2014-003 and 2014-004. Our opinion on each major federal program is not modified with respect to these matters.

The County's previously issued December 31, 2014 Report On Compliance For Each Major Federal Program, Report On Internal Control Over Compliance And Report On The Schedule Of Expenditures Of Federal Awards Required By OMB Circular A-133 has been reissued to report an unmodified opinion over compliance for the Emergency Watershed Protection Program, due to subsequent evidence provided. The auditors' report dated July 30, 2015 on compliance for each major federal program, report on internal control over compliance and report on the schedule of expenditures of federal awards required by OMB Circular A-133 is not to be relied upon and is replaced by this auditors' report on compliance for each major federal program, report on internal control over compliance and report on the schedule of expenditures of federal awards required by OMB Circular A-133.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

Report On Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-001, 2014-002 and 2014-003 to be material weaknesses.

The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report On Schedule Of Expenditures Of Federal Awards Required By
OMB Circular A-133**

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County as of and for the year ended December 31, 2014, and the related notes to the financial statements which collectively comprise the County's basic financial statements. We issued our report thereon dated May 28, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

RubinBrown LLP

July 30, 2015, except for the opinion on the Emergency Watershed Protection Program, for which the date is September 28, 2015, and for our report on the schedule of expenditures of federal awards, for which the date is May 28, 2015.

EL PASO COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2014

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Federal Grantor/Pass-Through Grantor/ Program Or Cluster Title	Grantor's Identification Number	Federal CFDA Number	Federal Expenditures
U.S. Department Of Agriculture			
Passed through Colorado Department of Human Services SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Program		10.561	\$ 3,766,188
State Administrative Matching Grants for the Supplemental Nutrition Program	F05WKFARE	10.561	300,690
Subtotal - SNAP Cluster			<u>4,066,878</u>
Passed through Colorado Department of Public Safety			
Emergency Watershed Protection Program - NRCS	68-8B05-A-130-7	10.923	2,842,676
Emergency Watershed Protection Program - NRCS	68-8B05-A-12-11	10.923	388,949
Emergency Watershed Protection Program - NRCS - Exigent	14NRC14EL1	10.923	<u>1,086,835</u>
Subtotal			<u>4,318,460</u>
Total U.S. Department Of Agriculture			<u>8,385,338</u>
U.S. Department Of Housing And Urban Development			
CDBG - Grants Entitlement Cluster			
Community Development Block Grant	B-14-UC-08-005	14.218	<u>1,040,033</u>
Total U.S. Department Of Housing And Urban Development			<u>1,040,033</u>
U.S. Department Of The Interior			
Passed through the Colorado Department of Natural Resources, Colorado Division of Parks and Wildlife			
Enhanced Hunter Education and Safety Program		15.626	<u>3,998</u>
Total U.S. Department Of The Interior			<u>3,998</u>
U.S. Department Of Justice			
Passed through the Colorado Springs Police Department			
Justice Assistance Grant (JAG) FY 2014 DIRECT	2014-DJ-BX-0817	16.738	27,530
Justice Assistance Grant (JAG) FY 2013 DIRECT	2013-DJ-BX-0302	16.738	17,482
Justice Assistance Grant (JAG) FY 2012 DIRECT	2012-DJ-BX-0215	16.738	<u>43,755</u>
Subtotal - JAG Program Cluster			<u>88,767</u>
State Criminal Alien Assistance Program (SCAAP)	FY 2014	16.606	100,252
Passed through Colorado Department of Public Safety			
Crime Victim Assistance	2014-VA-GX-0002	16.575	<u>56,453</u>
Total U.S. Department Of Justice			<u>245,472</u>

EL PASO COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2014

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Federal Grantor/Pass-Through Grantor/ Program Or Cluster Title	Grantor's Identification Number	Federal CFDA Number	Federal Expenditures
U.S. Department Of Labor			
Passed through Colorado Department of Labor and Employment			
Employment Service Cluster			
Wagner-Peyser Employment Services	1030,11818,1139,1174	17.207	\$ 1,074,087
Wagner-Peyser - Summer Job Hunt	1030,11818,1139,1174	17.207	43,092
Disabled Veterans		17.801	88,313
Local Veterans Employment		17.804	8,725
Subtotal Employment Service Cluster			<u>1,214,217</u>
WIA Cluster			
Workforce Investment Act Title I Adult Program	870,984,1026,1027,1170,1171	17.258	2,041,959
Workforce Investment Act Title I Youth Activities	872,1026,1028,1170,1172	17.259	1,227,102
Workforce Investment Act - Dislocated Worker Program	800,815,873,911,931	17.278	687,600
Workforce Investment Act Title I Enhanced DW Program		17.278	152,189
Workforce Investment Act - Dislocated Worker Program DXRE		17.278	203,696
Subtotal WIA Cluster			<u>4,312,546</u>
Trade Adjustment Assistance		17.245	31,261
H1B		17.268	390,932
NEG		17.277	308,524
Veterans' Workforce Employment Program (VWIP)		17.802	97,916
Total U.S. Department Of Labor			<u>6,355,396</u>
U.S. Department Of Transportation			
Passed through Colorado Department of Transportation			
Highway Planning and Construction Cluster			
Colorado Avenue Project	NH CO40-32	20.205	469,630
Oil Well Road Bridge Replacement	BRO C040-030	20.205	4,540
Golden Lane Road Bridge Replacement	BRO C040-031	20.205	19,746
Holtwood Road Bridge Replacement	BRO C040-036	20.205	85,557
Total U.S. Department Of Transportation			<u>579,473</u>

EL PASO COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2014

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Federal Grantor/Pass-Through Grantor/ Program Or Cluster Title	Grantor's Identification Number	Federal CFDA Number	Federal Expenditures
U.S. Department Of Health And Human Services			
Passed through Colorado Department of Human Services			
CCDF Cluster			
Child Care and Development Block Grant		93.575	\$ (119,116)
Child Care Mandatory and Matching Funds of the Child Care Development Fund		93.596	<u>6,068,611</u>
Subtotal CCDF Cluster			<u>5,949,495</u>
Adjustment to Federal Assistance		93.xxx	(10,075)
Guardianship Assistance		93.090	499
Promoting Safe & Stable Families	B 0501C000FP	93.556	357,504
Temporary Assistance for Needy Families TANF		93.558	18,402,163
Title IV-D Administration		93.563	3,590,694
Child Support Enforcement Research		93.564	29,793
Low-Income Home Energy Assistance (LEAP)		93.568	5,022,830
Title IV-B		93.645	535,197
Social Services Research and Development		93.647	31,516
Pieces Grant		93.652	
Title IV-E		93.658	5,945,018
Adoption Assistance		93.659	2,738,299
Social Services Block Grant Title XX		93.667	3,284,806
Title IV-E (Independent Living)		93.674	202,652
Title XIX/Medicaid		93.778	3,066,743
Passed through Colorado Department of Local Affairs			
Community Service Block Grant	L6CSBG16	93.569	489,710
Passed through Aspen Pointe			
Block Grant for Prevention and Treatment of Substance Abuse		93.959	<u>442,800</u>
Total U.S. Department Of Health And Human Services			<u>50,079,644</u>
White House Office Of National Drug Control Policy (ONDCP)			
Rocky Mountain High Intensity Drug Trafficking Area - HIDTA	G13RM0034A	95.001	42,159
Rocky Mountain High Intensity Drug Trafficking Area - HIDTA	G14RM0034A	95.001	<u>488,962</u>
Total White House Office Of National Drug Control Policy (ONDCP)			<u>531,121</u>
Department Of Homeland Security			
Passed through Colorado Department of Public Safety			
Disaster Grants - Public Assistance (Presidentially Declared)	14-D4134-EP	97.036	674,125
Disaster Grants - Public Assistance (Presidentially Declared)	14-L4145-062	97.036	1,245,886
Emergency Management Preparedness Grant		97.042	40,000
Flood Inundation Study	13EM-14-21	97.042	50,040
Fire Management Assistance Grant	MAP-13MAP14ELP	97.042	<u>41,400</u>
Total Department of Homeland Security			<u>2,051,451</u>
Total Of Federal Awards			<u>\$ 69,271,926</u>

EL PASO COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2014

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The following notes are an integral part of this schedule.

Note 1. Basis Of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and with the requirements of the State of Colorado Department of Human Services for reporting electronic benefit transactions. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Pass Through

The County passes funds to subrecipients with the following programs:

Community Development Block Grant - Pass through amount is \$928,635.

Emergency Watershed Program - NRCS - Pass through amount is \$2,654,282.

Enhanced Hunter and Safety Program - Pass through amount is \$3,998.

Rocky Mountain High Intensity Drug Trafficking Area - HIDTA - Pass through amount is \$531,121.

EL PASO COUNTY, COLORADO

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2014**

Section I - Summary Of Auditors' Results

Financial Statements

Type of auditors' report issued:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	_____ <input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	_____ yes	_____ <input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	_____ yes	_____ <input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ <input checked="" type="checkbox"/> yes	_____ no
Significant deficiency(ies) identified?	_____ yes	_____ <input checked="" type="checkbox"/> none reported

Type of auditors' report issued on compliance for major programs:

Modified:

- Community Development Block Grant

Unmodified:

- All other major programs

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

_____ yes _____ No

EL PASO COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For The Year Ended December 31, 2014

Identification of major programs:

CFDA No. Name Of Federal Program Or Cluster

10.923	Emergency Watershed Protection Program
14.218	Community Development Block Grant
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.278	WIA Dislocated Workers Formula Grants
93.558	Temporary Assistance for Needy Families (TANF)
93.778	Medical Assistance Program - Title XIX
97.036	Disaster Grants - Public Assistance (Presidentially Declared)

Dollar threshold used to distinguish between Type A and Type B programs: \$2,078,158
Auditee qualified as low-risk auditee? yes no

EL PASO COUNTY, COLORADO

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)
For The Year Ended December 31, 2014**

Section II - Financial Statement Findings

None

Section III - Federal Award Findings And Questioned Costs

Finding 2014-001 Subrecipient Monitoring

Material Weakness On Internal Control

CFDA 10.923 - Emergency Watershed Protection Program

Federal Agency: U.S. Department of Agriculture

Pass-Through Entity: Colorado Department of Safety

Criteria Or Specific Requirement: The County is responsible for establishing a subrecipient monitoring process to ensure a subrecipients' compliance with the federal award.

Condition: Internal controls over the subrecipient monitoring compliance requirement are the responsibility of management. The County did not have a process in place to verify the subrecipients' compliance with federal compliance requirements.

Questioned Costs: Not applicable

Context: The Budget Office was unaware of the depth of monitoring and oversight with regard to subrecipients, and therefore, a subrecipient was not monitored adequately for compliance with each applicable compliance requirement.

Effect: An internal control or process was not identified or performed over subrecipient monitoring with respect to procurement requirements and inclusion of appropriate single audit language in the agreement with the subrecipient.

Recommendation: We recommend the County implement procedures to verify the proper monitoring and oversight of subrecipients so subrecipient monitoring is being performed throughout the federal award period.

EL PASO COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*) For The Year Ended December 31, 2014

Views Of Responsible Officials And Planned Corrective Action: This was the first time El Paso County has worked as a sponsor with Emergency Watershed Protection funds, and was done in the middle of multiple declared disasters. We were diligent in assisting the subrecipient in complying with Natural Resources Conservation Service (NRCS)/Emergency Watershed Protection (EWP) requirements. Budget Administration ensured that all costs and construction activities were reviewed and allowable under the grant. El Paso County verified the subrecipient attended federal procurement training, but we acknowledge we did not follow-up with the subrecipient to ensure federal procurement principles were followed as we were under the impression NRCS/EWP were monitoring this requirement. Per the signed Intergovernmental Agreement, it was the responsibility of the subrecipient to follow all federal guidelines specific to NRCS/EWP funding requirements, which include procurement principles. If the County enters into similar arrangements in the future, we will ensure contracts are worded to specifically address federal language, and we will ensure continued oversight of the subrecipient in regards to all compliance matters. We will create a process to document all subrecipient monitoring activities.

EL PASO COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*) For The Year Ended December 31, 2014

Finding 2014-002 Reporting

Material Weakness On Compliance And Internal Control

CFDA 14.218 - Community Development Block Grant (CDBG)

Federal Agency: U.S. Department of Housing And Urban Development

Criteria Or Specific Requirement: The County is responsible for establishing controls to ensure compliance with subaward reporting requirements under the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS).

Condition: Internal controls over compliance are the responsibility of management. The County does not have adequate controls over compliance relating to FFATA reporting. As a result, the County did not report subawards granted to subrecipients for CDBG in the FFATA Subaward Reporting System.

Questioned Costs: Not applicable

Context: The Budget Office was unaware of the FFATA reporting requirements for FFATA.

Effect: The County was not in compliance with reporting requirements for the CDBG.

Recommendation: We recommend the County identify and implement an internal control and process to comply with FFATA reporting requirements.

Views Of Responsible Officials And Planned Corrective Action: The County has received CDBG grants consistently since 2009, and even though the program is audited continually by the U.S. Department of Housing and Urban Development and the County has an annual A-133 audit, this is the first time we have become aware we were responsible for reporting subrecipient grants in the FSRS. In response, we have hired a Compliance Officer in Budget Administration to implement policies to ensure we are correctly reporting subrecipient grants County-wide. We are reconsolidating the grant oversight function into Budget Administration to ensure proper training of all departments which receive grants.

EL PASO COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*) For The Year Ended December 31, 2014

Finding 2014-003 Eligibility

Material Weakness On Internal Control Over Compliance

CFDA 93.778 - Medical Assistance Program - Title XIX

Federal Agency: U.S. Department of Health and Human Services

Criteria Or Specific Requirement: The County must have procedures and controls over the determination of eligibility of Medicaid recipients at least every 12 months with respect to circumstances that may change. The County must have procedures designed to ensure recipients make timely and accurate reports of any changes in circumstances that may affect their eligibility. The County must promptly redetermine eligibility when it receives information about any changes in a recipient's circumstances that may affect eligibility according to 42 CFR Section 435.916.

Condition: During testing, it was noted that all Medicaid cases that were determined at a Medical Assistance site remotely had no system of controls to determine if eligibility was properly determined or redetermined.

Questioned Costs: Not applicable, no instances of noncompliance noted during testing.

Context: The El Paso County Department of Human Services was unaware of the requirement for the eligibility requirements with regard to cases determined at a third-party site for citizens of the County.

Effect: Possible errors in eligibility determination would fail to be detected due to the lack of controls over a portion of the eligibility cases. There were no instances of noncompliance noted during compliance testing.

Recommendation: We recommend that the County fully implement procedures to verify the proper determination and oversight of cases originally determined at third-party site, to verify the entire population of eligibility cases for the County.

Views Of Responsible Officials And Planned Corrective Action: The County previously understood that our outside vendor could perform the auditing of Medicaid eligibility which their office initially performed. While the vendor was appropriately auditing their own case files, the County was not checking their audits to ensure they were completed. We are implementing a procedure in which the vendor will supply the County with copies of their audit forms monthly, and the County will do spot checks to ensure eligibility verification was properly performed and ensure that any findings the vendor indicated have been properly followed up on and corrected.

EL PASO COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*) For The Year Ended December 31, 2014

Finding 2014-004 Subrecipient Monitoring

Significant Deficiency On Compliance

CFDA 10.923 - Emergency Watershed Protection Program

Federal Agency: U.S. Department of Agriculture

Pass-Through Entity: Colorado Department of Safety

Criteria Or Specific Requirement: The County is responsible for monitoring subrecipients to ensure subrecipients comply with direct and material compliance requirements. The County is also responsible for notifying any subrecipient of federal funds, the CFDA number and the requirement to follow federal compliance requirements, as required by OMB Circular A-133.

Condition: The County was not aware that each of the applicable federal compliance requirements, direct and material to the program, should be included in the subrecipient monitoring process, and therefore did not verify procurement requirements were followed by the subrecipient. The County also did not include the required language in the agreement with the subrecipient as required by OMB Circular A-133.

Questioned Costs: Not applicable

Context: The Budget Office was unaware of the depth of monitoring and oversight with regard to subrecipients, and therefore, a subrecipient was not monitored adequately for compliance with compliance requirements noted above. The agreement with the subrecipient was also missing required language pertaining to the federal compliance requirements.

Effect: Monitoring procedures were not performed over subrecipient monitoring with respect to procurement requirements and inclusion of appropriate single audit language in the agreement with the subrecipient. Therefore, the subrecipient was not properly notified of the federal program requirements.

Recommendation: We recommend the County implement procedures to verify compliance with procurement requirements for federal awards passed through to subrecipients, and to ensure contracts and agreements with subrecipients properly include language required by OMB Circular A-133.

EL PASO COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*) For The Year Ended December 31, 2014

Views Of Responsible Officials And Planned Corrective Action: As stated in Finding 2014-001, this was the first time El Paso County has worked as a sponsor with Emergency Watershed Protection funds, and it was done in the middle of multiple declared disasters. We were diligent in assisting the subrecipient in complying with NRCS/EWP requirements, including numerous site visits. El Paso County verified the subrecipient attended federal procurement training, but we acknowledge we did not follow-up with the subrecipient to ensure federal procurement principles were followed, as we were under the impression NRCS/EWP were monitoring this requirement. We are creating a process to document all subrecipient monitoring activities and in the future will monitor subrecipients to ensure procurement activities follow federal guidelines. The contract was worded specifically to NRCS/EWP funding requirements. In the future, we will ensure that contracts utilizing this funding source also contain the applicable uniform grant wording to ensure the contract meets federal requirements.

EL PASO COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*) For The Year Ended December 31, 2014

Section IV - Prior-Year Findings

Finding 2013-001

CFDA 17.258 - WIA Adult Program

CFDA 17.259 - WIA Youth Activities

CFDA 17.278 - WIA Dislocated Worker Formula Grants

Federal Agency: U.S. Department of Labor

Pass-Through Entity: Colorado Department of Labor

Criteria Or Specific Requirement: Per the Procurement, Suspension, and Debarment compliance requirement, nonfederal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. When a nonfederal entity enters into a covered transaction with an entity at a lower tier, the nonfederal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration, collecting a certification from the entity or adding a clause or condition to the covered transaction with that entity (2 CFR Section 180.300).

Views Of Responsible Officials And Planned Corrective Action: Management agrees that additional steps need to be implemented to ensure compliance with federal standards. The County will annually review all expenditures for vendors paid over \$25,000 to compare them to the debarred vendor list.

Auditor Response: The County performed reviews of all vendors to the County with more than \$25,000 worth of expenditures to determine if those vendors were included on the federally debarred vendor list on a timely basis. No additional findings relating to debarment were found during testing. We consider this finding resolved.

EL PASO COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*) For The Year Ended December 31, 2014

Finding 2013-002

CFDA 17.258 - WIA Adult Program

CFDA 17.259 - WIA Youth Activities

CFDA 17.278 - WIA Dislocated Worker Formula Grants

Federal Agency: U.S. Department of Labor

Pass-Through Entity: Colorado Department of Labor and Employment

Criteria Or Specific Requirement: OMB Circular A-133 requires an auditee to “maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.” Eligibility requirements specific to each federal program specify the criteria for determining the individuals, groups of individuals or subrecipients that can participate in the program and the amounts for which they qualify.

Views Of Responsible Officials And Planned Corrective Action: Management agrees with this finding. “We will adopt procedures to ensure two staff members review these eligibility determinations. At their next team meetings, adult and youth case management staff will review required intake and eligibility review procedures, including a ‘two sets of eyes’ requirement for eligibility determinations.”

Auditor Response: The County performed secondary reviews of all eligibility determinations for the WIA grant cluster applications sampled during testing. No other findings resulted from testing eligibility for the WIA grant cluster during the year. We considered this finding resolved.