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***EL PASO COUNTY, COLORADO***  
*FEDERAL AWARDS REPORTS*  
*IN ACCORDANCE WITH THE*  
*SINGLE AUDIT ACT*  
*DECEMBER 31, 2015*

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RubinBrown LLP  
Certified Public Accountants  
& Business Consultants

1900 16<sup>th</sup> Street  
Suite 300  
Denver, CO 80202

T 303.698.1883  
F 303.777.4458

W [rubinbrown.com](http://rubinbrown.com)  
E [info@rubinbrown.com](mailto:info@rubinbrown.com)

**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  
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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 15, 2016. 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 the El Paso County Retirement Plan.

**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*

June 15, 2016

**Independent Auditors' Report On Compliance  
For Each Major Federal Program, Report  
On Internal Control Over Compliance  
And Report On The Schedule Of Expenditures  
Of Federal Awards Required By The Uniform Guidance**

Board of County Commissioners  
El Paso County, Colorado  
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 (OMB) *OMB 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, 2015. 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 \$13,876,246 in federal awards and which is not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2015. Our audit, as described below, did not include the operations of El Paso County Public Health because we performed the audit in accordance with *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance) and issued separate reports regarding those operations.

***Management's Responsibility***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for 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 the audit requirements of the Uniform Guidance. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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.

### ***Opinion On Each Major Federal Program***

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 major federal programs for the year ended December 31, 2015.

### **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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Item 2015-001 to be a material weakness.

*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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Item 2015-002 to be a significant deficiency.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report On Schedule Of Expenditures Of Federal Awards Required By The Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 15, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*RubinBrown LLP*

June 15, 2016



# EL PASO COUNTY, COLORADO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended December 31, 2015 Page 1 Of 3

Federal Grantor/Pass-Through Grantor/ Program Or Cluster Title	Grantor's Identification Number	Federal CFDA Number	Federal Expenditures	Expenditures To Sub-Recipients
<b>U.S. Department Of Agriculture</b>				
Passed through Colorado Department of Human Services				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Program		10.561	\$ 4,937,686	\$ —
State Administrative Matching Grants for the Supplemental Nutrition Program	F05WKFARE	10.561	181,471	—
Subtotal - SNAP Cluster			<u>5,119,157</u>	<u>—</u>
Passed through Colorado Department of Public Safety				
Emergency Watershed Protection Program - NRCS		10.923	12,000	12,000
<b>Total U.S. Department Of Agriculture</b>			<u>5,131,157</u>	<u>12,000</u>
<b>U.S. Department Of Housing And Urban Development</b>				
CDBG - Grants Entitlement Cluster				
Community Development Block Grant	B14UC080005	14.218	769,537	456,911
Community Development Block Grant	B15UC080005	14.218	198,680	108,105
Subtotal - CDBG Cluster			<u>968,217</u>	<u>565,016</u>
Community Development Block Grant - Disaster Recovery	CDBG-DR WC 15-004	14.269	33,859	—
<b>Total U.S. Department Of Housing And Urban Development</b>			<u>1,002,076</u>	<u>565,016</u>
<b>U.S. Department Of Justice</b>				
Passed through the Colorado Springs Police Department				
Justice Assistance Grant (JAG) FY 2014 DIRECT	2014-DJ-BX-0817	16.738	37,218	—
State Criminal Alien Assistance Program (SCAAP)	FY 2014	16.606	71,225	—
Passed through Colorado Department of Public Safety				
Supervised Visitation and Safe Exchange		16.527	134,375	—
Crime Victim Assistance	2015-VA-GX	16.575	59,380	—
<b>Total U.S. Department Of Justice</b>			<u>302,198</u>	<u>—</u>

# EL PASO COUNTY, COLORADO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2015

Page 2 Of 3

Federal Grantor/Pass-Through Grantor/ Program Or Cluster Title	Grantor's Identification Number	Federal CFDA Number	Federal Expenditures	Expenditures To Sub-Recipients
<b>U.S. Department Of Labor</b>				
Passed through Colorado Department of Labor and Employment				
Employment Service Cluster				
Wagner-Peyser Employment Services	1030,11818,1139,1174	17.207	\$ 1,393,062	\$ —
Wagner-Peyser - Summer Job Hunt	1030,11818,1139,1174	17.207	43,487	—
Disabled Veterans		17.801	56,570	—
Local Veterans Employment		17.804	6,000	—
Subtotal Employment Service Cluster			1,499,119	—
WIA Cluster				
Workforce Investment Act Title I Adult Program	870,984,1026,1027,1170,1171	17.258	1,454,391	—
Workforce Innovation and Opportunity Act Adult Program	870,984,1026,1027,1170,1171	17.258	696,683	—
Workforce Investment Act Title I Youth Activities	872,1026,1028,1170,1172	17.259	1,345,789	—
Workforce Innovation and Opportunity Act Youth Activities	872,1026,1028,1170,1172	17.259	283,408	—
Workforce Investment Act - Dislocated Worker Program	800,815,873,911,931	17.278	476,664	—
Workforce Investment Act - Dislocated Worker Program DXRE		17.278	69,164	—
Workforce Investment Act - Enhanced HIRE Program		17.278	55,067	—
Workforce Innovation and Opportunity Act Dislocated Worker Program	800,815,873,911,931	17.278	143,772	—
Subtotal WIA Cluster			4,524,938	—
Trade Adjustment Assistance		17.245	20,139	—
H1B		17.268	67,377	—
NEG		17.277	23,249	—
Veterans' Workforce Employment Program (VWIP)		17.802	45,426	—
<b>Total U.S. Department Of Labor</b>			6,180,248	—
<b>U.S. Department Of Transportation</b>				
Passed through Colorado Department of Transportation				
Highway Planning and Construction Cluster				
Colorado Avenue Project	NH C040-32	20.205	263,610	—
Oil Well Road Bridge Replacement	BRO C040-030	20.205	17,280	—
Golden Lane Road Bridge Replacement	BRO C040-031	20.205	43,367	—
Holtwood Road Bridge Replacement	BRO C040-036	20.205	143,593	—
Bradley Road		20.205	19,615	—
Falcon Highway		20.205	38,183	—
Jones Road Culverts		20.205	211,692	—
Nursery Road		20.205	7,620	—
Stapleton Road		20.205	7,047	—
Sanborn Road		20.205	3,774	—
Drennan Road		20.205	1,506	—
N Log Road		20.205	28,722	—
Vollmer Road		20.205	2,145	—
<b>Total U.S. Department Of Transportation</b>			788,155	—

# EL PASO COUNTY, COLORADO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2015

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Federal Grantor/Pass-Through Grantor/ Program Or Cluster Title	Grantor's Identification Number	Federal CFDA Number	Federal Expenditures	Expenditures To Sub-Recipients
<b>U.S. Department Of Health And Human Services</b>				
Passed through Colorado Department of Human Services				
CCDF Cluster				
Child Care and Development Block Grant		93.575	\$ 583,047	\$ —
Child Care Mandatory and Matching Funds of the Child Care Development Fund		93.596	5,955,898	—
Subtotal CCDF Cluster			<u>6,538,945</u>	<u>—</u>
Adjustment to Federal Assistance		93.xxx	23,519	—
Guardianship Assistance		93.090	62,761	—
Promoting Safe & Stable Families	B 0501C000FP	93.556	295,561	—
Temporary Assistance for Needy Families TANF		93.558	14,667,140	—
Title IV-D Administration		93.563	4,177,586	—
Child Support Enforcement Research		93.564	48,573	—
Low-Income Home Energy Assistance (LEAP)		93.568	5,622,910	—
Title IV-B		93.645	535,133	—
Social Services Research and Development		93.647	20,961	—
Title IV-E		93.658	7,565,484	—
Adoption Assistance		93.659	2,644,065	—
Social Services Block Grant Title XX		93.667	1,132,915	—
Title IV-E (Independent Living)		93.674	261,423	—
Title XIX/Medicaid		93.778	4,318,097	—
Passed through Colorado Department of Local Affairs				
Community Service Block Grant	L6CSBG16	93.569	592,935	—
Passed through Aspen Pointe				
Block Grant for Prevention and Treatment of Substance Abuse		93.959	383,809	—
<b>Total U.S. Department Of Health And Human Services</b>			<u>48,891,817</u>	<u>—</u>
<b>White House Office Of National Drug Control Policy (ONDCP)</b>				
Rocky Mountain High Intensity Drug Trafficking Area - HIDTA	G14RM0034A	95.001	5,052	5,052
Rocky Mountain High Intensity Drug Trafficking Area - HIDTA	G15RM0034A	95.001	389,342	389,342
<b>Total White House Office Of National Drug Control Policy (ONDCP)</b>			<u>394,394</u>	<u>394,394</u>
<b>Department Of Homeland Security</b>				
Passed through Colorado Department of Public Safety				
Disaster Grants - Public Assistance (Presidentially Declared)	14-D4134-EP	97.036	67,500	—
Disaster Grants - Public Assistance (Presidentially Declared)	14-L4145-062	97.036	422,157	—
Disaster Grants - Public Assistance (Presidentially Declared)		97.036	1,609,795	—
Flood Inundation Study	14EM-15-21	97.042	40,000	—
<b>Total Department of Homeland Security</b>			<u>2,139,452</u>	<u>—</u>
<b>Total Of Federal Awards</b>			<u>\$ 64,829,497</u>	<u>\$ 971,410</u>

# **EL PASO COUNTY, COLORADO**

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## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended December 31, 2015**

### **1. Organization**

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of El Paso County, Colorado (the County), for the year ended December 31, 2015. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

### **2. 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 the accompanying schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in the schedule may differ from the amounts presented in, or used in, the preparation of the basic financial statements.

### **3. Indirect Costs**

The County has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

**EL PASO COUNTY, COLORADO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended December 31, 2015**

**Section I - Summary Of Auditors' Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	___ yes	_✓_ no
Significant deficiency(ies) identified?	___ yes	_✓_ none reported
Noncompliance material to financial statements noted?	___ yes	_✓_ no

**Federal Awards**

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

Identification of major federal programs:

**CFDA No. Name Of Federal Program Or Cluster**

10.561	Supplemental Nutrition Assistance Program (SNAP)
14.218	Community Development Block Grant (CDBG)
93.568	Low-Income Home Energy Assistance (LEAP)
93.658	Foster Care - Title IV-E
93.659	Adoption Assistance - Title IV-E
93.667	Social Services Block Grant - Title XX
93.778	Medical Assistance Program - Title XIX

Dollar threshold used to distinguish between Type A and Type B programs:	\$1,944,885
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Auditee qualified as low-risk auditee?	___ yes	_✓_ no
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**EL PASO COUNTY, COLORADO**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)**  
**For The Year Ended December 31, 2015**

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**Section II - Financial Statement Findings**

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None

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## EL PASO COUNTY, COLORADO

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*) For The Year Ended December 31, 2015

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#### Section III - Federal Award Findings And Questioned Costs

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##### Finding 2015-001 Eligibility

##### Material Weakness On Internal Control

##### CFDA 93.658 - Foster Care - Title IV-E

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

**Pass-Through Entity:** Colorado Department of Human Services

**Criteria Or Specific Requirement:** The County is responsible for establishing internal controls over eligibility data to ensure recipients are in compliance with requirements of the grant.

**Condition:** Internal controls over the eligibility compliance requirement are the responsibility of management. The County did not have a monitoring and oversight function in place where a person independent of the input process reviews eligibility information to ensure compliance with federal requirements.

**Questioned Costs:** Not applicable

**Context:** Program personnel have the ability to approve applicants and enter eligibility information into the program database. There is not a review process in place for another person to verify application data was input in the database correctly.

**Effect:** There is potential for applicant data to be input incorrectly that would go undetected, resulting in funding for ineligible applicants.

**Identification As A Repeat Finding:** Not applicable

**Recommendation:** We recommend the County implement a monitoring and oversight function where a person independent of the input process would review and approve applicant information entered in the program database.

**Views Of Responsible Officials And Planned Corrective Action:** Management agrees a control in this area would be appropriate. In order to strengthen controls in this area, a supervisor or lead worker in Finance will select a random monthly sample of completed IV-E eligibility determinations and ensure they were correctly completed within the 45-day required timeframe.

## EL PASO COUNTY, COLORADO

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*) For The Year Ended December 31, 2015

#### Finding 2015-002 Allowable Costs and Cost Principles

##### Significant Deficiency On Internal Control Over Compliance

###### **CFDA 93.667 - Social Services Block Grant - Title XX**

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

**Pass-Through Entity:** Colorado Department of Human Services

**Criteria Or Specific Requirement:** The County is responsible for verifying employment eligibility to comply with employment laws and to support allowed costs charged to federal programs.

**Condition:** For one employee selected in the sample tested, the original Employment Verification Form (I-9) was not located.

**Questioned Costs:** Not applicable.

**Context:** The original I-9 was not located during our testing; however, the County had the selected employee complete a new I-9 during the audit process.

**Effect:** Possible errors in conformance with employment law could lead to instances of noncompliance with grant requirements and questioned costs related to the payment of those employees' salaries, wages or benefits.

**Identification As A Repeat Finding:** Not applicable

**Recommendation:** We recommend the County perform a periodic review of personnel files to ensure all I-9s are properly maintained.

**Views Of Responsible Officials And Planned Corrective Action:** Management has the responsibility of retaining I-9's for all El Paso County employees. To ensure ongoing compliance, El Paso County will perform a quarterly review of a random sample of I-9's to include the applicable backup documentation. The Director or a manager in the Human Resources Department will verify the completed quarterly random sample by signature.



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## EL PASO COUNTY, COLORADO

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*) For The Year Ended December 31, 2015

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#### Section IV - Prior-Year Findings

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##### **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.

**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.

**Auditor Response:** The County established policies and procedures over subrecipient monitoring for the grant as well as a secondary review process. The auditor considers this matter resolved.

**EL PASO COUNTY, COLORADO**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)**  
**For The Year Ended December 31, 2015**

**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).

***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 single 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.

***Auditor Response:*** The County uploads required FFATA information to the FSRS, and has established controls over this process. The auditor considers this matter resolved.

## EL PASO COUNTY, COLORADO

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*) For The Year Ended December 31, 2015

#### **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.

***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.

***Auditor Response:*** The County implemented a control over monitoring and oversight of third-party eligibility determinations. The auditor considers this matter resolved.

## EL PASO COUNTY, COLORADO

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*) For The Year Ended December 31, 2015

#### **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.

**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.

**Auditor Response:** The County updated its policies and procedures for subrecipient monitoring to include these compliance requirements, and has been implemented for current-year subrecipients. The auditor considers this matter resolved.